



# ANNUAL STATEMENT

For the Year Ended December 31, 2015

of the Condition and Affairs of the

## Falls Lake General Insurance Company

NAIC Group Code.....3494, 3494

(Current Period) (Prior Period)

Organized under the Laws of Ohio

Incorporated/Organized..... September 5, 1989

NAIC Company Code..... 35211

Employer's ID Number..... 31-1277903

Statutory Home Office

52 East Gay Street..... Columbus ..... OH ..... US ..... 43215

(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office

6131 Falls of Neuse Rd., Suite 306..... Raleigh ..... NC ..... US..... 27609

919-882-3500

(Street and Number) (City or Town, State, Country and Zip Code)

Mail Address

6131 Falls of Neuse Rd., Suite 306..... Raleigh ..... NC ..... US ..... 27609

(Area Code) (Telephone Number)

(Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records

6131 Falls of Neuse Rd., Suite 306..... Raleigh ..... NC ..... US ..... 27609

919-882-3500

(Street and Number) (City or Town, State, Country and Zip Code)

Internet Web Site Address

www.fallslakeins.com

(Area Code) (Telephone Number)

Statutory Statement Contact

Aileen K. Celentano

919-882-3536

(Name)

accounting@fallslakeins.com

(Area Code) (Telephone Number) (Extension)

(E-Mail Address)

888-698-7290

(Fax Number)

### OFFICERS

**Name**

1. Steven J. Hartman  
3. Michael E. Crow

**Title**

President/CEO  
Treasurer

**Name**

2. Thomas R. Fauerbach  
4. Gregg T. Davis

**Title**

Secretary/CFO  
Chairman

Joseph R. Raia

Controller

### OTHER

### DIRECTORS OR TRUSTEES

Gregg T. Davis  
Joseph R. Raia

Steven J. Hartman

Michael E. Crow

Thomas R. Fauerbach

State of..... North Carolina  
County of.... Wake

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)  
Steven J. Hartman  
1. (Printed Name)  
President/CEO  
(Title)

(Signature)  
Thomas R. Fauerbach  
2. (Printed Name)  
Secretary/CFO  
(Title)

(Signature)  
Joseph R. Raia  
3. (Printed Name)  
Controller  
(Title)

Subscribed and sworn to before me

This 26th day of February, 2016

a. Is this an original filing?

Yes [X] No [ ]

b. If no 1. State the amendment number

2. Date filed

3. Number of pages attached

**ASSETS**

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	3,162,336	0	3,162,336	3,285,812
2. Stocks (Schedule D):				
2.1 Preferred stocks.....	0	0	0	0
2.2 Common stocks.....	0	0	0	0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....	0	0	0	0
3.2 Other than first liens.....	0	0	0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....	0	0	0	0
4.2 Properties held for the production of income (less \$.....0 encumbrances).....	0	0	0	0
4.3 Properties held for sale (less \$.....0 encumbrances).....	0	0	0	0
5. Cash (\$....210,755, Schedule E-Part 1), cash equivalents (\$.....0, Schedule E-Part 2) and short-term investments (\$....761,860, Schedule DA).....	972,615	0	972,615	746,287
6. Contract loans (including \$.....0 premium notes).....	0	0	0	0
7. Derivatives (Schedule DB).....	0	0	0	0
8. Other invested assets (Schedule BA).....	0	0	0	0
9. Receivables for securities.....	0	0	0	0
10. Securities lending reinvested collateral assets (Schedule DL).....	0	0	0	0
11. Aggregate write-ins for invested assets.....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	4,134,951	0	4,134,951	4,032,099
13. Title plants less \$.....0 charged off (for Title insurers only).....	0	0	0	0
14. Investment income due and accrued.....	14,708	0	14,708	14,573
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	167,068	0	167,068	151,687
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	0	0	0	0
15.3 Accrued retrospective premiums (\$.....0) and contracts subject to redetermination (\$.....0).....	0	0	0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	0	0	0	0
16.2 Funds held by or deposited with reinsured companies.....	1,964,187	0	1,964,187	1,785,180
16.3 Other amounts receivable under reinsurance contracts.....	0	0	0	0
17. Amounts receivable relating to uninsured plans.....	0	0	0	0
18.1 Current federal and foreign income tax recoverable and interest thereon.....	0	0	0	11,620
18.2 Net deferred tax asset.....	123,008	52,406	70,602	70,566
19. Guaranty funds receivable or on deposit.....	0	0	0	0
20. Electronic data processing equipment and software.....	0	0	0	0
21. Furniture and equipment, including health care delivery assets (\$.....0).....	0	0	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates.....	0	0	0	0
23. Receivables from parent, subsidiaries and affiliates.....	0	0	0	0
24. Health care (\$.....0) and other amounts receivable.....	0	0	0	0
25. Aggregate write-ins for other than invested assets.....	0	0	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	6,403,922	52,406	6,351,516	6,065,725
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0	0
28. TOTALS (Lines 26 and 27).....	6,403,922	52,406	6,351,516	6,065,725

