

BRISTOL WEST HOLDINGS INC  
Form 10-K/A  
April 27, 2007

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 10-K/A  
Amendment No. 1**

**(Mark One)**

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934  
For the Fiscal Year Ended December 31, 2006**

**Or**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission file number 001-31984**

**BRISTOL WEST HOLDINGS, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**13-3994449**

(I.R.S. Employer Identification No.)

**5701 Stirling Road  
Davie, Florida 33314  
(954) 316-5200**

**(Address, of principal executive offices; zip code)  
(Registrant's telephone number, including area code)**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class  
Common Stock, \$0.01 par value

Name of each exchange on which registered  
New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

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Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.  
Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.  
Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):  
Large accelerated filer  Accelerated filer  Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

The aggregate market value of the registrant's voting common stock held by non-affiliates, based on the closing market price, as reported on the New York Stock Exchange, on the last business day of the second quarter of 2006 was \$317,522,288. As of February 28, 2007, the total number of shares outstanding of registrant's common stock was 29,478,865.

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**BRISTOL WEST HOLDINGS, INC.**  
**AMENDMENT NO. 1 TO 2006 ANNUAL REPORT ON FORM 10-K**

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**BRISTOL WEST HOLDINGS, INC.**  
**AMENDMENT NO. 1 TO 2006 ANNUAL REPORT ON FORM 10-K**  
**EXPLANATORY NOTE**

Bristol West Holdings, Inc. is filing this Amendment No. 1 (which we refer to as this “Amended Report”) to our Annual Report on Form 10-K for the fiscal year ended December 31, 2006, as filed with the SEC (which we refer to as the “Original Report”), filed with the Securities and Exchange Commission (which we refer to as the “SEC”) on March 16, 2007, in order to add certain information required by the following items of Form 10-K:

<b>Item</b>	<b>Description</b>
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PART  
II

Item 5.	Market for the Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities
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PART  
III

Item 10.	Directors, Executive Officers and Corporate Governance
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PART  
IV

Item 15.	Exhibits, Financial Statement Schedules
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When this Amended Report uses the words “Bristol West,” “Company,” “we,” “us,” and “our,” these words refer to Bristol West Holdings, Inc. and its subsidiaries, unless the context otherwise requires.

We hereby amend Item 5 of Part II, Items 10, 11, 12, 13 and 14 of Part III and Item 15 of Part IV of our Original Report by deleting the text of Items 10, 11, 12, 13 and 14 of Part III, and Item 15 of Part IV in their entirety and replacing them with the information provided below under the respective headings in the Amended Report and by deleting the text in Part II under the heading “*Item 5. Market for the Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities - Securities Authorized for Issuance Under Equity Compensation Plans*” in its entirety and replacing it with the information below under that heading in this Amended Report. In accordance with applicable SEC rules, we have set forth the complete text of Item 5 in Part II as amended in this Annual Report.

This Amended Report does not affect any other items in our Original Report. As a result of the amendments reflected in this Amended Report, we are also filing as exhibits to this Amended Report the certifications pursuant to section 302 of the Sarbanes-Oxley Act of 2002. Because no financial statements are contained in this Amended Report, we are not including certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Except as otherwise expressly stated for the items amended in this Amended Report, this Amended Report continues to speak as of the date of the Original Report and we have not updated the disclosure contained herein to reflect events that have occurred since the filing of the Original Report. Accordingly, this Amended Report should be read in conjunction with our Original Report and our other filings made with the SEC subsequent to the filing of the Original Report.

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## PART II

**Item 5. Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

Our common stock, \$0.01 par value per share ("Common Stock"), is listed on the New York Stock Exchange ("NYSE") under the symbol "BRW". The following table sets forth the high, low, and closing market prices of our Common Stock during each of the four calendar quarters of 2006 and 2005. The high, low and closing prices set forth below are as reported on the NYSE's consolidated transaction reporting system.

<b>For the quarter ended:</b>	<b>High</b>	<b>Low</b>	<b>Close</b>	<b>Dividends per Share</b>
March 31, 2006	\$ 20.49	\$ 17.72	\$ 19.25	\$ 0.07
June 30, 2006	19.35	14.75	16.00	0.07
September 30, 2006	16.04	13.68	14.55	0.07
December 31, 2006	16.70	13.53	15.83	0.08
<b>For the quarter ended:</b>				
	<b>High</b>	<b>Low</b>	<b>Close</b>	<b>Dividends per Share</b>
March 31, 2005	\$ 21.80	\$ 14.91	\$ 15.50	\$ 0.05
June 30, 2005	18.49	14.76	18.30	0.07
September 30, 2005	19.64	15.80	18.25	0.07
December 31, 2005	19.75	17.12	19.03	0.07

As of February 28, 2007, there were 1,195 registered holders of record of our Common Stock. A significant number of outstanding shares of Common Stock are registered in the name of only one holder, which is a nominee of The Depository Trust Company, a securities depository for banks and brokerage firms.

The table above reflects the frequency and amount of cash dividends that we paid on our Common Stock during 2006 and 2005. We paid \$0.29 per common share for a total dividend payout of \$8.5 million with respect to our Common Stock during the year ended December 31, 2006 and \$0.26 per common share for a total dividend payout of \$8.0 million during the year ended December 31, 2005. The declaration and payment of dividends is subject to the discretion of our Board of Directors, and will depend on, among other things, our financial condition, results of operations, capital and cash requirements, future prospects, regulatory and contractual restrictions on the payment of dividends by our subsidiaries, restrictions under our credit facility on our ability to pay dividends to our stockholders and other factors deemed relevant by the Board of Directors. Under the Merger Agreement with Farmers, without Farmer's prior written consent, the Company is only permitted to pay a regular quarterly dividend with respect to our Common Stock not to exceed \$0.08 per share. For a discussion of our cash resources and needs, see "*Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations-Liquidity and Capital Resources.*"

We are a holding company without significant operations of our own. Dividends from our subsidiaries are our principal source of funds. Insurance laws limit the ability of our insurance subsidiaries to pay dividends to us. Our non-insurance subsidiaries' earnings are generally unrestricted as to their availability for the payment of dividends subject to customary state corporate laws regarding solvency. See "*Item 1. Regulatory Matters - Regulation of Dividends.*" Our subsidiaries also are not permitted to pay dividends without Farmer's prior written consent. See "*Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations-Liquidity and Capital Resources.*"

**Securities Authorized for Issuance Under Equity Compensation Plans**

See the disclosure regarding securities authorized for issuance under our equity compensation plans that is included below under the heading “*Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters - Securities Authorized for Issuance Under Equity Compensation Plans.*”

**Recent Sales of Unregistered Securities**

There were no sales of unregistered securities during the year ended December 31, 2006.

**PART III****Item 10. Directors, Executive Officers and Corporate Governance****Board of Directors**

The following information is set forth below regarding our directors: their names, their ages as of March 31, 2007, their current position(s) with Bristol West, the committees of our Board of Directors (which we refer to as our “Board”) of which they are a member, and certain biographical information.

<b>Name</b>	<b>Age</b>	<b>Position</b>	<b>Director Since</b>
James R. Fisher	51	Executive Chairman of the Board and Director	2000
R. Cary Blair <sup>(1)(2)</sup>	67	Director	2004
Jeffrey J. Dailey	49	Chief Executive Officer, President and Director	2006
Richard T. Delaney <sup>(1)(3)</sup>	68	Director	2004
Allan W. Ditchfield <sup>(2)</sup>	69	Director	2006
Todd A. Fisher	41	Director	1998
Perry Golkin	53	Director	1998
Mary R. Hennessy <sup>(2)(3)</sup>	54	Director	2004
Eileen Hilton <sup>(1)</sup>	60	Director	2004
James N. Meehan <sup>(2)(3)</sup>	61	Director	2004
Arthur J. Rothkopf <sup>(2)</sup>	71	Director	2004

(1) Member of the Compensation Committee

(2) Member of the Corporate Governance and Nominating Committee

(3) Member of the Audit Committee

**Mr. James R. Fisher**

Mr. Fisher has been our Executive Chairman of the Board since July 2006. He has served as Chairman of the Board and as a Bristol West director since September 2000. He was our Chief Executive Officer from September 2000 through June 2006. Mr. Fisher has been the managing member of Fisher Capital Corp. L.L.C. since March 1997. From 1986 through March 1997, Mr. Fisher held various executive positions at American Re Corporation. Currently, Mr. Fisher is a director of Alea Group Holdings (Bermuda) Ltd. and a trustee of Lafayette College in Easton, Pennsylvania.

