



## QUARTERLY STATEMENT

## **As of June 30, 2011**

# National Interstate Insurance Company of Hawaii, Inc

|   |  |  |
|---|--|--|
| NAIC Group Code.....84, 84<br>(Current Period) (Prior Period) | NAIC Company Code..... 11051   | Employer's ID Number..... 99-0345306   |
| Organized under the Laws of Ohio                              | State of Domicile or Port of Entry Ohio  | Country of Domicile US   |
| Incorporated/Organized..... September 20, 1999                | Commenced Business..... July 28, 2000  |  |
| Statutory Home Office   | 3250 Interstate Drive..... Richfield .... OH .... 44286<br>(Street and Number) (City or Town, State and Zip Code)              |  |
| Main Administrative Office                                    | 3250 Interstate Drive..... Richfield .... OH .... 44286<br>(Street and Number) (City or Town, State and Zip Code)              | 330-659-8900<br>(Area Code) (Telephone Number)   |
| Mail Address  | 3250 Interstate Drive..... Richfield .... OH .... 44286<br>(Street and Number or P. O. Box) (City or Town, State and Zip Code) |  |
| Primary Location of Books and Records                         | 3250 Interstate Drive..... Richfield .... OH .... 44286<br>(Street and Number) (City or Town, State and Zip Code)              | 330-659-8900<br>(Area Code) (Telephone Number)   |
| Internet Web Site Address                                     | www.nationalinterstate.com   |  |
| Statutory Statement Contact                                   | Julie Ann McGraw<br>(Name)<br>julie.mcgraw@nationalinterstate.com<br>(E-Mail Address)  | 330-659-8900 -1272<br>(Area Code) (Telephone Number) (Extension)<br>330-659-8904<br>(Fax Number) |

## OFFICERS

| <b>Name</b>               | <b>Title</b> | <b>Name</b>                | <b>Title</b>                 |
|---------------------------|--------------|----------------------------|------------------------------|
| 1. David Warner Michelson | President    | 2. Arthur Jeffrey Gonzales | Secretary/VP/General Counsel |
| 3. Julie Ann McGraw       | Treasurer    | 4. John Lloyd Woods        | Vice President               |

## OTHER

DIRECTORS OR TRUSTEES

David Warner Michelson      Alan Robert Spachman      Julie Ann McGraw      Terry Eugene Phillips  
Tanya Marie Inama      Arthur Jeffrey Gonzales

State of..... Ohio  
County of.... Summit

Alan Robert Spachman  
Arthur Jeffrey Gonzales

Julie Ann McGraw

Terry Eugene Phillips

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the *NAIC Annual Statement Instructions and Accounting Practices and Procedures* manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature)  
David Warner Michelson

(Signature)  
Arthur Jeffrey Gonzales

(Signature)

Subscribed and sworn to before me  
This 29th day of July

- a. Is this an original filing?
- b. If no:
  - 1. State the amendment number
  - 2. Date filed
  - 3. Number of pages attached

Yes [X] No [ ]

**ASSETS**

|   | Current Statement Date |                            |  | 4<br>December 31<br>Prior Year Net<br>Admitted Assets |
|---|------------------------|----------------------------|--|---|
|   | 1<br>Assets            | 2<br>Nonadmitted<br>Assets | 3<br>Net Admitted<br>Assets<br>(Cols. 1 - 2) |   |
| 1. Bonds.....   | 27,882,198             |                            | 27,882,198                                   | 21,270,736  |
| 2. Stocks:  |                        |                            |  |   |
| 2.1 Preferred stocks.....   |                        |                            | 0  |   |
| 2.2 Common stocks.....  |                        |                            | 0  |   |
| 3. Mortgage loans on real estate:   |                        |                            |  |   |
| 3.1 First liens.....  |                        |                            | 0  |   |
| 3.2 Other than first liens.....   |                        |                            | 0  |   |
| 4. Real estate:   |                        |                            |  |   |
| 4.1 Properties occupied by the company (less \$.....0<br>encumbrances).....   |                        |                            | 0  |   |
| 4.2 Properties held for the production of income (less \$.....0<br>encumbrances).....   |                        |                            | 0  |   |
| 4.3 Properties held for sale (less \$.....0 encumbrances).....  |                        |                            | 0  |   |
| 5. Cash (\$.....0), cash equivalents (\$.....0)<br>and short-term investments (\$....1,243,329).....  | 1,243,329              |                            | 1,243,329                                    | 289,876   |
| 6. Contract loans (including \$.....0 premium notes).....   |                        |                            | 0  |   |
| 7. Derivatives.....   |                        |                            | 0  |   |
| 8. Other invested assets.....   |                        |                            | 0  |   |
| 9. Receivables for securities.....  |                        |                            | 0  |   |
| 10. Securities lending reinvested collateral assets.....  |                        |                            | 0  |   |
| 11. Aggregate write-ins for invested assets.....  | 0                      | 0                          | 0  | 0   |
| 12. Subtotals, cash and invested assets (Lines 1 to 11).....  | 29,125,527             | 0                          | 29,125,527                                   | 21,560,612  |
| 13. Title plants less \$.....0 charged off (for Title insurers only).....   |                        |                            | 0  |   |
| 14. Investment income due and accrued.....  | 284,099                |                            | 284,099                                      | 203,098   |
| 15. Premiums and considerations:  |                        |                            |  |   |
| 15.1 Uncollected premiums and agents' balances in the course of collection.....   | 799,735                | 8,333                      | 791,402                                      | 1,333,647   |
| 15.2 Deferred premiums, agents' balances and installments booked but deferred<br>and not yet due (including \$.....0 earned but unbilled premiums)..... | 4,755,816              | 7,014                      | 4,748,802                                    | 3,188,216   |
| 15.3 Accrued retrospective premiums.....  |                        |                            | 0  |   |
| 16. Reinsurance:  |                        |                            |  |   |
| 16.1. Amounts recoverable from reinsurers.....  | 445,912                |                            | 445,912                                      | 222,664   |
| 16.2 Funds held by or deposited with reinsured companies.....   | 24,804                 |                            | 24,804                                       | (16,657)  |
| 16.3 Other amounts receivable under reinsurance contracts.....  |                        |                            | 0  |   |
| 17. Amounts receivable relating to uninsured plans.....   |                        |                            | 0  |   |
| 18.1 Current federal and foreign income tax recoverable and interest thereon.....   |                        |                            | 0  |   |
| 18.2 Net deferred tax asset.....  | 596,858                | 89,782                     | 507,076                                      | 264,895   |
| 19. Guaranty funds receivable or on deposit.....  |                        |                            | 0  |   |
| 20. Electronic data processing equipment and software.....  |                        |                            | 0  |   |
| 21. Furniture and equipment, including health care delivery assets (\$.....0).....  |                        |                            | 0  |   |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates.....   |                        |                            | 0  |   |
| 23. Receivables from parent, subsidiaries and affiliates.....   |                        |                            | 0  | 1,027,438   |
| 24. Health care (\$.....0) and other amounts receivable.....  |                        |                            | 0  |   |
| 25. Aggregate write-ins for other than invested assets.....   | 123,658                | 11,124                     | 112,534                                      | 59,707  |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected<br>Cell Accounts (Lines 12 through 25).....                             | 36,156,410             | 116,253                    | 36,040,157                                   | 27,843,620  |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....  |                        |                            | 0  |   |
| 28. Total (Lines 26 and 27).....  | 36,156,410             | 116,253                    | 36,040,157                                   | 27,843,620  |

**DETAILS OF WRITE-INS**

|  |         |        |         |        |
|--|---------|--------|---------|--------|
| 1101.....  |         |        | 0       |        |
| 1102.....  |         |        | 0       |        |
| 1103.....  |         |        | 0       |        |
| 1198. Summary of remaining write-ins for Line 11 from overflow page..... | 0       | 0      | 0       | 0      |
| 1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....       | 0       | 0      | 0       | 0      |
| 2501. Receivable from insured for deductible payments.....               | 67,490  |        | 67,490  | 36,888 |
| 2502. Commission receivable.....   | 45,045  |        | 45,045  | 22,819 |
| 2503. Prepays.....   | 11,124  | 11,124 | 0       |        |
| 2598. Summary of remaining write-ins for Line 25 from overflow page..... | 0       | 0      | 0       | 0      |
| 2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....       | 123,658 | 11,124 | 112,534 | 59,707 |

**LIABILITIES, SURPLUS AND OTHER FUNDS**

|  | 1<br>Current<br>Statement Date | 2<br>December 31<br>Prior Year |
|--|--------------------------------|--------------------------------|
| 1. Losses (current accident year \$....1,376,965).....   | 7,862,333                      | 3,096,880                      |
| 2. Reinsurance payable on paid losses and loss adjustment expenses.....  |                                |                                |
| 3. Loss adjustment expenses.....   | 1,832,300                      | 970,891                        |
| 4. Commissions payable, contingent commissions and other similar charges.....  | 252,366                        | 165,704                        |
| 5. Other expenses (excluding taxes, licenses and fees).....  | 325,277                        | 281,056                        |
| 6. Taxes, licenses and fees (excluding federal and foreign income taxes).....  | 117,226                        | 94,741                         |
| 7.1 Current federal and foreign income taxes (including \$....2,065 on realized capital gains (losses)).....                                       | 391,887                        | 271,667                        |
| 7.2 Net deferred tax liability.....  |                                |                                |
| 8. Borrowed money \$.....0 and interest thereon \$.....0.....  |                                |                                |
| 9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$....9,470,249 and including warranty reserves of \$.....0)..... | 3,562,361                      | 2,210,849                      |
| 10. Advance premium.....   | 27,159                         | 19,995                         |
| 11. Dividends declared and unpaid:   |                                |                                |
| 11.1 Stockholders.....   |                                |                                |
| 11.2 Policyholders.....  |                                |                                |
| 12. Ceded reinsurance premiums payable (net of ceding commissions).....  | 1,270,080                      | 1,369,201                      |
| 13. Funds held by company under reinsurance treaties.....  | 7,295,143                      | 6,990,158                      |
| 14. Amounts withheld or retained by company for account of others.....   | 238,144                        | 178,787                        |
| 15. Remittances and items not allocated.....   |                                |                                |
| 16. Provision for reinsurance.....   | 65,147                         |                                |
| 17. Net adjustments in assets and liabilities due to foreign exchange rates.....   |                                |                                |
| 18. Drafts outstanding.....  |                                |                                |
| 19. Payable to parent, subsidiaries and affiliates.....  | 522,085                        | 154,035                        |
| 20. Derivatives.....   |                                |                                |
| 21. Payable for securities.....  |                                |                                |
| 22. Payable for securities lending.....  |                                |                                |
| 23. Liability for amounts held under uninsured plans.....  |                                |                                |
| 24. Capital notes \$.....0 and interest thereon \$.....0.....  |                                |                                |
| 25. Aggregate write-ins for liabilities.....   | 0                              | 0                              |
| 26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....   | 23,761,508                     | 15,803,965                     |
| 27. Protected cell liabilities.....  |                                |                                |
| 28. Total liabilities (Lines 26 and 27).....   | 23,761,508                     | 15,803,965                     |
| 29. Aggregate write-ins for special surplus funds.....   | 89,782                         | 36,305                         |
| 30. Common capital stock.....  | 3,500,000                      | 3,500,000                      |
| 31. Preferred capital stock.....   |                                |                                |
| 32. Aggregate write-ins for other than special surplus funds.....  | 0                              | 0                              |
| 33. Surplus notes.....   |                                |                                |
| 34. Gross paid in and contributed surplus.....   | 3,141,936                      | 3,141,936                      |
| 35. Unassigned funds (surplus).....  | 5,546,931                      | 5,361,415                      |
| 36. Less treasury stock, at cost:  |                                |                                |
| 36.1 .....0.000 shares common (value included in Line 30 \$.....0).....  |                                |                                |
| 36.2 .....0.000 shares preferred (value included in Line 31 \$.....0).....   |                                |                                |
| 37. Surplus as regards policyholders (Lines 29 to 35, less 36).....  | 12,278,649                     | 12,039,656                     |
| 38. Totals.....  | 36,040,157                     | 27,843,620                     |