**Mr. R. Cary Blair**

Mr. Blair has been a Bristol West director since March 2004. Mr. Blair retired as Chairman and Chief Executive Officer of the Westfield Group in August 2003. He served his entire career at the Westfield Group from 1961 through August 2003. Currently, Mr. Blair is a director of First Merit Corporation and Davey Tree Expert Co., and the Chairman of the Westfield Group Foundation.

**Mr. Jeffrey J. Dailey**

Mr. Dailey has been a Bristol West director since May 2006. Mr. Dailey has been our Chief Executive Officer since July 2006 and our President since December 2003. He was our Chief Operating Officer from April 2001 through June 2006. Mr. Dailey has 27 years of experience in the insurance industry. Prior to joining Bristol West in 2001,

Mr. Dailey was the Chief Executive Officer of Reliant Insurance. Prior to joining Reliant Insurance in 1996, Mr. Dailey spent 14 years with The Progressive Corporation, holding numerous executive positions culminating as President of Progressive's Northeast Division.

**Mr. Richard T. Delaney**

Mr. Delaney has been a Bristol West director since March 2004. Mr. Delaney has worked as an independent consultant since January 2000. From 1994 through January 2000, Mr. Delaney held the positions of President and Chief Operating Officer of Am-Re Consultants, Inc. and Vice Chairman of Am-Re Global Services, Inc. From January 2002 through November 2003, Mr. Delaney was a director of Alea Group Holdings Ltd. From January 2002 through June 2004, Mr. Delaney was a director of Associated Industries Insurance Services, Inc. Mr. Delaney is a member of the CPCU Society.

**Mr. Allan W. Ditchfield**

Mr. Ditchfield has been a Bristol West director since November 2006. He has been an independent systems consultant since 1999. Prior to his consulting work, Mr. Ditchfield held key corporate positions as chief information officer in the insurance, communications, and process control industries. He currently serves as Director of the National Council at Northeastern University and a member of the board of directors of Atlantic Public Media.

**Mr. Todd A. Fisher**

Mr. Fisher has been a Bristol West director since February 1998. Mr. Fisher has been a member of KKR & Co. L.L.C. since January 1, 2001. Mr. Fisher was an executive of KKR & Co. L.L.C. from June 1993 to December 31, 2000. Mr. Fisher was an associate at Goldman Sachs & Co. from July 1992 to June 1993. Currently, Mr. Fisher is a director of Alea Group Holdings (Bermuda) Ltd., Rockwood Holdings, Inc., Maxeda B.V., and Duales System Deutschland GmbH.

**Mr. Perry Golkin**

Mr. Golkin has been a Bristol West director since February 1998. Mr. Golkin has been a member of KKR & Co. L.L.C. since January 1, 1996. Mr. Golkin was a general partner of KKR & Co. L.L.C. from 1995 to January 1996. Prior to 1995, he was an executive of KKR & Co. L.L.C. Currently, Mr. Golkin is a director of Alea Group Holdings (Bermuda) Ltd., PRIMEDIA, Inc., Rockwood Holdings, Inc., and Willis Group Holdings Limited.

**Ms. Mary R. Hennessy**

Ms. Hennessy has been a Bristol West director since March 2004. Since January 2006, Ms. Hennessy has been an independent consultant to the insurance and reinsurance industries. From May 2002 through December 2005, Ms. Hennessy was employed as a consultant with Webb Associates of Haddonfield, New Jersey. From January 2000 through May 2002, Ms. Hennessy was the Chief Executive Officer and President of Overseas Partners, Ltd. From November 1996 through April 1999, Ms. Hennessy was President and Chief Operating Officer of TIG Holdings. Prior to serving at TIG, Ms. Hennessy held various executive positions at American Re Corporation from 1988 to 1996. Ms. Hennessy has been a Fellow of the Casualty Actuarial Society since 1981. Currently, Ms. Hennessy is a director of Security Capital Assurance, Ltd. and GeoVera Holdings, Ltd.

**Dr. Eileen Hilton**

Dr. Hilton has been a Bristol West director since March 2004. Dr. Hilton has been the Chief Executive Officer and President of Biomedical Research Alliance of New York since 1998. Dr. Hilton has been an attending physician at Long Island Jewish Medical Center since 1985. Dr. Hilton is currently a Fellow with the American College of Physicians and the Infectious Disease Society of America and a member of the American Society of Microbiology, the Long Island Infectious Disease Society and the New York Society of Infectious Disease.

**Mr. James N. Meehan**

Mr. Meehan has been a Bristol West director since March 2004. Mr. Meehan was a Managing Director of Bank of America in Chicago, Illinois, from June 1987 through May 2002. Since his retirement in May 2002, he has worked as an independent consultant. Prior to serving at Bank of America, Mr. Meehan was Vice President of First National Bank of Chicago. Currently, Mr. Meehan is a director of the Delphi Financial Group, American Fuji Fire and Marine Insurance Company, and Reassure America Life Insurance Company, a subsidiary of Swiss Re.

**Mr. Arthur J. Rothkopf**

Mr. Rothkopf has been a Bristol West director since March 2004. Mr. Rothkopf has been Senior Vice President of the U.S. Chamber of Commerce since July 2005. Prior to serving at the U.S. Chamber of Commerce, Mr. Rothkopf served as President of Lafayette College in Easton, Pennsylvania, from 1993 until 2005. He also has served as the Deputy Secretary and General Counsel of the United States Department of Transportation and was a partner in the law firm of Hogan & Hartson in Washington, D.C. Currently, Mr. Rothkopf is a director of Insurance Services Office, Inc.

**Executive Officers**

The following information is set forth below regarding our executive officers: their names, their ages as of March 31, 2007, their current position(s) with Bristol West, and certain biographical information.

<b>Name</b>	<b>Age</b>	<b>Position</b>
James R. Fisher	51	Executive Chairman of the Board
Jeffrey J. Dailey	49	Chief Executive Officer and President
Simon J. Noonan	43	Executive Vice President and Chief Operating Officer
Anne M. Bandi	50	Senior Vice President—Operations
Douglas R. Burtch	47	Senior Vice President—Marketing
George N. Christensen	61	Senior Vice President—Business Integration
Brian J. Dwyer	50	Senior Vice President—Product Research and Development
Nila J. Harrison	43	Senior Vice President—Human Resources
Ronald E. Latva	42	Senior Vice President—Product Management
George G. O'Brien	51	Senior Vice President—Chief Legal Officer and Corporate Secretary
John L. Ondeck	47	Senior Vice President—Chief Information Officer
Alexis S. Oster	38	Senior Vice President—General Counsel
Robert D. Sadler	43	Senior Vice President—Chief Financial Officer
James J. Sclafani, Jr.	47	Senior Vice President—Claims
Audrey E. Sylvan	43	Senior Vice President—Product Management

**James R. Fisher**

Mr. Fisher has been our Executive Chairman of the Board since July 2006. He has served as Chairman of the Board and as a Bristol West director since September 2000. He was our Chief Executive Officer from September 2000 through June 2006. Mr. Fisher has been the managing member of Fisher Capital Corp. L.L.C. since March 1997. From 1986 through March 1997, Mr. Fisher held various executive positions at American Re Corporation. Currently, Mr. Fisher is a director of Alea Group Holdings (Bermuda) Ltd. and a trustee of Lafayette College in Easton, Pennsylvania.

**Jeffrey J. Dailey**

Mr. Dailey has been our Chief Executive Officer since July 2006 and our President since December 2003. He has also been a Bristol West director since May 2006. He was our Chief Operating Officer from April 2001 through June 2006. Mr. Dailey has 27 years of experience in the insurance industry. Prior to joining Bristol West in 2001, Mr. Dailey was the Chief Executive Officer of Reliant Insurance. Prior to joining Reliant Insurance in 1996, Mr. Dailey spent 14 years with The Progressive Corporation, holding numerous executive positions culminating as President of Progressive's Northeast Division.

**Simon J. Noonan, FIA, MAAA**

Mr. Noonan has been our Executive Vice President and Chief Operating Officer since July 2006. He was our Executive Vice President—Actuarial/Product from May 2005 through June 2006. He served as our Senior Vice President—Actuarial/Product from April 2002 to May 2005. Prior to joining Bristol West in 2002, Mr. Noonan was the Chief Executive Officer of Metis Financial LLC, a consulting firm specializing in the property and casualty insurance

market, since November 1997. Prior to joining Metis, Mr. Noonan served as a Senior Manager and Director in the insurance practice of KPMG from 1991 through 1997.