**DETAILS OF WRITE-INS**

|  |        |        |
|--|--------|--------|
| 2501. ....   |        |        |
| 2502. ....   |        |        |
| 2503. ....   |        |        |
| 2598. Summary of remaining write-ins for Line 25 from overflow page..... | 0      | 0      |
| 2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....       | 0      | 0      |
| 2901. Additional admitted deferred taxes assets - SSAP 10R.....          | 89,782 | 36,305 |
| 2902. ....   |        |        |
| 2903. ....   |        |        |
| 2998. Summary of remaining write-ins for Line 29 from overflow page..... | 0      | 0      |
| 2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above).....       | 89,782 | 36,305 |
| 3201. ....   |        |        |
| 3202. ....   |        |        |
| 3203. ....   |        |        |
| 3298. Summary of remaining write-ins for Line 32 from overflow page..... | 0      | 0      |
| 3299. Totals (Lines 3201 thru 3203 plus 3298) (Line 32 above).....       | 0      | 0      |

Statement for June 30, 2011 of the **National Interstate Insurance Company of Hawaii, Inc**  
**STATEMENT OF INCOME**

|  | 1<br>Current Year<br>to Date | 2<br>Prior Year<br>to Date | 3<br>Prior Year Ended<br>December 31 |
|--|------------------------------|----------------------------|--------------------------------------|
| <b>UNDERWRITING INCOME</b>   |                              |                            |                                      |
| 1. Premiums earned:  |                              |                            |                                      |
| 1.1 Direct..... (written \$....10,963,243)   | 10,171,881                   | 7,558,647                  | 16,800,887                           |
| 1.2 Assumed..... (written \$....4,973,102)   | 3,605,240                    | 2,286,488                  | 4,763,436                            |
| 1.3 Ceded..... (written \$....11,138,417)  | 10,330,718                   | 7,688,007                  | 17,020,540                           |
| 1.4 Net..... (written \$....4,797,928)   | 3,446,403                    | 2,157,128                  | 4,543,784                            |
| DEDUCTIONS:  |                              |                            |                                      |
| 2. Losses incurred (current accident year \$....1,893,509):  |                              |                            |                                      |
| 2.1 Direct.....  | 6,596,339                    | 3,453,568                  | 8,960,125                            |
| 2.2 Assumed.....   | 2,010,013                    | 1,117,547                  | 2,454,963                            |
| 2.3 Ceded.....   | 6,721,161                    | 3,563,535                  | 9,127,650                            |
| 2.4 Net.....   | 1,885,191                    | 1,007,580                  | 2,287,439                            |
| 3. Loss adjustment expenses incurred.....  | 323,339                      | 211,359                    | 467,600                              |
| 4. Other underwriting expenses incurred.....   | 1,144,485                    | 798,532                    | 1,498,322                            |
| 5. Aggregate write-ins for underwriting deductions.....  | 0                            | 0                          | 0                                    |
| 6. Total underwriting deductions (Lines 2 through 5).....  | 3,353,016                    | 2,017,471                  | 4,253,361                            |
| 7. Net income of protected cells.....  |                              |                            |                                      |
| 8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7).....  | 93,387                       | 139,657                    | 290,423                              |
| <b>INVESTMENT INCOME</b>   |                              |                            |                                      |
| 9. Net investment income earned.....   | 337,378                      | 359,501                    | 701,982                              |
| 10. Net realized capital gains (losses) less capital gains tax of \$....2,065.....   | 3,836                        | 12,922                     | 37,341                               |
| 11. Net investment gain (loss) (Lines 9 + 10).....   | 341,214                      | 372,423                    | 739,323                              |
| <b>OTHER INCOME</b>  |                              |                            |                                      |
| 12. Net gain or (loss) from agents' or premium balances charged off<br>(amount recovered \$.....0 amount charged off \$.....0).....                            | 0                            |                            |                                      |
| 13. Finance and service charges not included in premiums.....  | 20,340                       | 22,025                     | 46,715                               |
| 14. Aggregate write-ins for miscellaneous income.....  | (59,594)                     | (44,327)                   | (99,262)                             |
| 15. Total other income (Lines 12 through 14).....  | (39,254)                     | (22,302)                   | (52,547)                             |
| 16. Net income before dividends to policyholders, after capital gains tax and before all other federal and<br>foreign income taxes (Lines 8 + 11 + 15).....    | 395,347                      | 489,778                    | 977,199                              |
| 17. Dividends to policyholders.....  |                              |                            |                                      |
| 18. Net income after dividends to policyholders, after capital gains tax and before all other federal and<br>foreign income taxes (Line 16 minus Line 17)..... | 395,347                      | 489,778                    | 977,199                              |
| 19. Federal and foreign income taxes incurred.....   | 389,822                      | 147,649                    | 251,560                              |
| 20. Net income (Line 18 minus Line 19) (to Line 22).....   | 5,525                        | 342,129                    | 725,639                              |
| <b>CAPITAL AND SURPLUS ACCOUNT</b>   |                              |                            |                                      |
| 21. Surplus as regards policyholders, December 31 prior year.....  | 12,039,656                   | 11,294,828                 | 11,294,828                           |
| 22. Net income (from Line 20).....   | 5,525                        | 342,129                    | 725,639                              |
| 23. Net transfers (to) from Protected Cell accounts.....   |                              |                            |                                      |
| 24. Change in net unrealized capital gains or (losses) less capital gains tax of \$....0.....  |                              |                            |                                      |
| 25. Change in net unrealized foreign exchange capital gain (loss).....   |                              |                            |                                      |
| 26. Change in net deferred income tax.....   | 295,658                      | 27,338                     | 34,624                               |
| 27. Change in nonadmitted assets.....  | (50,520)                     | 20,585                     | (20,105)                             |
| 28. Change in provision for reinsurance.....   | (65,147)                     | (5,859)                    |                                      |
| 29. Change in surplus notes.....   |                              |                            |                                      |
| 30. Surplus (contributed to) withdrawn from protected cells.....   |                              |                            |                                      |
| 31. Cumulative effect of changes in accounting principles.....   |                              |                            |                                      |
| 32. Capital changes:   |                              |                            |                                      |
| 32.1 Paid in.....  |                              | 500,000                    | 500,000                              |
| 32.2 Transferred from surplus (Stock Dividend).....  |                              |                            |                                      |
| 32.3 Transferred to surplus.....   |                              |                            |                                      |
| 33. Surplus adjustments:   |                              |                            |                                      |
| 33.1 Paid in.....  |                              | (500,000)                  | (500,000)                            |
| 33.2 Transferred to capital (Stock Dividend).....  |                              |                            |                                      |
| 33.3 Transferred from capital.....   |                              |                            |                                      |
| 34. Net remittances from or (to) Home Office.....  |                              |                            |                                      |
| 35. Dividends to stockholders.....   |                              |                            |                                      |
| 36. Change in treasury stock.....  |                              |                            |                                      |
| 37. Aggregate write-ins for gains and losses in surplus.....   | 53,477                       | 1,233                      | 4,670                                |
| 38. Change in surplus as regards policyholders (Lines 22 through 37).....  | 238,993                      | 385,426                    | 744,828                              |
| 39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38).....   | 12,278,649                   | 11,680,254                 | 12,039,656                           |

**DETAILS OF WRITE-INS**

|  |          |          |           |
|--|----------|----------|-----------|
| 0501.  |          |          |           |
| 0502.  |          |          |           |
| 0503.  |          |          |           |
| 0598. Summary of remaining write-ins for Line 5 from overflow page.....                        | 0        | 0        | 0         |
| 0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....                              | 0        | 0        | 0         |
| 1401. Roadside assistance fees.....  | 8,069    | 9,198    | 16,367    |
| 1402. Interest from funds held.....  | (67,663) | (53,525) | (115,629) |
| 1403.  |          |          |           |
| 1498. Summary of remaining write-ins for Line 14 from overflow page.....                       | 0        | 0        | 0         |
| 1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....                             | (59,594) | (44,327) | (99,262)  |
| 3701. Change in nonadmitted assets - additional admitted deferred taxes assets - SSAP 10R..... | 53,477   | 1,233    | 4,670     |
| 3702.  |          |          |           |
| 3703.  |          |          |           |
| 3798. Summary of remaining write-ins for Line 37 from overflow page.....                       | 0        | 0        | 0         |
| 3799. Totals (Lines 3701 thru 3703 plus 3798) (Line 37 above).....                             | 53,477   | 1,233    | 4,670     |