**Anne M. Bandi**

Ms. Bandi has been our Senior Vice President—Operations since April 2001. Ms. Bandi has 27 years of insurance operations experience. Prior to joining Bristol West, Ms. Bandi had been the Senior Vice President of Operations at Reliant Insurance since February 1996. Prior to joining Reliant Insurance, Ms. Bandi spent 16 years with The Progressive Corporation in a variety of operations management positions.

**Douglas R. Burtch**

Mr. Burtch has been our Senior Vice President—Marketing since February 2007. Mr. Burtch has 29 years of insurance industry experience. From August 1999 until February 2007, he was our Vice President—Marketing. Prior to joining Bristol West, Mr. Burtch served as Senior Vice President of Sun States Insurance from 1998 to August 1999. Prior to joining Sun States, Mr. Burtch held management positions with regional insurance carriers specializing in marketing personal and commercial products from 1984 to 1997.

**George N. Christensen**

Mr. Christensen has been our Senior Vice President—Business Integration since April 2001. Mr. Christensen joined Bristol West in 1978 and has served in various roles since that time, including Chief Information Officer.

**Brian J. Dwyer**

Mr. Dwyer has been our Senior Vice President—Product Research and Development since August 2003. Mr. Dwyer has 17 years of insurance industry experience. Prior to joining Bristol West, Mr. Dwyer served in various management roles for The Progressive Corporation from 1989 through 2002, including Regional Marketing Manager and General Manager. Prior to joining The Progressive Corporation, Mr. Dwyer served as a senior manager with Ernst & Whinney, a major accounting firm.

**Nila J. Harrison**

Ms. Harrison has been our Senior Vice President—Human Resources since April 2001. Ms. Harrison has 23 years of human resources experience. Prior to joining Bristol West, Ms. Harrison was the Senior Vice President, Human Resources for Reliant Insurance. Prior to joining Reliant Insurance in April 1996, Ms. Harrison was in the retail industry, where she spent 12 years in human resources management positions with Fabri-Centers of America Inc. and Limited Brands Inc.

**Ronald E. Latva**

Mr. Latva has been our Senior Vice President—Product Management since May 2004. From August 2000 until May 2004, he was a Vice President and National Product Manager for Bristol West. Mr. Latva has over 20 years of insurance experience in pricing, product management, claims and operations. Prior to joining Bristol West, he served as an Assistant Vice President at Allmerica Financial from 1997 to 2000. From 1986 through 1997, he held various pricing and product management positions at Great American Insurance.

**George G. O'Brien**

Mr. O'Brien has been our Senior Vice President—Chief Legal Officer and Corporate Secretary since March 2004. Prior to joining Bristol West, Mr. O'Brien had his own litigation practice since 1994. He began consulting with Bristol West in March 2003. From 1980 until 1994, Mr. O'Brien was a partner with the law firm of Dechert Price & Rhoads, and from 1980 until 1988 he was an associate with that firm.

**John L. Ondeck**

Mr. Ondeck has been our Senior Vice President—Chief Information Officer since May 2002. Mr. Ondeck has over 15 years of information technology experience. Prior to joining Bristol West in 2002, Mr. Ondeck was President of Armstrong and Lures, Inc., a software consulting firm from 2001 to 2002 and 1998 to 2000. Mr. Ondeck was a Vice President of Sales and Operations for Digital Day, a software development firm, from 2000 to 2001. From 1990

through 1997, Mr. Ondeck held management positions at Oracle Corporation and Kraft General Foods.

**Alexis S. Oster**

Ms. Oster has been our Senior Vice President—General Counsel since April 2001. Ms. Oster has 14 years of experience in the insurance industry. Prior to joining Bristol West in 2001, Ms. Oster served as General Counsel for Reliant Insurance. Prior to joining Reliant Insurance in 1996, Ms. Oster was corporate counsel of USF&G Insurance, with a primary focus on regulatory matters, company licensing and general corporate legal matters.

**Robert D. Sadler**

Mr. Sadler has been our Senior Vice President—Chief Financial Officer since December 2006. From April 2001 until December 2006, he was our Senior Vice President—Marketing. Prior to joining Bristol West in 2001, Mr. Sadler was the Chief Financial Officer for Reliant Insurance from 1996 to 2001. Prior to joining Reliant Insurance, Mr. Sadler served as the Chief Financial Officer of Agency Insurance Company of Maryland, Inc. from 1992 to 1996. Mr. Sadler was also a manager in the insurance practice of Ernst & Young, where he worked from 1985 to 1992.

**James J. Sclafani, Jr.**

Mr. Sclafani has been our Senior Vice President—Claims since January 2003. Mr. Sclafani has 23 years of automobile claims management experience. Prior to joining Bristol West, Mr. Sclafani was Vice President and world-wide manager of liability claims for Enterprise Rent-A-Car. Prior to joining Enterprise in 1994, Mr. Sclafani was with The Progressive Corporation for 10 years holding various claim management positions.

**Audrey E. Sylvan**

Ms. Sylvan has been our Senior Vice President—Product Management since May 2004. From April 2001 through May 2004, Ms. Sylvan was our Vice President—Product Management. Ms. Sylvan has 19 years of insurance experience in Product Management. Prior to joining Bristol West, Ms. Sylvan was Senior Vice President of Product Management for Reliant Insurance. Prior to joining Reliant Insurance in 1996, Ms. Sylvan was a Product Manager at The Progressive Corporation for eight years, where she managed both Specialty and Auto Products.

**SECTION 16 (a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934, as amended (which we refer to as the “Exchange Act”), requires our officers and directors and persons who own more than 10% of our Common Stock, to file reports of ownership and changes in ownership (Forms 3, 4 and 5) with the SEC and the NYSE, and to furnish us with copies of all such forms which they file. To our knowledge, based on representations to us by such persons and a review of the copies of reports furnished to us, all of our directors and officers made all required filings on time during 2006.

**STOCKHOLDER RECOMMENDATIONS FOR DIRECTOR NOMINEES**

No material changes have been made to the procedures by which our stockholders may recommend nominees to our Board since we last described these procedures in our definitive proxy statement issued in connection with our 2006 annual meeting of stockholders and filed with the SEC on March 7, 2007.

**AUDIT COMMITTEE**

The Board has established a separately-designated audit committee in accordance with section 3(a)(58)(A) of the Exchange Act (which we refer to as the “Audit Committee”). The Audit Committee is composed of three directors: James N. Meehan (Chairman), Richard T. Delaney and Mary R. Hennessy. The Board has determined that James N. Meehan qualifies as an “audit committee financial expert” as that term is defined in Item 407(d)(5) of Regulation S-K under the Securities Act of 1933, as amended (which we refer to as the “Securities Act”). The Board also affirmatively determined that the “audit committee financial expert” was independent in accordance with the independence definition and procedures set forth in the Corporate Governance Guidelines adopted by our Board (which we refer to as our “Corporate Governance Guidelines”), the corporate governance standards of the NYSE, and applicable rules and regulations of the SEC. For a description of our Board’s annual assessment of director independence regarding the directors who are members of this committee, see the disclosure below under the heading “*Item 13. Certain Relationships and Related Transactions, and Director Independence - Director Independence.*” The principal duties

and responsibilities of the Audit Committee are set forth in its charter. See the disclosure below in this section under the heading “*Corporate Governance - Corporate Governance Documents - Copies of Corporate Governance Documents.*”

In accordance with the NYSE’s corporate governance standards, our Corporate Governance Guidelines provide that no member of the Audit Committee may serve simultaneously on the audit committees of more than three public company boards, unless the Board determines that such simultaneous service would not impair such director’s ability to effectively serve on the Audit Committee and that determination is disclosed in our annual proxy materials distributed in connection with an Annual Meeting of Stockholders. Directors are required to advise the Chief Executive Officer and the Chairman of the Board and the Chairman of the Corporate Governance and Nominating Committee before they accept an invitation to serve on the audit committee of any public company board. Currently, no member of the Audit Committee serves simultaneously on the audit committees of more than three public company boards.

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## CORPORATE GOVERNANCE

### Corporate Governance Documents

*Board Committee Charters.* Our Board has adopted charters for the Audit Committee, the Compensation Committee, and the Corporate Governance and Nominating Committee each of which meets the corporate governance standards of the NYSE.

*Corporate Governance Guidelines.* The Corporate Governance Guidelines adopted by our Board meet the corporate governance standards of the NYSE.

*Code of Conduct and Business Ethics.* The Board adopted the Code of Conduct and Business Ethics that applies to all of our directors, officers and employees (which we refer to as the “Code of Conduct”). Failure to comply with the Code of Conduct is a serious offense and will result in appropriate disciplinary action. We will disclose, to the extent and in the manner required by any applicable law or NYSE corporate governance standard, any waiver of any provision of the Code of Conduct.

*Code of Conduct and Business Ethics Policy for CEO and Senior Financial Officers.* The Board also adopted the Code of Conduct and Business Ethics Policy for Chief Executive Officer and Senior Financial Officers (which we refer to as the “Senior Financial Officer Code of Conduct”), which applies to our principal executive officer (our Chief Executive Officer and President) and our principal financial and principal accounting officer (our Chief Financial Officer) as well as our Corporate Controller and other senior financial officers. These officers are expected to adhere at all times to the Senior Financial Officer Code of Conduct. Failure to comply with the Senior Financial Officer Code of Conduct is a serious offense and will result in appropriate disciplinary action. Our Board has the authority to independently approve, in their sole discretion, any such disciplinary action as well as any amendment to and any waiver or material departure from a provision of the Senior Financial Officer Code of Conduct. We will disclose at [www.bristolwest.com/Bristolwest/Investor/Governance.aspx](http://www.bristolwest.com/Bristolwest/Investor/Governance.aspx), our investor relations website, to the extent and in the manner permitted by Item 5.05 of Form 8-K under the Exchange Act, the nature of any amendment to the Senior Financial Officer Code of Conduct (other than technical, administrative, or other non-substantive amendments), our approval of any material departure from a provision of the Senior Financial Officer Code of Conduct, and our failure to take action within a reasonable period of time regarding any material departure from a provision of the Senior Financial Officer Code of Conduct that has been made known to any of our executive officers.

*Copies of Corporate Governance Documents.* Copies of each of the following corporate governance documents are available, without charge, at [www.bristolwest.com/Bristolwest/Investor/Governance.aspx](http://www.bristolwest.com/Bristolwest/Investor/Governance.aspx), our investor relations website:

- the Audit Committee charter
- the Compensation Committee charter
- the Corporate Governance and Nominating Committee charter
- the Corporate Governance Guidelines
- the Code of Conduct
- the Senior Financial Officer Code of Conduct



Printed copies of each of the corporate governance documents listed above are also available, without charge, at the written request of any stockholder of record. Printed copies of the Senior Financial Officer Code of Conduct are also available, without charge, at the written request of any other person. Requests for printed copies should be mailed to: Bristol West Holdings, Inc., 5701 Stirling Road, Davie, Florida 33314, Attention: Corporate Secretary.

### **Meetings of Non-Management and Independent Directors**

Our non-management directors meet in separate executive sessions without senior management for a portion of each meeting. At least once per year, the independent directors meet in a separate executive session without senior management and non-independent directors for a portion of the meeting. The NYSE corporate governance standards define non-management directors to include any directors who are not executive officers of our Company, including any directors who are not independent by virtue of a material relationship, former status or family relationship, or for any other reason.

### **Presiding Director**

The directors at each executive session of non-management or independent directors determine the Chairman for the executive session.

### **Communicating with Our Directors**

So that our stockholders and other interested parties may make their concerns known, we have established a method for communicating with our directors, including non-management directors. A stockholder may communicate with our directors, including non-management directors, either (1) by writing to the Chief Legal Officer and Corporate Secretary at Bristol West Holdings, Inc., 5701 Stirling Road, Davie, Florida 33314, Attention: Corporate Governance Hotline, or (2) by calling our Corporate Governance Hotline at (800) 819-9714. Communications intended specifically for our non-management directors should be marked "Attention: Non-Management Director Communications." Communications intended specifically for our Audit Committee should be marked "Attention: Audit Committee." All other director communications should be marked "Attention: Director Communications." Our Corporate Governance Hotline will forward to the Audit Committee all communications specifically directed to that committee and will forward all other Hotline communications to our Chief Legal Officer and Corporate Secretary. Our Chief Legal Officer and Corporate Secretary will facilitate all such communications. We have posted a summary of this method of communicating with our directors on our investor relations website at [www.bristolwest.com/Bristolwest/Investor/Governance.aspx](http://www.bristolwest.com/Bristolwest/Investor/Governance.aspx) under the tabs entitled "*Contact the Board*" and "*Corporate Governance Hotline*."

## **Item 11. Executive Compensation**

### **COMPENSATION COMMITTEE**

The Compensation Committee is composed of three directors: R. Cary Blair (Chairman), Richard T. Delaney and Eileen Hilton. For a description of our Board's annual assessment of director independence regarding the directors who are members of this committee, see the disclosure below under the heading "*Item 13. Certain Relationships and Related Transactions, and Director Independence - Director Independence*." The principal duties and responsibilities of the Compensation Committee are set forth in its charter. See the disclosure above under the heading "*Item 10. Directors, Executive Officers and Corporate Governance - Corporate Governance - Corporate Governance Documents*." The report of the Compensation Committee is included below in this section under the heading "*Compensation Committee Report*."

### **Processes and Procedures for the Determination of Executive Compensation**

A substantial portion of the Compensation Committee's annual efforts relates to the determination of executive compensation. In the first quarter of each year, the Compensation Committee typically determines annual base salary, establishes the criteria for variable annual incentive compensation awards and grants any long-term incentive compensation awards for executive officers. After the end of each year, the Compensation Committee determines the amount of the variable annual incentive compensation awards by taking into account the financial results for the completed year and individual performance. The Compensation Committee's annual process also includes a review of our executive compensation programs and practices.

For each executive officer, the Compensation Committee is responsible for the establishment of annual base salary, granting any long-term incentive compensation awards under the 2004 Stock Incentive Plan for Bristol West Holdings, Inc. and Subsidiaries (which we refer to as the “2004 Stock Incentive Plan”), and setting applicable award levels under the Bristol West Holdings, Inc. Executive Officer Incentive Plan (which we refer to as the “EIP”) and the Bristol West Holdings, Inc. Management Incentive Plan (which we refer to as the “MIP”). Additional disclosure regarding the Compensation Committee’s executive compensation procedures is included below in this section under the heading “*Narrative Disclosure to 2006 Summary Compensation Table and 2006 Grants of Plan Based Awards Table.*”

Within certain limits, the Compensation Committee may delegate its duties and powers under the 2004 Stock Incentive Plan in whole or in part as it determines, including to a Board committee or to Bristol West officers. The Compensation Committee has delegated the right, under specified circumstances, to grant restricted stock awards under the 2004 Stock Incentive Plan to key employees who are not executive officers. The Compensation Committee has delegated this right to a committee of the Board (which we refer to as the “CEO Committee”) the sole member of which is a member of the Board who is also Bristol West’s Chief Executive Officer. The Compensation Committee authorizes a pool, in dollars, to be utilized by the CEO Committee in making such awards of restricted stock for recruiting and retention purposes to key employees who are not executive officers. The CEO Committee approves such grants on an individual basis and regularly reports such grants to the Compensation Committee.

The Compensation Committee evaluates the individual performances of the Chief Executive Officer, Chief Operating Officer, and Executive Chairman of the Board. The Compensation Committee also works closely with the Chief Executive Officer and the Executive Chairman of the Board in evaluating the individual performances of the other executive officers for purposes of establishing annual base salaries, approving variable annual incentive compensation awards under the EIP and the MIP, and granting any stock-based, long-term incentive compensation awards under the 2004 Stock Incentive Plan. The Compensation Committee (1) administers EIP awards and MIP awards for participants who are executive officers, including the establishment and achievement of performance goals and the amount of awards; and (2) designates as an EIP participant or an MIP participant any executive officer whom they deem to be a key employee. Our Chief Executive Officer, with assistance from our Chief Operating Officer, performs such functions for MIP participants who are not executive officers. Additional disclosure regarding the EIP and the MIP is included below in this section under the heading “*Compensation Discussion and Analysis - Variable Annual Incentive Compensation.*”

*Compensation Advisors.* The Compensation Committee has the authority under its charter to engage the services of outside advisors, experts and others to assist the Compensation Committee. In accordance with this authority, since 2004, the Compensation Committee has engaged Gough Management Company (which we refer to as the “Compensation Consultant”) as an independent outside compensation consultant to assist the committee in evaluating compensation practices and to advise the committee on other matters related to compensation for the CEO and other executive officers. During 2006, the Compensation Committee periodically consulted with the Compensation Consultant regarding its processes and procedures and for purposes of considering certain compensation component alternatives.