Statement for June 30, 2011 of the **National Interstate Insurance Company of Hawaii, Inc**  
**CASH FLOW**

|   | 1<br>Current Year<br>to Date | 2<br>Prior Year<br>To Date | 3<br>Prior Year Ended<br>December 31 |
|---|------------------------------|----------------------------|--------------------------------------|
| <b>CASH FROM OPERATIONS</b>   |                              |                            |                                      |
| 1. Premiums collected net of reinsurance.....   | 3,720,294                    | 1,471,032                  | 4,190,442                            |
| 2. Net investment income.....   | 336,796                      | 444,552                    | 862,455                              |
| 3. Miscellaneous income.....  | (39,254)                     | (22,302)                   | (52,547)                             |
| 4. Total (Lines 1 through 3).....   | 4,017,836                    | 1,893,282                  | 5,000,350                            |
| 5. Benefit and loss related payments.....   | (2,615,553)                  | 902,844                    | 1,992,708                            |
| 6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....                         |                              |                            |                                      |
| 7. Commissions, expenses paid and aggregate write-ins for deductions.....   | 453,049                      | 896,045                    | 1,715,611                            |
| 8. Dividends paid to policyholders.....   |                              |                            |                                      |
| 9. Federal and foreign income taxes paid (recovered) net of \$ 2,065 tax on capital gains (losses).....             | 271,667                      | 346,297                    | 346,297                              |
| 10. Total (Lines 5 through 9).....  | (1,890,837)                  | 2,145,186                  | 4,054,617                            |
| 11. Net cash from operations (Line 4 minus Line 10).....  | 5,908,672                    | (251,904)                  | 945,733                              |
| <b>CASH FROM INVESTMENTS</b>  |                              |                            |                                      |
| 12. Proceeds from investments sold, matured or repaid:  |                              |                            |                                      |
| 12.1 Bonds.....   | 5,308,348                    | 9,945,000                  | 16,266,999                           |
| 12.2 Stocks.....  |                              |                            |                                      |
| 12.3 Mortgage loans.....  |                              |                            |                                      |
| 12.4 Real estate.....   |                              |                            |                                      |
| 12.5 Other invested assets.....   |                              |                            |                                      |
| 12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....                                |                              |                            |                                      |
| 12.7 Miscellaneous proceeds.....  |                              |                            |                                      |
| 12.8 Total investment proceeds (Lines 12.1 to 12.7).....  | 5,308,348                    | 9,945,000                  | 16,266,999                           |
| 13. Cost of investments acquired (long-term only):  |                              |                            |                                      |
| 13.1 Bonds.....   | 11,994,328                   | 7,673,007                  | 15,982,984                           |
| 13.2 Stocks.....  |                              |                            |                                      |
| 13.3 Mortgage loans.....  |                              |                            |                                      |
| 13.4 Real estate.....   |                              |                            |                                      |
| 13.5 Other invested assets.....   |                              |                            |                                      |
| 13.6 Miscellaneous applications.....  |                              |                            |                                      |
| 13.7 Total investments acquired (Lines 13.1 to 13.6).....   | 11,994,328                   | 7,673,007                  | 15,982,984                           |
| 14. Net increase (decrease) in contract loans and premium notes.....  |                              |                            |                                      |
| 15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14).....  | (6,685,980)                  | 2,271,993                  | 284,015                              |
| <b>CASH FROM FINANCING AND MISCELLANEOUS SOURCES</b>  |                              |                            |                                      |
| 16. Cash provided (applied):  |                              |                            |                                      |
| 16.1 Surplus notes, capital notes.....  |                              |                            |                                      |
| 16.2 Capital and paid in surplus, less treasury stock.....  |                              |                            |                                      |
| 16.3 Borrowed funds.....  |                              |                            |                                      |
| 16.4 Net deposits on deposit-type contracts and other insurance liabilities.....                                    |                              |                            |                                      |
| 16.5 Dividends to stockholders.....   |                              |                            |                                      |
| 16.6 Other cash provided (applied).....   | 1,730,761                    | 185,964                    | (1,356,932)                          |
| 17. Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6)..... | 1,730,761                    | 185,964                    | (1,356,932)                          |
| <b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>  |                              |                            |                                      |
| 18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17).....        | 953,453                      | 2,206,053                  | (127,185)                            |
| 19. Cash, cash equivalents and short-term investments:  |                              |                            |                                      |
| 19.1 Beginning of year.....   | 289,876                      | 417,061                    | 417,061                              |
| 19.2 End of period (Line 18 plus Line 19.1).....  | 1,243,329                    | 2,623,114                  | 289,876                              |

Note: Supplemental disclosures of cash flow information for non-cash transactions:

|               |       |       |       |
|---------------|-------|-------|-------|
| 20.0001 ..... | ..... | ..... | ..... |
|---------------|-------|-------|-------|

**NOTES TO FINANCIAL STATEMENTS****Note 1 - Summary of Significant Accounting Policies**

A. The accompanying financial statements of National Interstate Insurance Company of Hawaii (Company) have been prepared on the basis of accounting practices prescribed or permitted by the State of Ohio Department of Insurance. The Ohio Department of Insurance requires insurance companies domiciled in the state of Ohio to prepare their statutory financial statements in accordance with the National Association of Insurance Commissioners' (NAIC) Accounting Practices and Procedures Manual subject to any deviations prescribed or permitted by the Ohio Department of Insurance. There are no deviations prescribed or permitted by the Ohio Department of Insurance utilized in the Company's financial statements.

**Note 2 - Accounting Changes and Corrections of Errors**

No significant change.

**Note 3 - Business Combinations and Goodwill**

No significant change.

**Note 4 - Discontinued Operations**

No significant change.

**Note 5 - Investments**

## D. Loan-Backed Securities

1. The Company uses dealer-modeled prepayment assumptions for mortgage-backed and asset-backed securities at the date of purchase to determine effective yields; significant changes in estimated cash flows from the original purchase assumptions are accounted for on a prospective basis.
2. The Company does not have any loan-backed securities with an other-than-temporary impairment for which it has the intent to sell or the inability or lack of intent to retain the investment in the security.
3. The Company does not have any loan-backed securities with an other-than-temporary ("OTTI") impairment recognized in 2011.
4. The following table shows all loan-backed securities with an unrealized loss:

| <b>Less than 12 months</b> |                    | <b>12 months or more</b> |                    |
|----------------------------|--------------------|--------------------------|--------------------|
| <b>Fair</b>                | <b>Unrealized</b>  | <b>Fair</b>              | <b>Unrealized</b>  |
| <b><u>Value</u></b>        | <b><u>Loss</u></b> | <b><u>Value</u></b>      | <b><u>Loss</u></b> |
| \$ 2,420,213               | \$ (8,335)         | \$ -                     | \$ -               |

5. Based on cash flow projections received from external sources (which reflect loan to collateral values, subordination, vintage and geographic concentration), implied cash flows inherent in security ratings and analysis of historical payment data, management believes that the Company will recover its cost basis in all securities with unrealized losses at June 30, 2011. The Company has the intent to hold such securities until they recover in value or mature.

**Note 6 - Joint Ventures, Partnerships and Limited Liability Companies**

No significant change.

**Note 7 - Investment Income**

No significant change.

**Note 8 - Derivative Instruments**

No significant change.

**Note 9 - Income Taxes**

No significant change.

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## **NOTES TO FINANCIAL STATEMENTS**

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### **Note 10 - Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties**

No significant change.

### **Note 11 - Debt**

No significant change.

### **Note 12 - Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans**

No significant change.

### **Note 13 - Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations**

No significant change.

### **Note 14 - Contingencies**

E. Other Contingencies

Lawsuits arise against the Company in the normal course of business. Contingent liabilities from litigation, income taxes and other matters are not considered material in relation to the financial position of the Company

### **Note 15 - Leases**

No significant change.

### **Note 16 - Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk**

No significant change.

### **Note 17 - Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities**

C. Wash Sales.

Not applicable

### **Note 18 - Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans**

No significant change.

### **Note 19 - Direct Premium Written/Produced by Managing General Agents/Third Party Administrators**

No significant change.

### **Note 20 - Fair Value**

This footnote is not applicable to NIHI as the Company does not carry any securities at fair value at 06/30/2011

### **Note 21 - Other Items**

No significant change.

### **Note 22 - Events Subsequent**

No significant change.

### **Note 23 - Reinsurance**

No significant change.

**NOTES TO FINANCIAL STATEMENTS****Note 24 - Retrospectively Rated Contracts & Contracts Subject to Redetermination**

No significant change.

**Note 25 - Change in Incurred Losses and Loss Adjustment Expenses**

Reserves as of December 31, 2010 were \$4,067,771. As of June 30, 2011, \$1,663,416 has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$7,990,060. The increase in outstanding losses and LAE as compared to prior year is a result of the Company and affiliates entering into an inter-company pooling arrangement with Vanliner Insurance Company effective January 1, 2011. The impact to prior year reserves was an increase of \$5,712,437 for assuming the initial reserves effective with the implementation of the new pooling agreement. There has been \$126,732 favorable prior year development since December 31, 2010. The increase in incurred claims and claims adjustment expenses are generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims.

**Note 26 - Intercompany Pooling Arrangements**

Effective January 1, 2011, the Company entered into an amended pooling agreement with its parent, National Interstate Insurance Company (NIIC) and NIIC's two insurance subsidiaries, Triumphe Casualty Company (TCC) and Vanliner Insurance Company (VIC). The following summarizes the participation percentages:

| Name of Insurer                                 | NAIC Code | % Participation |
|---|-----------|-----------------|
| Triumphe Casualty Company                       | 41106     | 2%              |
| National Interstate Insurance Company of Hawaii | 11051     | 2%              |
| Vanliner Insurance Company                      | 21172     | 26%             |
| National Interstate Insurance Company (Lead)    | 32620     | 70%             |

Prior to the pooling of business, each participating company makes cessions, primarily excess of loss arrangements, to various other affiliated and non-affiliated reinsurers under terms of other reinsurance agreements. Each participant records its own Provision for Reinsurance based on its pre-pooling reinsurance activity. These liabilities are not shared with the other pooled participants. In the event that a reinsurance balance becomes uncollectible, the uncollectible balance will be shared by the pooled members in accordance to the pooling participation schedule. As of June 30, 2011 the Company had a \$0.4 million payable due to NIIC, the lead company. NIIC held \$7.3 million in Funds Held payable for TCC and had a \$7.5 million payable due to VIC.

**Note 27 - Structured Settlements**

No significant change.

**Note 28 - Health Care Receivables**

No significant change.

**Note 29 - Participating Policies**

No significant change.

**Note 30 - Premium Deficiency Reserves**

No significant change.

**Note 31 - High Deductibles**

No significant change.

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## **NOTES TO FINANCIAL STATEMENTS**

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### **Note 32 - Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses**

No significant change.

### **Note 33 - Asbestos/Environmental Reserves**

No significant change.

### **Note 34 - Subscriber Savings Accounts**

No significant change.

### **Note 35 - Multiple Peril Crop Insurance**

No significant change.

### **Note 36 - Financial Guaranty Insurance**

B. Not applicable.

Statement for June 30, 2011 of the **National Interstate Insurance Company of Hawaii, Inc**  
**GENERAL INTERROGATORIES**

**PART 1 - COMMON INTERROGATORIES**

**GENERAL**

1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes [X] No [ ]

1.2 If yes, has the report been filed with the domiciliary state? Yes [X] No [ ]

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [ ] No [X]

2.2 If yes, date of change: \_\_\_\_\_

3. Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [ ] No [X]  
If yes, complete the Schedule Y-Part 1 - Organizational chart.