In addition, during 2006, Bristol West management and our Human Resources Department provided to the Compensation Committee market pay data for various executive positions supplied to the Human Resources Department by Mercer Human Resource Consulting, a compensation consultant. The survey data targeted companies of similar size (based on total assets) and included information regarding various compensation components, including base salaries, total cash compensation, and long-term incentive compensation. Bristol West management also provided to the Compensation Committee additional publicly available data regarding various compensation components for executive officers at other property and casualty insurance companies.



## COMPENSATION DISCUSSION AND ANALYSIS

### Overview

The Compensation Committee oversees a compensation program designed to further the attainment of our strategic goals of growth and profitability and thus increase stockholder value. While our compensation program applies to all key employees, including our executive officers, this section focuses primarily on compensation of our executive officers and, in particular, the executive officers named in the “*2006 Summary Compensation Table*” below (who we refer to as the “named executive officers”). Currently, we have 15 officers that the Board has designated as our executive officers. Our executive officers have the broadest job responsibilities and policy making authority at Bristol West.

To achieve the objectives of our compensation program in 2006, the Compensation Committee and management concluded that it was important to recruit and retain highly competent executives and reward them for superior performance. Accordingly, the Compensation Committee’s general objective in 2006 was to structure total cash compensation earned by each executive officer to be within the third quartile (50% to 75%) of total cash compensation paid to similarly situated executive officers employed by peer companies and other companies of similar size within the insurance industry, subject to certain adjustments based on specific needs, our financial performance, and the experience and individual performance of each executive officer. In addition, the Committee made certain long-term incentive compensation awards to our executive officers during 2006 in the form of restricted stock for the purpose of retaining these key employees over a long-term period, providing them direct ownership in our Common Stock with a view toward preserving stockholder value, and encouraging decisions related to increased stockholder value in the future.

### Compensation Program Objectives

Our executive compensation program was designed to further the attainment of our strategic goals of growth and profitability and thus increase stockholder value. Our strategic vision is to be the insurer of choice for our distribution force and policyholders. To achieve this vision, we seek to align all of our business processes to create value for our policyholders and producers. We aim to continually refine our sales practices and technology to make it easier for our producers and policyholders to do business with us. We also strive to provide insureds with faster, higher quality and more flexible service when interacting with our representatives. Our success in achieving this vision is dependent upon our senior management team. To succeed, we must recruit and retain highly competent executives and reward them for superior performance.

The Compensation Committee structured our executive compensation program to enable us to continue to appropriately compete for talented and experienced executives with companies of similar size within the property and casualty insurance industry. Within this context, the principal objectives for our executive compensation program are:

- **Alignment:** Link executive compensation rewards with growth in earnings and strategic operational performance that ultimately results in sustainable increases in stockholder value
- **Motivation:** Motivate executive officers to be accountable for and accomplish our financial and strategic operational objectives
- **Retention and Attraction:** Retain and attract key executive officers to drive increases in stockholder value

## Compensation Elements

To achieve our objectives, the compensation program generally includes the following elements:

- **Fixed annual compensation** comprised of annual base salary levels and periodic salary increases that reflect position characteristics and individual contributions
- **Variable annual incentive compensation** based on our performance relative to our earnings goals and other strategic objectives as well as individual performance
- **Long-term incentive compensation** in the form of equity-based awards that reward executive officers for performance tied to increasing stockholder value, vest over time, and encourage stock ownership
- **Broad based employee benefit programs** in which our executives are eligible to participate

In 2006, total compensation for our executive officers included fixed annual compensation (base salary), variable annual incentive compensation (EIP and MIP awards paid 75% in cash and 25% in restricted stock awards with two-year cliff vesting provisions), and long-term incentive compensation (paid in restricted stock awards with five-year cliff vesting provisions), all of which are addressed in more detail below.

### *Fixed Annual Compensation*

Consistent with our compensation philosophy, the Compensation Committee establishes for our executive officers annual base salaries that the committee intends to be competitive. To determine competitive compensation levels, the Compensation Committee reviews survey data regarding base salaries paid to similarly situated executive officers. The nature and source of this survey data is described above in this section under the heading “**Compensation Committee - Processes and Procedures for the Determination of Executive Compensation - Compensation Advisor.**” The Compensation Committee also determines executive officer annual base salaries (including any merit increases) based on a combination of data regarding executive responsibilities, strategic importance of the position, competitive market rates, and individual performance and contributions.

For 2006, the Compensation Committee’s objective was to structure total cash compensation (annual base salary plus the cash portion of annual incentive compensation) paid to each executive officer to be within the third quartile (50% to 75%) of total cash compensation paid to similarly situated executive officers employed by peer companies and other companies of similar size within the insurance industry, subject to adjustment based on our specific needs, our financial performance, and the experience and individual performance of each executive officer.

The Compensation Committee typically establishes annual base salaries for the named executive officers annually during the committee’s first meeting of the year. The date for that meeting is typically set during the prior year. Changes in annual base salaries typically are not effective until the first pay period that begins after that meeting of the Compensation Committee.

The Compensation Committee approved the following annual base salaries and salary increases for the named executive officers during 2006:

Name and Principal Position	Date Effective	Annual Base Salary (\$)	Increase (%)
<b>Jeffrey J. Dailey:</b>			
Chief Executive Officer and President <sup>(1)(2)</sup>	7/01/2006	525,000	23.5
President and Chief Operating Officer <sup>(1)</sup>	2/26/2006	425,000	9.0
	2/27/2005	390,000	
<b>Robert D. Sadler</b>			
Senior Vice President-Chief Financial Officer <sup>(4)(5)</sup>	12/08/2006	275,000	17.0
Senior Vice President-Marketing <sup>(4)</sup>	2/26/2006	235,000	3.3
	2/27/2005	227,500	
<b>Craig E. Eisenacher:</b>			
Senior Vice President-former Chief Financial Officer <sup>(3)</sup>	2/26/2006	295,000	4.7
	2/27/2005	281,875	
<b>James R. Fisher:</b>			
Executive Chairman of the Board <sup>(6)(7)</sup>	7/01/2006	350,000	(50.0)
Chairman and Chief Executive Officer <sup>(6)</sup>	2/26/2006	700,000	0.0
	2/27/2005	700,000	
<b>Simon J. Noonan:</b>			
Executive Vice President and Chief Operating Officer <sup>(8)(9)</sup>	7/01/2006	350,000	7.7
Executive Vice President -Actuarial/Product <sup>(8)</sup>	2/26/2006	325,000	10.3
	2/27/2005	294,688	
<b>James J. Sclafani, Jr.:</b>			
Senior Vice President-Claims <sup>(10)</sup>	2/26/2006	300,000	2.2
	2/27/2005	293,550	

<sup>(1)</sup>Mr. Dailey's annual base salary increased to \$525,000 effective July 1, 2006, when he succeeded Mr. Fisher to become our Chief Executive Officer.

<sup>(2)</sup>On February 27, 2007, the Compensation Committee set Mr. Dailey's annual base salary at \$550,000, a 4.8% increase.

<sup>(3)</sup>Mr. Eisenacher resigned effective December 8, 2006, to accept a position as Executive Vice President and Chief Financial Officer of Everest Re Group, Ltd.

<sup>(4)</sup>The Board appointed Robert D. Sadler as Senior Vice President-Chief Financial Officer effective December 8, 2006, when he succeeded Mr. Eisenacher. Mr. Sadler's annual base salary increased to \$275,000 effective December 8, 2006.

<sup>(5)</sup>Effective February 27, 2007, the Compensation Committee set Mr. Sadler's annual base salary at \$275,000. Mr. Sadler's annual base salary was not increased from the level established in December 2006.

<sup>(6)</sup>Mr. Fisher's annual base salary decreased effective July 1, 2006, when he relinquished his title as Chief Executive Officer to Mr. Dailey. Mr. Fisher's annual base salary was not changed from the level established in 2004 in his employment agreement dated as of January 1, 2004, until July 1, 2006, when it was decreased from \$700,000 to \$350,000.