4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [ ] No [X]

4.2 If yes, provide name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

| 1<br>Name of Entity | 2<br>NAIC<br>Company Code | 3<br>State of<br>Domicile |
|---------------------|---------------------------|---------------------------|
|                     |                           |                           |

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes [ ] No [X] N/A [ ]  
If yes, attach an explanation.

\_\_\_\_\_

6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2010.....

6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2005.....

6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 7/11/2007.....

6.4 By what department or departments?  
State of Hawaii Department of Commerce and Consumer Affairs

\_\_\_\_\_

6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes [ ] No [ ] N/A [X]

6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [X] No [ ] N/A [ ]

7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [ ] No [X]

7.2 If yes, give full information:  
\_\_\_\_\_

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [ ] No [X]

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.  
\_\_\_\_\_

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [ ] No [X]

8.4 If the response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

| 1<br>Affiliate Name | 2<br>Location (City, State) | 3<br>FRB | 4<br>OCC | 5<br>OTS | 6<br>FDIC | 7<br>SEC |
|---------------------|-----------------------------|----------|----------|----------|-----------|----------|
|                     |                             |          |          |          |           |          |

9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No [ ]

(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

(c) Compliance with applicable governmental laws, rules and regulations;

(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

(e) Accountability for adherence to the code.

9.11 If the response to 9.1 is No, please explain:  
\_\_\_\_\_

9.2 Has the code of ethics for senior managers been amended? Yes [ ] No [X]

9.21 If the response to 9.2 is Yes, provide information related to amendment(s).  
\_\_\_\_\_

9.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [ ] No [X]

Statement for June 30, 2011 of the **National Interstate Insurance Company of Hawaii, Inc**  
**GENERAL INTERROGATORIES**

**PART 1 - COMMON INTERROGATORIES**

**GENERAL**

9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

---

**FINANCIAL**

10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [ ] No [ X ]

10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:

---

**INVESTMENT**

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes [ ] No [ X ]

11.2 If yes, give full and complete information relating thereto:

---

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: \$.....0

13. Amount of real estate and mortgages held in short-term investments: \$.....0

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes [ ] No [ X ]

14.2 If yes, please complete the following:

|  | 1<br>Prior Year-End<br>Book/Adjusted Carrying Value | 2<br>Current Quarter<br>Book/Adjusted Carrying Value |
|--|---|--|
| 14.21 Bonds.....   | \$ .....0   | \$ .....0  |
| 14.22 Preferred Stock.....   | \$ .....0   | \$ .....0  |
| 14.23 Common Stock.....  | \$ .....0   | \$ .....0  |
| 14.24 Short-Term Investments.....  | \$ .....0   | \$ .....0  |
| 14.25 Mortgage Loans on Real Estate.....   | \$ .....0   | \$ .....0  |
| 14.26 All Other.....   | \$ .....0   | \$ .....0  |
| 14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26)..... | \$ .....0   | \$ .....0  |
| 14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above.....                       | \$ .....0   | \$ .....0  |

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes [ ] No [ X ]

15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [ ] No [ ]  
If no, attach a description with this statement.

---

16. Excluding items in Schedule E-Part 3-Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 3, III. Conducting Examinations, F-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [ X ] No [ ]

16.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

| 1<br>Name of Custodian(s) | 2<br>Custodian Address     |
|---------------------------|----------------------------|
| First Hawaiian Bank       | PO Box 3708, Honolulu, HI  |
| Key Bank                  | PO Box 6717, Cleveland, OH |

16.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation.

| 1<br>Name(s) | 2<br>Location(s) | 3<br>Complete Explanation(s) |
|--------------|------------------|------------------------------|
|              |                  |                              |

16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter? Yes [ ] No [ X ]

16.4 If yes, give full and complete information relating thereto:

| 1<br>Old Custodian | 2<br>New Custodian | 3<br>Date of Change | 4<br>Reason |
|--------------------|--------------------|---------------------|-------------|
|                    |                    |                     |             |

16.5 Identify all investment advisors, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

| 1<br>Central Registration Depository | 2<br>Name(s) | 3<br>Address |
|--------------------------------------|--------------|--------------|
|                                      |              |              |

17.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes [ X ] No [ ]

17.2 If no, list exceptions:

---

**GENERAL INTERROGATORIES (continued)****PART 2****PROPERTY & CASUALTY INTERROGATORIES**

1. If the reporting entity is a member of a pooling arrangement, did the agreement or the reporting entity's participation change? Yes [ ] No [X] N/A [ ]  
If yes, attach an explanation.

---

2. Has the reporting entity reinsured any risk with any other reporting entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on the risk, or portion thereof, reinsured? Yes [ ] No [X]  
If yes, attach an explanation.

---

3.1 Have any of the reporting entity's primary reinsurance contracts been canceled? Yes [ ] No [X]  
3.2 If yes, give full and complete information thereto:

---

4.1 Are any of the liabilities for unpaid losses and loss adjustment expenses other than certain workers' compensation liabilities tabular reserves (see Annual Statement Instructions pertaining to disclosure of discounting for definition of "tabular reserves,") discounted at a rate of interest greater than zero? Yes [ ] No [X]

4.2 If yes, complete the following schedule:

| 1<br>Line of Business | 2<br>Maximum Interest | 3<br>Disc. Rate | Total Discount     |                 |           |            | Discount Taken During Period |                 |            |             |
|-----------------------|-----------------------|-----------------|--------------------|-----------------|-----------|------------|------------------------------|-----------------|------------|-------------|
|                       |                       |                 | 4<br>Unpaid Losses | 5<br>Unpaid LAE | 6<br>IBNR | 7<br>Total | 8<br>Unpaid Losses           | 9<br>Unpaid LAE | 10<br>IBNR | 11<br>Total |
| Total.....            | ....XXX..             | ....XXX..       | .....0             | .....0          | .....0    | .....0     | .....0                       | .....0          | .....0     | .....0      |
|                       |                       |                 |                    |                 |           |            |                              |                 |            |             |

5. Operating Percentages:

|   |        |
|---|--------|
| 5.1 A&H loss percent  | 57.1 % |
| 5.2 A&H cost containment percent                            | 14.3 % |
| 5.3 A&H expense percent excluding cost containment expenses | 42.9 % |

6.1 Do you act as a custodian for health savings accounts? Yes [ ] No [X]

6.2 If yes, please provide the amount of custodial funds held as of the reporting date. 0

6.3 Do you act as an administrator for health savings accounts? Yes [ ] No [X]

6.4 If yes, please provide the amount of funds administered as of the reporting date. 0

Statement for June 30, 2011 of the **National Interstate Insurance Company of Hawaii, Inc**  
**SCHEDULE F - CEDED REINSURANCE**

Showing All New Reinsurers - Current Year to Date

| 1<br>NAIC<br>Company<br>Code | 2<br>Federal<br>ID<br>Number | 3<br>Name of Reinsurer | 4<br>Domiciliary Jurisdiction | 5<br>Is Insurer<br>Authorized?<br>(YES or NO) |
|------------------------------|------------------------------|------------------------|-------------------------------|---|
|------------------------------|------------------------------|------------------------|-------------------------------|---|

**NONE**

**SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN**

Current Year to Date - Allocated by States and Territories

| States, Etc.                      | 1<br>Active<br>Status | Direct Premiums Written      |                            | Direct Losses Paid (Deducting Salvage) |                            | Direct Losses Unpaid         |                            |
|-----------------------------------|-----------------------|------------------------------|----------------------------|--|----------------------------|------------------------------|----------------------------|
|                                   |                       | 2<br>Current Year<br>to Date | 3<br>Prior Year<br>to Date | 4<br>Current Year<br>to Date           | 5<br>Prior Year<br>to Date | 6<br>Current Year<br>to Date | 7<br>Prior Year<br>to Date |
| 1. Alabama.....                   | .AL                   | N.....                       |                            |  |                            |                              |                            |
| 2. Alaska.....                    | .AK                   | N.....                       |                            |  |                            |                              |                            |
| 3. Arizona.....                   | .AZ                   | N.....                       |                            |  |                            |                              |                            |
| 4. Arkansas.....                  | .AR                   | N.....                       |                            |  |                            |                              |                            |
| 5. California.....                | .CA                   | N.....                       |                            |  |                            |                              |                            |
| 6. Colorado.....                  | .CO                   | N.....                       |                            |  |                            |                              |                            |
| 7. Connecticut.....               | .CT                   | N.....                       |                            |  |                            |                              |                            |
| 8. Delaware.....                  | .DE                   | N.....                       |                            |  |                            |                              |                            |
| 9. District of Columbia.....      | .DC                   | N.....                       |                            |  |                            |                              |                            |
| 10. Florida.....                  | .FL                   | N.....                       |                            |  |                            |                              |                            |
| 11. Georgia.....                  | .GA                   | N.....                       |                            |  |                            |                              |                            |
| 12. Hawaii.....                   | .HI                   | L.....                       | 634,232                    | 229,871                                | 187,859                    | 163,816                      | 993,181                    |
| 13. Idaho.....                    | .ID                   | N.....                       |                            |  |                            |                              |                            |
| 14. Illinois.....                 | .IL                   | N.....                       |                            |  |                            |                              |                            |
| 15. Indiana.....                  | .IN                   | N.....                       |                            |  |                            |                              |                            |
| 16. Iowa.....                     | .IA                   | N.....                       |                            |  |                            |                              |                            |
| 17. Kansas.....                   | .KS                   | N.....                       |                            |  |                            |                              |                            |
| 18. Kentucky.....                 | .KY                   | N.....                       |                            |  |                            |                              |                            |
| 19. Louisiana.....                | .LA                   | N.....                       |                            |  |                            |                              |                            |
| 20. Maine.....                    | .ME                   | N.....                       |                            |  |                            |                              |                            |
| 21. Maryland.....                 | .MD                   | N.....                       |                            |  |                            |                              |                            |
| 22. Massachusetts.....            | .MA                   | N.....                       |                            |  |                            |                              |                            |
| 23. Michigan.....                 | .MI                   | L.....                       | 1,844,945                  | 2,009,235                              | 759,687                    | 349,696                      | 2,626,693                  |
| 24. Minnesota.....                | .MN                   | N.....                       |                            |  |                            |                              |                            |
| 25. Mississippi.....              | .MS                   | N.....                       |                            |  |                            |                              |                            |
| 26. Missouri.....                 | .MO                   | N.....                       |                            |  |                            |                              |                            |
| 27. Montana.....                  | .MT                   | N.....                       |                            |  |                            |                              |                            |
| 28. Nebraska.....                 | .NE                   | N.....                       |                            |  |                            |                              |                            |
| 29. Nevada.....                   | .NV                   | N.....                       |                            |  |                            |                              |                            |
| 30. New Hampshire.....            | .NH                   | N.....                       |                            |  |                            |                              |                            |
| 31. New Jersey.....               | .NJ                   | L.....                       | 8,484,066                  | 6,390,172                              | 3,091,514                  | 2,170,970                    | 13,484,103                 |
| 32. New Mexico.....               | .NM                   | N.....                       |                            |  |                            |                              |                            |
| 33. New York.....                 | .NY                   | N.....                       |                            |  |                            |                              |                            |
| 34. North Carolina.....           | .NC                   | N.....                       |                            |  |                            |                              |                            |
| 35. North Dakota.....             | .ND                   | N.....                       |                            |  |                            |                              |                            |
| 36. Ohio.....                     | .OH                   | L.....                       |                            |  |                            |                              |                            |
| 37. Oklahoma.....                 | .OK                   | N.....                       |                            |  |                            |                              |                            |
| 38. Oregon.....                   | .OR                   | N.....                       |                            |  |                            |                              |                            |
| 39. Pennsylvania.....             | .PA                   | N.....                       |                            |  |                            |                              |                            |
| 40. Rhode Island.....             | .RI                   | N.....                       |                            |  |                            |                              |                            |
| 41. South Carolina.....           | .SC                   | N.....                       |                            |  |                            |                              |                            |
| 42. South Dakota.....             | .SD                   | N.....                       |                            |  |                            |                              |                            |
| 43. Tennessee.....                | .TN                   | N.....                       |                            |  |                            |                              |                            |
| 44. Texas.....                    | .TX                   | N.....                       |                            |  |                            |                              |                            |
| 45. Utah.....                     | .UT                   | N.....                       |                            |  |                            |                              |                            |
| 46. Vermont.....                  | .VT                   | N.....                       |                            |  |                            |                              |                            |
| 47. Virginia.....                 | .VA                   | N.....                       |                            |  |                            |                              |                            |
| 48. Washington.....               | .WA                   | N.....                       |                            |  |                            |                              |                            |
| 49. West Virginia.....            | .WV                   | N.....                       |                            |  |                            |                              |                            |
| 50. Wisconsin.....                | .WI                   | N.....                       |                            |  |                            |                              |                            |
| 51. Wyoming.....                  | .WY                   | N.....                       |                            |  |                            |                              |                            |
| 52. American Samoa.....           | .AS                   | N.....                       |                            |  |                            |                              |                            |
| 53. Guam.....                     | .GU                   | N.....                       |                            |  |                            |                              |                            |
| 54. Puerto Rico.....              | .PR                   | N.....                       |                            |  |                            |                              |                            |
| 55. US Virgin Islands.....        | .VI                   | N.....                       |                            |  |                            |                              |                            |
| 56. Northern Mariana Islands..... | .MP                   | N.....                       |                            |  |                            |                              |                            |
| 57. Canada.....                   | .CN                   | N.....                       |                            |  |                            |                              |                            |
| 58. Aggregate Other Alien.....    | OT                    | XXX.....                     | 0                          | 0                                      | 0                          | 0                            | 0                          |
| 59. Totals.....                   |                       | (a).....4                    | 10,963,243                 | 8,629,278                              | 4,039,060                  | 2,684,482                    | 17,103,977                 |
|                                   |                       |                              |                            |  |                            |                              | 13,017,186                 |

**DETAILS OF WRITE-INS**

|   |          |   |   |   |   |   |   |
|---|----------|---|---|---|---|---|---|
| 5801.....   | XXX..... |   |   |   |   |   |   |
| 5802.....   | XXX..... |   |   |   |   |   |   |
| 5803.....   | XXX..... |   |   |   |   |   |   |
| 5898. Summary of remaining write-ins<br>for Line 58 from overflow page..... | XXX..... | 0 | 0 | 0 | 0 | 0 | 0 |
| 5899. Totals (Lines 5801 thru 5803 +<br>Line 5898) (Line 58 above).....     | XXX..... | 0 | 0 | 0 | 0 | 0 | 0 |

(L) - Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) - Registered - Non-domiciled RRGs; (Q) - Qualified - Qualified or Accredited Reinsurer;

(E) - Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) - None of the above - Not allowed to write business in the state.

(a) Insert the number of L responses except for Canada and Other Alien.

**SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP**  
PART 1 – ORGANIZATIONAL CHART

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**NONE**

Statement for June 30, 2011 of the **National Interstate Insurance Company of Hawaii, Inc**  
**PART 1 - LOSS EXPERIENCE**

| Lines of Business  | Current Year to Date           |                                |                                | 4<br>Prior Year to Date<br>Direct Loss<br>Percentage |
|--|--------------------------------|--------------------------------|--------------------------------|--|
|  | 1<br>Direct Premiums<br>Earned | 2<br>Direct Losses<br>Incurred | 3<br>Direct<br>Loss Percentage |  |
| 1. Fire.....   |                                |                                |                                | 0.0  |
| 2. Allied lines.....   |                                |                                |                                | 0.0  |
| 3. Farmowners multiple peril.....                            |                                |                                |                                | 0.0  |
| 4. Homeowners multiple peril.....                            |                                |                                |                                | 0.0  |
| 5. Commercial multiple peril.....                            | 7,118                          | 1,594                          | 22.4                           |  |
| 6. Mortgage guaranty.....                                    |                                |                                |                                | 0.0  |
| 8. Ocean marine.....   |                                |                                |                                | 0.0  |
| 9. Inland marine.....  | 64,038                         | 12,163                         | 19.0                           | (352.7)  |
| 10. Financial guaranty.....                                  |                                |                                |                                | 0.0  |
| 11.1 Medical professional liability - occurrence.....        |                                |                                |                                | 0.0  |
| 11.2 Medical professional liability - claims-made.....       |                                |                                |                                | 0.0  |
| 12. Earthquake.....  | 25                             | (2)                            | (8.0)                          |  |
| 13. Group accident and health.....                           |                                |                                |                                | 0.0  |
| 14. Credit accident and health.....                          |                                |                                |                                | 0.0  |
| 15. Other accident and health.....                           |                                |                                |                                | 0.0  |
| 16. Workers' compensation.....                               | 2,113,389                      | 1,235,105                      | 58.4                           | 36.0   |
| 17.1 Other liability-occurrence.....                         | 436,507                        | 115,991                        | 26.6                           | (9.0)  |
| 17.2 Other liability-claims made.....                        | 165,258                        | 30,902                         | 18.7                           | 21.7   |
| 17.3 Excess workers' compensation.....                       |                                |                                |                                | 0.0  |
| 18.1 Products liability-occurrence.....                      |                                |                                |                                | 0.0  |
| 18.2 Products liability-claims made.....                     |                                |                                |                                | 0.0  |
| 19.1, 19.2 Private passenger auto liability.....             | 367,509                        | 246,372                        | 67.0                           | 29.6   |
| 19.3, 19.4 Commercial auto liability.....                    | 4,782,506                      | 3,511,247                      | 73.4                           | 52.4   |
| 21. Auto physical damage.....                                | 2,235,319                      | 1,442,968                      | 64.6                           | 53.3   |
| 22. Aircraft (all perils).....                               |                                |                                |                                | 0.0  |
| 23. Fidelity.....  |                                |                                |                                | 0.0  |
| 24. Surety.....  |                                |                                |                                | 0.0  |
| 26. Burglary and theft.....                                  |                                |                                |                                | 0.0  |
| 27. Boiler and machinery.....                                | 213                            |                                |                                | 0.0  |
| 28. Credit.....  |                                |                                |                                | 0.0  |
| 29. International.....                                       |                                |                                |                                | 0.0  |
| 30. Warranty.....  |                                |                                |                                | 0.0  |
| 31. Reinsurance-nonproportional assumed property.....        | XXX                            | XXX                            | XXX                            | XXX  |
| 32. Reinsurance-nonproportional assumed liability.....       | XXX                            | XXX                            | XXX                            | XXX  |
| 33. Reinsurance-nonproportional assumed financial lines..... | XXX                            | XXX                            | XXX                            | XXX  |
| 34. Aggregate write-ins for other lines of business.....     | 0                              | 0                              | 0.0                            |  |
| 35. Totals.....  | 10,171,881                     | 6,596,339                      | 64.8                           | 45.7   |

**DETAILS OF WRITE-INS**

|   |   |   |     |     |
|---|---|---|-----|-----|
| 3401. ....  |   |   |     | 0.0 |
| 3402. ....  |   |   |     | 0.0 |
| 3403. ....  |   |   |     | 0.0 |
| 3498. Sum. of remaining write-ins for Line 34 from overflow page..... | 0 | 0 | 0.0 | XXX |
| 3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34).....          | 0 | 0 | 0.0 | XXX |

**PART 2 - DIRECT PREMIUMS WRITTEN**

| Lines of Business  | 1<br>Current<br>Quarter | 2<br>Current<br>Year to Date | 3<br>Prior Year<br>Year to Date |
|--|-------------------------|------------------------------|---------------------------------|
| 1. Fire.....   |                         |                              |                                 |
| 2. Allied lines.....   |                         |                              |                                 |
| 3. Farmowners multiple peril.....                            |                         |                              |                                 |
| 4. Homeowners multiple peril.....                            |                         |                              |                                 |
| 5. Commercial multiple peril.....                            |                         |                              |                                 |
| 6. Mortgage guaranty.....                                    |                         |                              |                                 |
| 8. Ocean marine.....   |                         |                              |                                 |
| 9. Inland marine.....  | 30,775                  | 38,064                       |                                 |
| 10. Financial guaranty.....                                  |                         |                              |                                 |
| 11.1 Medical professional liability - occurrence.....        |                         |                              |                                 |
| 11.2 Medical professional liability - claims made.....       |                         |                              |                                 |
| 12. Earthquake.....  | 150                     | 150                          |                                 |
| 13. Group accident and health.....                           |                         |                              |                                 |
| 14. Credit accident and health.....                          |                         |                              |                                 |
| 15. Other accident and health.....                           |                         |                              |                                 |
| 16. Workers' compensation.....                               | 738,831                 | 2,331,768                    | 700,823                         |
| 17.1 Other liability-occurrence.....                         | 455,048                 | 623,508                      | 313,288                         |
| 17.2 Other liability-claims made.....                        | 53,344                  | 62,344                       | 288,338                         |
| 17.3 Excess workers' compensation.....                       |                         |                              |                                 |
| 18.1 Products liability-occurrence.....                      |                         |                              |                                 |
| 18.2 Products liability-claims made.....                     |                         |                              |                                 |
| 19.1, 19.2 Private passenger auto liability.....             | 227,105                 | 400,617                      | 438,297                         |
| 19.3, 19.4 Commercial auto liability.....                    | 1,940,226               | 5,079,443                    | 4,787,923                       |
| 21. Auto physical damage.....                                | 1,320,559               | 2,342,678                    | 2,219,175                       |
| 22. Aircraft (all perils).....                               |                         |                              |                                 |
| 23. Fidelity.....  |                         |                              |                                 |
| 24. Surety.....  |                         |                              |                                 |
| 26. Burglary and theft.....                                  |                         |                              |                                 |
| 27. Boiler and machinery.....                                | 583                     | 703                          |                                 |
| 28. Credit.....  |                         |                              |                                 |
| 29. International.....                                       |                         |                              |                                 |
| 30. Warranty.....  |                         |                              |                                 |
| 31. Reinsurance-nonproportional assumed property.....        | XXX                     | XXX                          | XXX                             |
| 32. Reinsurance-nonproportional assumed liability.....       | XXX                     | XXX                          | XXX                             |
| 33. Reinsurance-nonproportional assumed financial lines..... | XXX                     | XXX                          | XXX                             |
| 34. Aggregate write-ins for other lines of business.....     | 0                       | 0                            | 0                               |
| 35. Totals.....  | 4,782,588               | 10,963,243                   | 8,629,278                       |