<sup>(7)</sup>Effective February 27, 2007, the Compensation Committee set Mr. Fisher's annual base salary at \$350,000. Mr. Fisher's annual base salary was not increased from the level established in 2006 in his employment agreement dated as of May 25, 2006. See the disclosure below in this section under the heading "*Narrative Disclosure to 2006 Summary Compensation Table and 2006 Grants of Plan Based Awards Table - Salary - Employment Agreements.*"

- (8) Mr. Noonan's annual base salary increased effective July 1, 2006, when he succeeded Mr. Dailey to become Bristol West's Chief Operating Officer.
- (9) On February 27, 2007, the Compensation Committee set Mr. Noonan's annual base salary at \$360,000, a 2.9% increase.
- (10) On February 27, 2007, the Compensation Committee set Mr. Sclafani's annual base salary at \$305,000, a 1.7% increase.

For additional information about fixed annual compensation, see the "**2006 Summary Compensation Table**" below in this section and the accompanying description under the heading "**Narrative Disclosure to 2006 Summary Compensation Table and 2006 Grants of Plan Based Awards Table - Salary.**"

#### *Variable Annual Incentive Compensation*

The purpose of each of our EIP and our MIP is to establish and maintain a result and profit oriented environment and to motivate and reward eligible employees by making a portion of their compensation dependent on the achievement of certain performance goals related to the performance of Bristol West and its affiliates and operating units. Each of the EIP and MIP aims to align the interests of management and Bristol West towards the completion of our strategic objectives, while providing incentives to continuously expand our earning power. The EIP and MIP each also seek to tie compensation directly to our business plan and encourage teamwork in accomplishing our goals. The EIP provides that the Compensation Committee may grant only objective performance-based awards to participating executive officers. The MIP provides that the Compensation Committee may grant awards based on individual performance under the MIP to all participants, including executive officers, and may grant objective performance-based awards to executive officers who are not EIP participants and other participants who are not executive officers. As described below in this section under the heading "**Compensation Discussion and Analysis - Executive Compensation Tax Compliance,**" the Compensation Committee intends that the conditions necessary for deductibility under Internal Revenue Code Section 162(m) will apply to the EIP but not to the MIP. The Compensation Committee annually establishes the criteria for EIP awards for the current year during the committee's first meeting of that year. The Compensation Committee annually determines the amount of the EIP awards and MIP awards during the committee's first meeting of the year following the year with respect to which the EIP and MIP awards were earned. The date for each of these meetings is typically set during the prior year.

On February 21, 2006, the Compensation Committee (1) named all of our executive officers as participants in the EIP and MIP, and (2) approved the criteria for annual incentive compensation awards to our executive officers under the EIP and the MIP. The committee determined that each of the 2006 EIP awards and 2006 MIP awards would be paid 75% in cash and 25% in restricted stock awards that cliff vest in two years and are issued under the 2004 Stock Incentive Plan. See the disclosure below in this section under the heading “*Compensation Discussion and Analysis - Compensation Program Objectives - Equity-Based Incentive Compensation.*” At the same meeting, the Compensation Committee established a percentage of annual base salary to be each executive officer’s 2006 individual bonus target with respect to both the EIP and the MIP.

The Compensation Committee determined that 80% of each executive officer’s 2006 individual bonus target would be applied toward awards based on achievement of objective, Company-wide performance-based goals determined under the EIP and the remaining 20% would be applied toward awards based upon individual goals determined under the MIP, as measured by the executive officer’s achievement of his or her performance objectives and contributions to achievement of our strategic objectives. The maximum 2006 EIP award payable to any executive officer was \$1 million. There was no such limitation under the MIP.

Consistent with our compensation philosophy, for 2006, the Compensation Committee’s objective was to structure total cash compensation (annual base salary plus the cash portion of both the EIP award and the MIP award) paid to each executive officer to be within the third quartile (50% to 75%) of total cash compensation paid to similarly situated executive officers employed by peer companies and other companies of similar size within the insurance industry, subject to adjustment based on our specific needs, our financial performance, and the experience and individual performance of each executive officer.

*2006 Objective Performance-Based EIP Awards.* On February 21, 2006, while the outcome was substantially uncertain, as contemplated by Internal Revenue Code Section 162(m), the Compensation Committee established the objective, Company-wide performance goal to be applied with respect to the 2006 EIP awards (which we refer to as the “2006 EIP objective performance goal”). The 2006 EIP objective performance goal was based on Bristol West’s 2006 Adjusted Pre-Tax Underwriting Income (as defined below) measured against pre-tax underwriting income as set forth in Bristol West’s 2006 business plan. For purposes of the EIP in 2006, the Compensation Committee defined “Adjusted Pre-Tax Underwriting Income” to mean an amount equal to the following measured for fiscal year 2006: (1) pre-tax income, plus (2) interest expense, less (3) investment income, less (4) realized gains on investments, plus (5) realized losses on investments, and adjusted to reflect (6) the effect of unusual or extraordinary items, unless the Compensation Committee determines such adjustments to be inconsistent with the requirements of Internal Revenue Code Section 162(m)(4)(C). The Compensation Committee selected this 2006 EIP objective performance goal as a means of effectively measuring management’s ability to generate profitable insurance business without taking into consideration income, losses, or expenses that are not directly attributable to the generation of insurance business.

The 2006 EIP objective performance goal that the Compensation Committee adopted included the following incentive target schedule, including threshold (or minimum) amounts payable (50% of the individual bonus target), target amounts payable (100% of the individual bonus target) and maximum amounts payable (150% of the individual bonus target), with intermediate percentages to be determined by straight-line interpolation:

**Percent of EIP****Individual**

<b>Bonus Target Paid</b>	0%	50%	75%	80%	90%	100%	105%	115%	130%	150%
<b>Adjusted Pre-Tax Underwriting Income (in millions)</b>	<\$28.47	\$ 28.47	\$ 42.70	\$ 45.55	\$ 51.24	\$ 56.94	\$ 59.78	\$ 65.48	\$ 74.02	\$ 85.41

For purposes of this table, the Compensation Committee determined that the target percentage (100% of the individual bonus target paid) would be based on 90% of pre-tax underwriting income as set forth in Bristol West's 2006 business plan.

Based on the criteria established by the Compensation Committee on February 21, 2006, set forth below for each named executive officer are (1) the EIP portion of the individual bonus target, (2) the potential payout range for the 2006 EIP awards; and (3) the threshold, target, and maximum 2006 EIP awards:

<b>Name</b>	<b>EIP Individual Bonus Target (A) (%)</b>	<b>EIP Award Payout Range (A) (%)</b>	<b>Threshold (50%) 2006 EIP Award (B) (\$)</b>	<b>Target (100%) 2006 EIP Award (B) (\$)</b>	<b>Maximum (150%) 2006 EIP Award (B) (\$)</b>
Jeffrey J. Dailey	80	0 to 120	185,600	371,200	556,800
Robert D. Sadler	40	0 to 60	47,238	94,476	141,714
Craig E. Eisenacher <sup>(1)</sup>	56	0 to 84	80,305	160,610	240,915
James R. Fisher	80	0 to 120	210,000	420,000	630,000
Simon J. Noonan	56	0 to 84	92,599	185,197	277,796
James J. Sclafani, Jr.	40	0 to 60	59,752	119,504	179,256

(A) Established as a percent of annual base salary

(B) The Compensation Committee determined that each 2006 EIP award would be paid 75% in cash and 25% in restricted stock awards that cliff vest in two years.

(1) Mr. Eisenacher forfeited his right to receive a 2006 EIP award because he resigned effective December 8, 2006, to accept a position as Executive Vice President and Chief Financial Officer of Everest Re Group, Ltd.