**DETAILS OF WRITE-INS**

|   |   |   |   |
|---|---|---|---|
| 3401. ....  |   |   |   |
| 3402. ....  |   |   |   |
| 3403. ....  |   |   |   |
| 3498. Sum. of remaining write-ins for Line 34 from overflow page..... | 0 | 0 | 0 |
| 3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34).....          | 0 | 0 | 0 |

**PART 3 (000 omitted)****LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE**

| Years in Which Losses Occurred                       | 1   | 2   | 3  | 4  | 5  | 6  | 7   | 8  | 9                                    | 10   | 11  | 12  | 13   |
|--|---|---|--|--|--|--|---|--|--------------------------------------|--|---|---|--|
|  | Prior Year-End Known Case Loss and LAE Reserves | Prior Year-End IBNR Loss and LAE Reserves | Total Prior Year-End Loss and LAE Reserves (Cols. 1 + 2) | 2011 Loss and LAE Payments on Claims Reported as of Prior Year-End | 2011 Loss and LAE Payments on Claims Unreported as of Prior Year-End | Total 2011 Loss and LAE Payments (Cols. 4 + 5) | Q.S. Date Known Case Loss and LAE Reserves on Claims Reported and Open as of Prior Year-End | Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or Reopened Subsequent to Prior Year-End | Q.S. Date IBNR Loss and LAE Reserves | Total Q.S. Loss and LAE Reserves (Cols. 7 + 8 + 9) | Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/Deficiency (Cols. 4 + 7 minus Col. 1) | Prior Year-End IBNR Loss and LAE Reserves Developed (Savings)/Deficiency (Cols. 5 + 8 + 9 minus Col. 2) | Prior Year-End Total Loss and LAE Reserve Developed (Savings)/Deficiency (Cols. 11 + 12) |
| 1. 2008 + Prior.....                                 | 1,646   | 1,771                                     | 3,417  | 566  | 1  | 567  | 1,239   | 3  | 1,561                                | 2,803  | 159   | (206)   | (47)   |
| 2. 2009.....   | 860   | 1,650                                     | 2,510  | 318  | 6  | 324  | 733   | 9  | 1,342                                | 2,084  | 191   | (293)   | (102)  |
| 3. Subtotals 2009 + Prior.....                       | 2,506   | 3,421                                     | 5,927  | 884  | 7  | 891  | 1,972   | 12   | 2,903                                | 4,887  | 350   | (499)   | (149)  |
| 4. 2010.....   | 1,141   | 2,712                                     | 3,853  | 712  | 60   | 772  | 868   | 48   | 2,187                                | 3,103  | 439   | (417)   | 22   |
| 5. Subtotals 2010 + Prior.....                       | 3,647   | 6,133                                     | 9,780  | 1,596  | 67   | 1,663  | 2,840   | 60   | 5,090                                | 7,990  | 789   | (916)   | (127)  |
| 6. 2011.....   | XXX.....  | XXX.....                                  | XXX.....   | XXX.....   | 631  | 631  | XXX.....  | 538  | 1,167                                | 1,705  | XXX.....  | XXX.....  | XXX.....   |
| 7. Totals.....                                       | 3,647   | 6,133                                     | 9,780  | 1,596  | 698  | 2,294  | 2,840   | 598  | 6,257                                | 9,695  | 789   | (916)   | (127)  |
| 8. Prior Year-End's Surplus As Regards Policyholders |   |   |  |  |  |  |   |  |                                      |  | Col. 11, Line 7 As % of Col. 1, Line 7  | Col. 12, Line 7 As % of Col. 2, Line 7  | Col. 13, Line 7 As % of Col. 3, Line 7   |
|  |   |   |  |  |  |  |   |  |                                      |  | 1. .....21.6 %  | 2. .....(14.9)%   | 3. .....(1.3)%   |
|  |   |   |  |  |  |  |   |  |                                      |  |   | Col. 13, Line 7 Line 8  |  |
|  |   |   |  |  |  |  |   |  |                                      |  |   |   | 4. .....(1.1)%   |

**National Interstate Insurance Company of Hawaii, Inc  
SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES**

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason, enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

|   | Response |
|---|----------|
| 1. Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC with this statement?          | NO _____ |
| 2. Will Supplement A to Schedule T (Medical Professional Liability Supplement) be filed with this statement?          | NO _____ |
| 3. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement? | NO _____ |
| 4. Will the Director and Officer Supplement be filed with the state of domicile and the NAIC with this statement?     | NO _____ |

**Explanation:**

- 1.
- 2.
- 3.
- 4.

**Bar Code:**

**NONE**

Statement for June 30, 2011 of the **National Interstate Insurance Company of Hawaii, Inc**  
**SCHEDULE A - VERIFICATION**

Real Estate

|   | 1<br>Year to Date | 2<br>Prior Year Ended<br>December 31 |
|---|-------------------|--------------------------------------|
| 1. Book/adjusted carrying value, December 31 of prior year.....                       | 0                 |                                      |
| 2. Cost of acquired:  |                   |                                      |
| 2.1 Actual cost at time of acquisition.....   |                   |                                      |
| 2.2 Additional investment made after acquisition.....                                 |                   |                                      |
| 3. Current year change in encumbrances.....   |                   |                                      |
| 4. Total gain (loss) on disposals.....  |                   |                                      |
| 5. Deduct amounts received on disposals.....  |                   |                                      |
| 6. Total foreign exchange change in book/adjusted carrying value.....                 |                   |                                      |
| 7. Deduct current year's other than temporary impairment recognized.....              |                   |                                      |
| 8. Deduct current year's depreciation.....  |                   |                                      |
| 9. Book/adjusted carrying value at end of current period (Lines 1+2+3+4-5+6-7-8)..... | 0                 | 0                                    |
| 10. Deduct total nonadmitted amounts.....   |                   |                                      |
| 11. Statement value at end of current period (Line 9 minus Line 10).....              | 0                 | 0                                    |

**NONE**

**SCHEDULE B - VERIFICATION**

Mortgage Loans

|  | 1<br>Year to Date | 2<br>Prior Year Ended<br>December 31 |
|--|-------------------|--------------------------------------|
| 1. Book value/recorded investment excluding accrued interest, December 31 of prior year.....                             | 0                 |                                      |
| 2. Cost of acquired:   |                   |                                      |
| 2.1 Actual cost at time of acquisition.....  |                   |                                      |
| 2.2 Additional investment made after acquisition.....  |                   |                                      |
| 3. Capitalized deferred interest and other.....  |                   |                                      |
| 4. Accrual of discount.....  |                   |                                      |
| 5. Unrealized valuation increase (decrease).....   |                   |                                      |
| 6. Total gain (loss) on disposals.....   |                   |                                      |
| 7. Deduct amounts received on disposals.....   |                   |                                      |
| 8. Deduct amortization of premium and mortgage interest points and commitment fees.....                                  |                   |                                      |
| 9. Total foreign exchange change in book value/recorded investment excluding accrued interest.....                       |                   |                                      |
| 10. Deduct current year's other than temporary impairment recognized.....  |                   |                                      |
| 11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)..... | 0                 | 0                                    |
| 12. Total valuation allowance.....   |                   |                                      |
| 13. Subtotal (Line 11 plus Line 12).....   | 0                 | 0                                    |
| 14. Deduct total nonadmitted amounts.....  |                   |                                      |
| 15. Statement value at end of current period (Line 13 minus Line 14).....  | 0                 | 0                                    |

**SCHEDULE BA - VERIFICATION**

Other Long-Term Invested Assets

|   | 1<br>Year to Date | 2<br>Prior Year Ended<br>December 31 |
|---|-------------------|--------------------------------------|
| 1. Book/adjusted carrying value, December 31 of prior year.....                             | 0                 |                                      |
| 2. Cost of acquired:  |                   |                                      |
| 2.1 Actual cost at time of acquisition.....   |                   |                                      |
| 2.2 Additional investment made after acquisition.....                                       |                   |                                      |
| 3. Capitalized deferred interest and other.....   |                   |                                      |
| 4. Accrual of discount.....   |                   |                                      |
| 5. Unrealized valuation increase (decrease).....  |                   |                                      |
| 6. Total gain (loss) on disposals.....  |                   |                                      |
| 7. Deduct amounts received on disposals.....  |                   |                                      |
| 8. Deduct amortization of premium and depreciation.....                                     |                   |                                      |
| 9. Total foreign exchange change in book/adjusted carrying value.....                       |                   |                                      |
| 10. Deduct current year's other than temporary impairment recognized.....                   |                   |                                      |
| 11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)..... | 0                 | 0                                    |
| 12. Deduct total nonadmitted amounts.....   |                   |                                      |
| 13. Statement value at end of current period (Line 11 minus Line 12).....                   | 0                 | 0                                    |

**SCHEDULE D - VERIFICATION**

Bonds and Stocks

|  | 1<br>Year to Date | 2<br>Prior Year Ended<br>December 31 |
|--|-------------------|--------------------------------------|
| 1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year.....      | 21,270,736        | 21,626,131                           |
| 2. Cost of bonds and stocks acquired.....  | 11,994,328        | 15,982,984                           |
| 3. Accrual of discount.....  | 5,291             | 10,739                               |
| 4. Unrealized valuation increase (decrease).....   |                   |                                      |
| 5. Total gain (loss) on disposals.....   | 5,901             | 57,448                               |
| 6. Deduct consideration for bonds and stocks disposed of.....                            | 5,308,348         | 16,266,999                           |
| 7. Deduct amortization of premium.....   | 85,710            | 139,567                              |
| 8. Total foreign exchange change in book/adjusted carrying value.....                    |                   |                                      |
| 9. Deduct current year's other than temporary impairment recognized.....                 |                   |                                      |
| 10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7-8-9)..... | 27,882,197        | 21,270,736                           |
| 11. Deduct total nonadmitted amounts.....  |                   |                                      |
| 12. Statement value at end of current period (Line 10 minus Line 11).....                | 27,882,197        | 21,270,736                           |

**SCHEDULE D - PART 1B**

Showing the Acquisitions, Dispositions and Non-Trading Activity

During the Current Quarter for all Bonds and Preferred Stock by Rating Class

|  | 1<br>Book/Adjusted Carrying<br>Value Beginning<br>of Current Quarter | 2<br>Acquisitions<br>During<br>Current Quarter | 3<br>Dispositions<br>During<br>Current Quarter | 4<br>Non-Trading Activity<br>During<br>Current Quarter | 5<br>Book/Adjusted Carrying<br>Value End of<br>First Quarter | 6<br>Book/Adjusted Carrying<br>Value End of<br>Second Quarter | 7<br>Book/Adjusted Carrying<br>Value End of<br>Third Quarter | 8<br>Book/Adjusted Carrying<br>Value December 31<br>Prior Year |
|--|--|--|--|--|--|---|--|--|
| <b>BONDS</b>                             |  |  |  |  |  |   |  |  |
| 1. Class 1 (a).....                      | 21,966,827   | 10,065,317                                     | 3,244,346                                      | (39,177)   | 21,966,827   | 28,748,621  |  | 21,101,971   |
| 2. Class 2 (a).....                      | 456,643  | 377,250  | 455,000  | (1,987)  | 456,643  | 376,907   |  | 458,642  |
| 3. Class 3 (a).....                      |  |  |  |  |  |   |  |  |
| 4. Class 4 (a).....                      |  |  |  |  |  |   |  |  |
| 5. Class 5 (a).....                      |  |  |  |  |  |   |  |  |
| 6. Class 6 (a).....                      |  |  |  |  |  |   |  |  |
| 7. Total Bonds.....                      | 22,423,471   | 10,442,567                                     | 3,699,346                                      | (41,164)   | 22,423,471   | 29,125,527  | 0  | 21,560,612   |
| <b>PREFERRED STOCK</b>                   |  |  |  |  |  |   |  |  |
| 8. Class 1.....                          |  |  |  |  |  |   |  |  |
| 9. Class 2.....                          |  |  |  |  |  |   |  |  |
| 10. Class 3.....                         |  |  |  |  |  |   |  |  |
| 11. Class 4.....                         |  |  |  |  |  |   |  |  |
| 12. Class 5.....                         |  |  |  |  |  |   |  |  |
| 13. Class 6.....                         |  |  |  |  |  |   |  |  |
| 14. Total Preferred Stock.....           | 0  | 0  | 0  | 0  | 0  | 0   | 0  | 0  |
| 15. Total Bonds and Preferred Stock..... | 22,423,471   | 10,442,567                                     | 3,699,346                                      | (41,164)   | 22,423,471   | 29,125,527  | 0  | 21,560,612   |

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation:

NAIC 1 \$.....0; NAIC 2 \$.....0; NAIC 3 \$.....0; NAIC 4 \$.....0; NAIC 5 \$.....0; NAIC 6 \$.....0.

QSI02

Statement for June 30, 2011 of the **National Interstate Insurance Company of Hawaii, Inc**  
**SCHEDULE DA - PART 1**

Short-Term Investments

|                      | 1<br>Book/Adjusted<br>Carrying Value | 2<br>Par Value | 3<br>Actual<br>Cost | 4<br>Interest Collected<br>Year To Date | 5<br>Paid for Accrued Interest<br>Year To Date |
|----------------------|--------------------------------------|----------------|---------------------|---|--|
| 9199999. Totals..... | 1,243,329                            | XXX.....       | 1,243,329           | 20                                      |  |

**SCHEDULE DA - VERIFICATION**

Short-Term Investments

|  | 1<br>Year to Date | 2<br>Prior Year Ended<br>December 31 |
|--|-------------------|--------------------------------------|
| 1. Book/adjusted carrying value, December 31 of prior year.....                          | 289,876           | 417,061                              |
| 2. Cost of short-term investments acquired.....  | 3,042,918         | 5,969,372                            |
| 3. Accrual of discount.....  |                   |                                      |
| 4. Unrealized valuation increase (decrease).....   |                   |                                      |
| 5. Total gain (loss) on disposals.....   |                   |                                      |
| 6. Deduct consideration received on disposals.....                                       | 2,089,464         | 6,093,736                            |
| 7. Deduct amortization of premium.....   |                   | 2,822                                |
| 8. Total foreign exchange change in book/adjusted carrying value.....                    |                   |                                      |
| 9. Deduct current year's other than temporary impairment recognized.....                 |                   |                                      |
| 10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)..... | 1,243,329         | 289,876                              |
| 11. Deduct total nonadmitted amounts.....  |                   |                                      |
| 12. Statement value at end of current period (Line 10 minus Line 11).....                | 1,243,329         | 289,876                              |

**Sch. DB-Pt A-Verification**  
**NONE**

**Sch. DB-Pt B-Verification**  
**NONE**

**Sch. DB-Pt C-Sn 1**  
**NONE**

**Sch. DB-Pt C-Sn 2**  
**NONE**

**Sch. DB-Verification**  
**NONE**

**Sch. E-Verification**  
**NONE**

**Sch. A-Pt 2**  
**NONE**

**Sch. A-Pt 3**  
**NONE**

**Sch. B-Pt 2**  
**NONE**

**Sch. B-Pt 3**  
**NONE**

**Sch. BA-Pt 2**  
**NONE**

**Sch. BA-Pt 3**  
**NONE**

**SCHEDULE D - PART 3**

Show all Long-Term Bonds and Stock Acquired During the Current Quarter

| 1<br>CUSIP<br>Identification  | 2<br>Description   | 3<br>Foreign              | 4<br>Date<br>Acquired | 5<br>Name of Vendor       | 6<br>Number of<br>Shares of Stock | 7<br>Actual Cost | 8<br>Par Value | 9<br>Paid for<br>Accrued Interest<br>and Dividends | 10<br>NAIC Designation<br>or Market<br>Indicator (a) |
|---|--|---------------------------|-----------------------|---------------------------|-----------------------------------|------------------|----------------|--|--|
| <b>Bonds - U.S. Government</b>  |  |                           |                       |                           |                                   |                  |                |  |  |
| 31331S 2K 8   | FEDERAL FARM CREDIT BANK AGENCY  | 4.700 FA 08/10/2015.....  | ....06/29/2011        | JP MORGAN.....            | .....61,855                       | .....55,000      | .....998       | .....1...  |  |
| 31331Y 4S 6   | FEDERAL FARM CREDIT BANK AGENCY  | 5.050 FA 08/01/2018.....  | ....04/28/2011        | CANTOR.....               | .....719,309                      | .....635,000     | .....7,750     | .....1...  |  |
| 3133MJ QF 0   | FEDERAL HOME LOAN BANK AGENCY  | 5.500 FA 08/15/2016.....  | ....06/22/2011        | NIIC - POOLING.....       | .....1,017,027                    | .....870,000     | .....16,880    | .....1...  |  |
| 3133XN 5N 5   | FEDERAL HOME LOAN BANK AGENCY  | 5.000 JD 12/08/2017.....  | ....05/12/2011        | CLARKE (G.X.) & CO.....   | .....387,039                      | .....340,000     | .....7,272     | .....1...  |  |
| 3133XP CT 9   | FEDERAL HOME LOAN BANK AGENCY  | 4.250 MS 03/09/2018.....  | ....06/29/2011        | CLARKE (G.X.) & CO.....   | .....553,990                      | .....505,000     | .....6,558     | .....1...  |  |
| 3134G1 LJ 1   | FREDDIE MAC AGENCY   | 1.125 JJ 01/14/2013.....  | ....04/28/2011        | MORGAN STANLEY.....       | .....240,435                      | .....240,000     | .....788       | .....1...  |  |
| 3136FP EQ 6   | FANNIE MAE AGENCY  | 1.850 MS 09/09/2015.....  | ....06/22/2011        | NIIC - POOLING.....       | .....1,340,331                    | .....1,340,000   | .....7,093     | .....1...  |  |
| 3136FP ET 0   | FANNIE MAE AGENCY  | 2.000 MS 03/10/2016.....  | ....06/28/2011        | CLARKE (G.X.) & CO.....   | .....182,101                      | .....180,000     | .....1,080     | .....1...  |  |
| 0599999.  | Total - Bonds - U.S. Government.....   |                           |                       |                           | .....4,502,086                    | .....4,165,000   | .....48,419    | .....XXX   |  |
| <b>Bonds - U.S. Political Subdivisions of States, Territories and Possessions</b> |  |                           |                       |                           |                                   |                  |                |  |  |
| 810453 L4 0   | SCOTTSDALE ARIZ MUNICIPAL  | 5.000 JJ 07/01/2011.....  | ....06/22/2011        | NIIC - POOLING.....       | .....390,997                      | .....390,000     | .....9,263     | .....1FE   |  |
| 935341 UA 3   | WARREN MICH CONS SCH DIST MUNICIPAL  | 5.250 MN 05/01/2018.....  | ....06/22/2011        | NIIC - POOLING.....       | .....1,036,078                    | .....1,000,000   | .....7,438     | .....1FE   |  |
| 2499999.  | Total - Bonds - U.S. Political Subdivision of States, Territories & Possessions..... |                           |                       |                           | .....1,427,075                    | .....1,390,000   | .....16,700    | .....XXX   |  |
| <b>Bonds - U.S. Special Revenue and Special Assessment</b>                        |  |                           |                       |                           |                                   |                  |                |  |  |
| 3137A9 VR 4   | FREDDIE MAC CMO  | 4.000 MTH 01/01/2021..... | ....06/27/2011        | ANCORA ADVISORS LLC.....  | .....385,849                      | .....368,572     | .....1,188     | .....1...  |  |
| 402228 AV 2   | GULF COAST WASTE DISP AUTH MUNICIPAL   | 6.100 FA 08/01/2024.....  | ....04/08/2011        | ANCORA ADVISORS LLC.....  | .....377,250                      | .....375,000     | .....4,575     | .....2FE   |  |
| 939781 LZ 0   | WASHINGTON ST HSG FIN COMMN MUNICIPAL  | 4.850 JD 06/01/2028.....  | ....06/22/2011        | NIIC - POOLING.....       | .....1,481,412                    | .....1,480,000   | .....4,187     | .....1FE   |  |
| 3199999.  | Total - Bonds - U.S. Special Revenue & Special Assessments.....                      |                           |                       |                           | .....2,244,511                    | .....2,223,572   | .....9,950     | .....XXX   |  |
| <b>Bonds - Industrial and Miscellaneous</b>                                       |  |                           |                       |                           |                                   |                  |                |  |  |
| 38143U SC 6   | GOLDMAN SACHS GROUP INC CORPORATE  | 3.625 FA 02/07/2016.....  | ....05/26/2011        | ANCORA ADVISORS LLC.....  | .....700,823                      | .....700,000     | .....8,035     | .....1FE   |  |
| 611662 BM 8   | MONSANTO CO CORPORATE  | 2.750 AO 04/15/2016.....  | ....06/13/2011        | STIFEL NICOLAUS & CO..... | .....56,820                       | .....55,000      | .....256       | .....1FE   |  |
| 3899999.  | Total - Bonds - Industrial & Miscellaneous.....                                      |                           |                       |                           | .....757,642                      | .....755,000     | .....8,292     | .....XXX   |  |
| 8399997.  | Total - Bonds - Part 3.....  |                           |                       |                           | .....8,931,314                    | .....8,533,572   | .....83,360    | .....XXX   |  |
| 8399999.  | Total - Bonds.....   |                           |                       |                           | .....8,931,314                    | .....8,533,572   | .....83,360    | .....XXX   |  |
| 9999999.  | Total - Bonds, Preferred and Common Stocks.....                                      |                           |                       |                           | .....8,931,314                    | .....XXX         | .....83,360    | .....XXX   |  |

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues:.....0.