The Compensation Committee postponed its originally scheduled meeting in February 2007 to a date after the public announcement on March 2, 2007 that Bristol West had entered into a merger agreement (which we refer to as the "Farmers Merger Agreement") with Farmers Group, Inc. (which we refer to as "Farmers"), pursuant to which BWH Acquisition Company, currently a wholly-owned subsidiary of Farmers (which we refer to as "Merger Sub"), will be merged with and into Bristol West, with Bristol West being the surviving corporation (which transaction we refer to as the "Pending Farmers Merger"). For more information regarding the Pending Farmers Merger, see the disclosure below under the heading "*Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters - Changes in Control.*"

On March 6, 2007, the Compensation Committee determined the amount of the 2006 EIP objective performance-based awards utilizing the 2006 EIP objective performance goal. The Compensation Committee confirmed that Adjusted Pre-Tax Underwriting Income in 2006 was \$49.735 million. The percent of each executive

officer's individual bonus target to be paid, determined by straight-line interpolation based on the incentive target schedule described above was approximately 87.35%. The Compensation Committee approved payment of each 2006 EIP award 75% in cash and 25% in restricted stock awards that cliff vest on March 6, 2009 and are issued under the 2004 Stock Incentive Plan. Mr. Fisher recommended that he receive no 2006 EIP award. The Compensation Committee believed that Mr. Fisher had earned a 2006 EIP award. However, after discussion, the Compensation Committee concurred with Mr. Fisher's recommendation, despite his excellent performance, and exercised their authority under the EIP to eliminate his 2006 EIP award. The Committee did not exercise its discretionary right to reduce or eliminate the amount of any other 2006 EIP award. The EIP provides that payment of any EIP award is subject to the condition that the executive officer be employed by Bristol West at the time the award is paid. Accordingly, Mr. Eisenacher received no 2006 EIP award because he resigned effective December 8, 2006, to accept a position as Executive Vice President and Chief Financial Officer of Everest Re Group, Ltd.

Set forth below, for each of the named executive officers who were entitled to receive an EIP award, are the cash portion of the 2006 EIP award and the number of shares of our Common Stock representing the restricted stock portion of the 2006 EIP award:

Name	2006 EIP Cash Award <sup>(A)</sup> (\$)	2006 EIP Stock Award <sup>(A)(B)</sup> (#)
Jeffrey J. Dailey	243,182	3,669
Robert D. Sadler	61,893	933
James R. Fisher	—	—
Simon J. Noonan	121,327	1,830
James J. Sclafani, Jr.	78,290	1,181

<sup>(A)</sup> Each 2006 EIP award was paid 75% in cash and 25% in restricted stock awards that cliff vest on March 6, 2009.

<sup>(B)</sup> The number of shares shown in this column equals the dollar amount of the restricted stock award divided by the \$22.09 closing market price of our Common Stock on March 6, 2007, the date of grant, as reported on the NYSE, rounded down to the nearest whole share.

For additional information about the stock component of the 2006 EIP awards, see the disclosure below in this section under the heading “*Compensation Discussion and Analysis - Compensation Program Objectives - Equity-Based Incentive Compensation.*” For additional information about the cash component of the 2006 EIP awards, see the “*Non-Equity Incentive Plan Compensation*” column of the “*2006 Summary Compensation Table*” below, and see the accompanying description under the heading “*Narrative Disclosure to 2006 Summary Compensation Table and 2006 Grants of Plan Based Awards Table - Non-Equity Incentive Plan Awards.*”

2006 Performance-Based MIP Awards. At its March 6, 2007 meeting, the Compensation Committee determined the amount of the 2006 MIP awards. The 2006 MIP awards were based on Bristol West’s 2006 Adjusted Pre-Tax Underwriting Income of \$49.735 million, an incentive target schedule based on the schedule applied to determine the amount of the 2006 EIP awards, and MIP individual bonus targets equal to 20% of each participant’s individual bonus target. The Compensation Committee approved payment of each 2006 MIP award 75% in cash and 25% in restricted stock awards that cliff vest on March 6, 2009 and are issued under the 2004 Stock Incentive Plan. Mr. Fisher recommended that he receive no 2006 MIP award. The Compensation Committee believed that Mr. Fisher had earned an MIP award. However, after discussion, the Compensation Committee concurred with Mr. Fisher’s recommendation, despite his excellent performance. The MIP provides that payment of any MIP award is subject to the condition that the participant be employed by Bristol West at time the award is paid. Accordingly, Mr. Eisenacher received no 2006 MIP award because he resigned effective December 8, 2006, to accept a position as Executive Vice President and Chief Financial Officer of Everest Re Group, Ltd.

Set forth below, for each of the named executive officers who were entitled to receive an MIP award, are the cash portion of the 2006 MIP award and the number of shares of our Common Stock representing the restricted stock portion of the 2006 MIP award:

Name	2006 MIP Cash Award <sup>(A)</sup> (\$)	2006 MIP Stock Award <sup>(A)(B)</sup> (#)
Jeffrey J. Dailey	60,796	918
Robert D. Sadler	15,473	234
James R. Fisher	—	—
Simon J. Noonan	30,332	459
James J. Sclafani, Jr.	19,573	296

<sup>(A)</sup> Each 2006 MIP award was paid 75% in cash and 25% in restricted stock awards that cliff vest on March 6, 2009.

<sup>(B)</sup> The number of shares shown in this column equals the dollar amount of the restricted stock award divided by the \$22.09 closing market price of our Common Stock on March 6, 2007, the date of grant, as reported on the NYSE, rounded to the nearest whole number of shares.

For additional information about the stock component of the 2006 MIP awards, see the disclosure below in this section under the heading “*Compensation Discussion and Analysis - Compensation Program Objectives - Equity-Based Incentive Compensation.*” For additional information about the cash component of the 2006 EIP awards, see the “*Bonus*” column of the “*2006 Summary Compensation Table*” below, and see the accompanying description under the heading “*Narrative Disclosure to 2006 Summary Compensation Table and 2006 Grants of Plan Based Awards Table - Bonus Awards.*”

#### *Equity-Based Incentive Compensation*

*EIP and MIP Restricted Stock Awards.* In accordance with the EIP and MIP, the Compensation Committee provided that 25% of each 2006 EIP award and 2006 MIP award was payable as restricted stock awards. These restricted stock awards cliff vest two years after the grant date and were granted under the 2004 Stock Incentive Plan. The Compensation Committee determined that it was appropriate to grant the EIP and MIP restricted stock awards primarily for the purpose of retaining our executive officers and other key employees. In addition, the Compensation Committee intended that these awards provide our executive officers and other key employees with direct ownership in our Common Stock with a view toward preserving stockholder value and encouraging decisions related to increased stockholder value in the future.

The Compensation Committee typically grants such EIP and MIP restricted stock awards at the first Compensation Committee meeting of the year following the year in which it established the criteria for the EIP and MIP awards. The date for that meeting is typically set during the prior year.

For additional information about MIP and EIP restricted stock awards, see the disclosure above in this section under the heading “*Compensation Discussion and Analysis - Compensation Program Objectives - Variable Annual Incentive Compensation.*”

*Long-Term Incentive Compensation.* From time to time, the Compensation Committee grants restricted stock awards under the 2004 Stock Incentive Plan for the purpose of retaining key employees, including executive officers, over a long-term period, providing them direct ownership in our Common Stock with a view toward preserving stockholder value and encouraging decisions related to increased stockholder value in the future. These restricted stock awards typically cliff vest five years after the grant date. The Compensation Committee typically makes any such restricted

stock awards during the committee's first meeting of the year. The date for that meeting is typically set during the prior year.

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On February 21, 2006, the Compensation Committee granted the following long-term restricted stock awards to the named executive officers:

Name	Number of Shares <sup>(A)</sup> (#)
Jeffrey J. Dailey	18,717
Robert D. Sadler	8,021
Craig E. Eisenacher <sup>(1)</sup>	16,043
James R. Fisher <sup>(2)</sup>	—
Simon J. Noonan	17,380
James J. Sclafani, Jr.	13,369

<sup>(A)</sup>The number of shares reflected equals the dollar amount of the restricted stock award divided by the \$18.70 closing market price of our Common Stock on February 21, 2006, the date of grant, as reported on the NYSE, rounded to the nearest number of whole shares.

<sup>(1)</sup>Mr. Eisenacher forfeited all of his unvested restricted stock awards because he resigned effective December 8, 2006, to accept a position as Executive Vice President and Chief Financial Officer of Everest Re Group, Ltd.

<sup>(2)</sup>Mr. Fisher recommended that no restricted stock be awarded to him, and the Compensation Committee accepted his recommendation, despite his excellent performance.

These restricted stock awards will cliff vest on February 21, 2011 and will be forfeited if the recipient's employment with Bristol West terminates before the vesting date, except for death or disability. The vesting of these restricted stock awards is accelerated in full for certain mergers, sales or other business combinations and for death or disability, including upon the consummation of the Pending Farmers Merger.

For additional information about equity-based incentive compensation, see also the disclosure below in this section under the heading "*Narrative Disclosure to 2006 Summary Compensation Table and 2006 Grants of Plan Based Awards Table - Stock Awards*" and the table below in this section under the heading "*Outstanding Equity Awards at Fiscal Year-End*."