**SCHEDULE D - PART 4**

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

| 1<br>CUSIP<br>Identification | 2<br>Description | 3<br>F<br>o<br>r<br>e<br>i<br>g<br>n<br>Disposal<br>Date | 4<br>Name of Purchaser | 5<br>Number of<br>Shares of<br>Stock | 6<br>Consideration | 7<br>Par Value | 8<br>Actual Cost | 9<br>Prior Year<br>Book/<br>Adjusted<br>Carrying<br>Value | Change in Book/Adjusted Carrying Value                   |   |   |   |   | 16<br>Book/<br>Adjusted<br>Carrying<br>Value At<br>Disposal Date | 17<br>Foreign<br>Exchange<br>Gain<br>(Loss)<br>on<br>Disposal | 18<br>Realized<br>Gain<br>(Loss)<br>on<br>Disposal | 19<br>Total<br>Gain<br>(Loss)<br>on<br>Disposal | 20<br>Bond<br>Interest/<br>Stock<br>Dividends<br>Received<br>During Year | 21<br>Maturity<br>Date | 22<br>NAIC<br>Design-<br>ation<br>or<br>Market<br>Indicator<br>(a) |
|------------------------------|------------------|--|------------------------|--------------------------------------|--------------------|----------------|------------------|---|--|---|---|---|---|--|---|--|---|--|------------------------|--|
|                              |                  |  |                        |                                      |                    |                |                  |   | 11<br>Unrealized<br>Valuation<br>Increase/<br>(Decrease) | 12<br>Current<br>Year's<br>(Amortization)/<br>Accretion | 13<br>Other Than<br>Temporary<br>Impairment | 14<br>Total<br>Change in<br>B./A.C.V.<br>(11+12-13) | 15<br>Foreign<br>Exchange<br>Change in<br>B./A.C.V. |  |   |  |   |  |                        |  |

**Bonds - U.S. Government**

|             |                                      |            |                      |  |                |                |                |                |        |              |  |              |  |                |  |  |            |            |            |             |             |
|-------------|--------------------------------------|------------|----------------------|--|----------------|----------------|----------------|----------------|--------|--------------|--|--------------|--|----------------|--|--|------------|------------|------------|-------------|-------------|
| 3128X8 TZ 5 | FREDDIE MAC AGENCY.....              | 04/08/2011 | CALL at 100.000..... |  | .....150,000   | .....150,000   | .....150,376   |                |        | .....(376)   |  | .....(376)   |  | .....150,000   |  |  | .....0     | .....1,875 | 04/08/2013 | 1.....      |             |
| 31331G WJ 4 | FEDERAL FARM CREDIT BANK AGENCY..... | 05/19/2011 | CALL at 100.000..... |  | .....300,000   | .....300,000   | .....293,412   | .....295,343   |        | .....501     |  | .....501     |  | .....295,844   |  |  | .....4,156 | .....4,156 | .....4,260 | 05/19/2014  | 1.....      |
| 3133XR HK 9 | FEDERAL HOME LOAN BANK AGENCY.....   | 06/17/2011 | CALL at 100.000..... |  | .....250,000   | .....250,000   | .....260,000   | .....252,004   |        | .....(2,004) |  | .....(2,004) |  | .....250,000   |  |  | .....0     | .....5,275 | 06/17/2013 | 1.....      |             |
| 3133XY LN 3 | FEDERAL HOME LOAN BANK AGENCY.....   | 06/08/2011 | CALL at 100.000..... |  | .....160,000   | .....160,000   | .....162,762   | .....161,829   |        | .....(1,829) |  | .....(1,829) |  | .....160,000   |  |  | .....0     | .....2,840 | 06/08/2017 | 1.....      |             |
| 3134G1 DH 4 | FREDDIE MAC AGENCY.....              | 05/26/2011 | CALL at 100.000..... |  | .....420,000   | .....420,000   | .....424,603   | .....422,521   |        | .....(2,521) |  | .....(2,521) |  | .....420,000   |  |  | .....0     | .....4,200 | 05/26/2015 | 1.....      |             |
| 3134G1 TX 2 | FREDDIE MAC AGENCY.....              | 06/23/2011 | CALL at 100.000..... |  | .....85,000    | .....85,000    | .....84,788    | .....84,792    |        | .....25      |  | .....25      |  | .....84,817    |  |  | .....183   | .....183   | .....769   | 06/23/2014  | 1.....      |
| 3136FH JU 0 | FANNIE MAE AGENCY.....               | 04/29/2011 | CALL at 100.000..... |  | .....185,000   | .....185,000   | .....187,058   | .....186,162   |        | .....(1,162) |  | .....(1,162) |  | .....185,000   |  |  | .....0     | .....2,081 | 10/29/2012 | 1.....      |             |
| 31398A P2 2 | FANNIE MAE AGENCY.....               | 04/26/2011 | CALL at 100.000..... |  | .....400,000   | .....400,000   | .....404,340   | .....401,687   |        | .....(1,687) |  | .....(1,687) |  | .....400,000   |  |  | .....0     | .....4,100 | 04/26/2013 | 1.....      |             |
| 31398A WH 1 | FANNIE MAE AGENCY.....               | 04/07/2011 | CALL at 100.000..... |  | .....175,000   | .....175,000   | .....175,000   | .....175,000   |        | .....0       |  | .....0       |  | .....175,000   |  |  | .....0     | .....2,538 | 04/07/2014 | 1.....      |             |
| 0599999.    | Total - Bonds - U.S. Government..... |            |                      |  | .....2,125,000 | .....2,125,000 | .....2,142,338 | .....1,979,338 | .....0 | .....(9,053) |  | .....(9,053) |  | .....2,120,661 |  |  | .....0     | .....4,339 | .....4,339 | .....27,938 | .....XXX... |

**Bonds - U.S. Special Revenue and Special Assessment**

|             |  |            |                      |  |                |                |                |                |        |               |  |               |  |              |                |  |        |             |             |             |             |
|-------------|--|------------|----------------------|--|----------------|----------------|----------------|----------------|--------|---------------|--|---------------|--|--------------|----------------|--|--------|-------------|-------------|-------------|-------------|
| 179390 LH 0 | CLACKAMAS OR COMM COLL MUNICIPAL.....                  | 06/15/2011 | CALL at 100.000..... |  | .....455,000   | .....455,000   | .....482,326   | .....458,642   |        | .....(3,642)  |  | .....(3,642)  |  | .....455,000 |                |  | .....0 | .....11,944 | 06/15/2011  | 2FE.....    |             |
| 3137A2 PF 2 | FREDDIE MAC CMO.....                                   | 06/15/2011 | MBS PAYDOWN.....     |  | .....38,781    | .....38,781    | .....39,290    | .....38,831    |        | .....(50)     |  | .....(50)     |  | .....38,781  |                |  | .....0 | .....491    | 10/01/2020  | 1.....      |             |
| 3137A6 DT 6 | FREDDIE MAC CMO.....                                   | 06/15/2011 | MBS PAYDOWN.....     |  | .....20,367    | .....20,367    | .....21,112    |                |        | .....(48)     |  | .....(48)     |  | .....20,367  |                |  | .....0 | .....204    | 03/01/2021  | 1.....      |             |
| 31398F JG 7 | FANNIE MAE CMO.....                                    | 06/25/2011 | MBS PAYDOWN.....     |  | .....25,327    | .....25,327    | .....26,522    | .....25,448    |        | .....(121)    |  | .....(121)    |  | .....25,327  |                |  | .....0 | .....410    | 11/01/2017  | 1.....      |             |
| 3199999.    | Total - Bonds - U.S. Special Revenue & Assessment..... |            |                      |  | .....539,475   | .....539,475   | .....569,249   | .....522,921   | .....0 | .....(3,861)  |  | .....(3,861)  |  | .....0       | .....539,475   |  | .....0 | .....0      | .....13,049 | .....XXX... |             |
| 8399997.    | Total - Bonds - Part 4.....                            |            |                      |  | .....2,664,475 | .....2,664,475 | .....2,711,587 | .....2,502,259 | .....0 | .....(12,914) |  | .....(12,914) |  | .....0       | .....2,660,136 |  | .....0 | .....4,339  | .....4,339  | .....40,987 | .....XXX... |
| 8399999.    | Total - Bonds.....                                     |            |                      |  | .....2,664,475 | .....2,664,475 | .....2,711,587 | .....2,502,259 | .....0 | .....(12,914) |  | .....(12,914) |  | .....0       | .....2,660,136 |  | .....0 | .....4,339  | .....4,339  | .....40,987 | .....XXX... |
| 9999999.    | Total - Bonds, Preferred and Common Stocks.....        |            |                      |  | .....2,664,475 | .....XXX       | .....2,711,587 | .....2,502,259 | .....0 | .....(12,914) |  | .....(12,914) |  | .....0       | .....2,660,136 |  | .....0 | .....4,339  | .....4,339  | .....40,987 | .....XXX... |

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues:.....0.

**Sch. DB-Pt A-Sn 1**  
**NONE**

**Sch. DB-Pt A-Sn 1-Footnote**  
**NONE**

**Sch. DB-Pt B-Sn 1**  
**NONE**

**Sch. DB-Pt B-Sn 1-Footnote**  
**NONE**

**Sch. DB-Pt B-Sn 1B-Broker List**  
**NONE**

**Sch. DB-Pt D**  
**NONE**

**Sch. DL-Pt. 1**  
**NONE**

**Sch. DL-Pt. 2**  
**NONE**

**Sch. E-Pt 1-Cash**  
**NONE**

**Sch. E-Pt 2-Cash Equivalents**  
**NONE**