#### *Other Benefits and Perquisites*

Bristol West makes the following benefits available to the named executive officers on the same non-discriminatory basis as they are generally available to all employees: a medical plan, a dental plan, a vision plan, life insurance, accidental death and dismemberment coverage, business travel accident insurance, short term disability, long term disability, medical care and dependent care flexible spending accounts, retirement benefits under The Bristol West Retirement Plan (which we refer to as the "401(k) Plan") (including matching contributions by Bristol West), an employee assistance program, an educational assistance program, personal time off, and paid holidays.

We also provide company cars to certain employees who have a business need for a car, including certain named executive officers. These named executive officers are permitted to use their company cars for personal purposes (which we refer to as "fleet car personal use"). We include the value of fleet car personal use in the 2006 compensation of each such named executive officer (which we refer to as "fleet car compensation"). We also pay these named executive officers additional compensation to cover the cost of additional taxes associated with fleet car compensation.

For additional disclosure regarding this compensation component, see the "*2006 Summary Compensation Table*" and the accompanying description under the heading "*Narrative Disclosure to 2006 Summary Compensation Table and 2006 Grants of Plan Based Awards Table - All Other Compensation*."

**Potential Payments Upon Termination of Employment or Change in Control**

The Compensation Committee approved an employment agreement between Bristol West and James R. Fisher dated as of May 25, 2006. Under the employment agreement, Mr. Fisher serves as Bristol West's Executive Chairman of the Board for a term expiring on June 30, 2007. For a description of the provisions of this agreement relating to James R. Fisher's employment, see the disclosure below in this section under the heading "*Executive Compensation Narrative Disclosure to 2006 Summary Compensation Table and 2006 Grants of Plan Based Awards Table - Salary - Employment Agreements.*" The employment agreement also provides that if Mr. Fisher's employment is terminated under specified circumstances, Mr. Fisher will be entitled to receive a specified severance. For a description of the provisions of this agreement relating to severance, see the disclosure below in this section under the heading "*Executive Compensation Potential Payments Upon Termination of Employment or Change in Control.*"

Bristol West is a party to severance arrangements with other named executive officers that were entered into before Bristol West's initial public offering in February 2004. For a description of these severance arrangements, see the disclosure below in this section under the heading "*Executive Compensation Potential Payments Upon Termination of Employment or Change in Control.*"

### **Executive Compensation Tax Compliance**

The Compensation Committee strives, where appropriate, to provide for executive officer compensation that is tax deductible to Bristol West. In certain circumstances, Section 162(m) of the Internal Revenue Code may deny a federal income tax deduction for compensation in excess of \$1 million paid in any fiscal year to a company's CEO or other four most highly compensated executive officers (who we refer to for this purpose as "covered officers"). Certain compensation paid to covered officers that qualifies as objective performance-based compensation pursuant to a plan approved by stockholders is exempt from the Section 162(m) deduction limit.

The Compensation Committee has reviewed the applicability to our executive compensation program of Internal Revenue Code Section 162(m). It is the Compensation Committee's intention that Bristol West will qualify certain compensation paid to its executive officers for deductibility under the Internal Revenue Code, including Section 162(m). Specifically, the Compensation Committee intends that the conditions necessary for deductibility under Section 162(m) will apply to the EIP, pursuant to which all executive officers (including covered officers) are eligible for objective performance-based compensation. Accordingly, the Compensation Committee and the Board submitted the EIP to Bristol West's stockholders for approval. On May 19, 2006, Bristol West's stockholders approved the EIP. The Compensation Committee does not expect MIP awards to qualify as performance-based compensation under Section 162(m).

The Compensation Committee also believes that the interests of Bristol West and its stockholders may sometimes be best served by providing compensation that is not deductible in order to attract, retain, motivate and reward executive talent. Accordingly, the Compensation Committee intends to retain the flexibility to provide for compensation that is not tax deductible. No compensation that Bristol West paid during 2006 to any covered officer was subject to the Internal Revenue Code Section 162(m) deduction limitation.

It is also the Compensation Committee's intention to take such actions as the committee considers appropriate to cause Bristol West's executive compensation program to comply with Internal Revenue Code Section 409A, while retaining the flexibility to provide for compensation that does not comply.

## COMPENSATION COMMITTEE REPORT

The Compensation Committee of Bristol West's Board of Directors is composed of three directors each of whom is "independent" using the independence definition and procedures set forth in Bristol West's Corporate Governance Guidelines, the corporate governance standards of the NYSE, and applicable rules and regulations of the SEC. Each member of the Compensation Committee also (1) qualifies as a "non-employee director" for purposes of Rule 16b-3 of the Exchange Act and (2) satisfies the requirements of an "outside director" for purposes of Section 162(m) of the Internal Revenue Code. The Compensation Committee operates pursuant to a charter, a copy of which is available at [www.bristolwest.com/Bristolwest/Investor/Governance.aspx](http://www.bristolwest.com/Bristolwest/Investor/Governance.aspx), Bristol West's investor relations website. See the disclosure above under the heading "**Item 10. Directors, Executive Officers and Corporate Governance - Corporate Governance - Corporate Governance Documents.**" For a description of the Compensation Committee's responsibilities, policies and procedures, see the disclosure above in this section under the heading "**Compensation Committee.**"

The Compensation Committee reviewed the information above in this section under the heading "**Compensation Discussion and Analysis**" (which is referred to in this report as the "Compensation Discussion and Analysis"). The Compensation Committee also discussed the Compensation Discussion and Analysis with our management. Based on such review and discussions, the Compensation Committee recommended to Bristol West's Board of Directors that the Compensation Discussion and Analysis be included in this Amendment No. 1 to Bristol West's Annual Report on Form 10-K for the year ended December 31, 2006.

R. Cary Blair (Compensation Committee Chairperson)  
Richard T. Delaney (Compensation Committee member)  
Eileen Hilton (Compensation Committee member)

**2006 Summary Compensation Table**

The table below reflects compensation earned for services performed during 2006 by the named executive officers, who are our Chief Executive Officer, our Senior Vice President-Chief Financial Officer as of December 8, 2006, our former Senior Vice President-Chief Financial Officer who also served during 2006, and the three other most highly compensated executive officers with respect to 2006. The information set forth in this table is described in more detail below in this section under the heading “*Narrative Disclosure to 2006 Summary Compensation Table and 2006 Grants of Plan Based Awards Table.*”

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan	All Other Compensation	Total (\$)
						Compensation (\$)	(\$)	
Jeffrey J. Dailey, Chief Executive Officer and President	2006	469,615	60,796	325,660	2,303	243,182	45,034 <sup>(1)</sup>	1,146,590
Robert D. Sadler, Senior Vice President-Chief Financial Officer	2006	237,798	15,473	101,441	557	61,894	13,923 <sup>(2)</sup>	431,086
Craig E. Eisenacher, former Senior Vice President-Chief Financial Officer	2006	298,864	—	(193,208)	—	—	—	105,656
James R. Fisher, Executive Chairman of the Board	2006	525,000	—	124,998	—	—	—	649,998
Simon J. Noonan, Executive Vice President and Chief Operating Officer	2006	332,837	30,332	201,912	1,114	121,327	35,889 <sup>(3)</sup>	723,411
James J. Sclafani, Jr., Senior Vice President-Claims	2006	299,007	19,573	145,819	780	78,290	30,768 <sup>(4)</sup>	574,237

<sup>(1)</sup>This amount for Mr. Dailey includes: (1) 401(k) Plan company contributions; (2) fleet car personal use; and (3) restricted stock accumulated dividends of \$24,975.

<sup>(2)</sup>This amount for Mr. Sadler includes: (1) 401(k) Plan company contributions; and (2) restricted stock accumulated dividends of \$7,923.

<sup>(3)</sup>This amount for Mr. Noonan includes: (1) 401(k) Plan company contributions; (2) fleet car personal use; and (3) restricted stock accumulated dividends of \$15,543.

<sup>(4)</sup>This amount for Mr. Sclafani includes: (1) 401(k) Plan company contributions; (2) fleet car personal use; and (3) restricted stock accumulated dividends of \$11,409.



**2006 Grants of Plan-Based Awards**

The following table presents information on plan-based awards granted to the named executive officers during 2006. The information set forth in this table is described in more detail below in this section under the heading “*Narrative Disclosure to 2006 Summary Compensation Table and 2006 Grants of Plan Based Awards Table.*”

	<b>All Other Stock Awards: Number of Shares of Stock or Units</b>	<b>Grant Date Fair Value of Stock Awards</b>
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