**DETAILS OF WRITE-INS**

1101.....	0	0	0	0
1102.....	0	0	0	0
1103.....	0	0	0	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.....	0	0	0	0
2502.....	0	0	0	0
2503.....	0	0	0	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).....	0	0	0	0

**LIABILITIES, SURPLUS AND OTHER FUNDS**

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8).....	981,902	900,494
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....	145,027	114,893
3. Loss adjustment expenses (Part 2A, Line 35, Column 9).....	643,192	590,947
4. Commissions payable, contingent commissions and other similar charges.....	0	0
5. Other expenses (excluding taxes, licenses and fees).....	9,920	9,939
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	0	5,000
7.1 Current federal and foreign income taxes (including \$.....0 on realized capital gains (losses)).....	1,942	0
7.2 Net deferred tax liability.....	0	0
8. Borrowed money \$.....0 and interest thereon \$.....0.....	0	0
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$.....0 and including warranty reserves of \$.....0 and accrued accident and health experience rating refunds including \$.....0 for medical loss ratio rebate per the Public Health Service Act).....	339,093	293,738
10. Advance premium.....	0	0
11. Dividends declared and unpaid:		
11.1 Stockholders.....	0	0
11.2 Policyholders.....	0	0
12. Ceded reinsurance premiums payable (net of ceding commissions).....	(6,782)	(17,381)
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19).....	0	0
14. Amounts withheld or retained by company for account of others.....	0	0
15. Remittances and items not allocated.....	0	0
16. Provision for reinsurance (including \$.....0 certified) (Schedule F, Part 8).....	0	0
17. Net adjustments in assets and liabilities due to foreign exchange rates.....	0	0
18. Drafts outstanding.....	0	0
19. Payable to parent, subsidiaries and affiliates.....	0	0
20. Derivatives.....	0	0
21. Payable for securities.....	0	0
22. Payable for securities lending.....	0	0
23. Liability for amounts held under uninsured plans.....	0	0
24. Capital notes \$.....0 and interest thereon \$.....0.....	0	0
25. Aggregate write-ins for liabilities.....	0	0
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....	2,114,294	1,897,630
27. Protected cell liabilities.....	0	0
28. Total liabilities (Lines 26 and 27).....	2,114,294	1,897,630
29. Aggregate write-ins for special surplus funds.....	0	0
30. Common capital stock.....	1,500,000	1,500,000
31. Preferred capital stock.....	0	0
32. Aggregate write-ins for other than special surplus funds.....	0	0
33. Surplus notes.....	0	0
34. Gross paid in and contributed surplus.....	1,000,000	1,000,000
35. Unassigned funds (surplus).....	1,737,222	1,668,095
36. Less treasury stock, at cost:		
36.1 .....0.000 shares common (value included in Line 30 \$.....0).....	0	0
36.2 .....0.000 shares preferred (value included in Line 31 \$.....0).....	0	0
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39).....	4,237,222	4,168,095
38. TOTALS (Page 2, Line 28, Col. 3).....	6,351,516	6,065,725

**DETAILS OF WRITE-INS**

2501. ....	0	0
2502. ....	0	0
2503. ....	0	0
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. ....	0	0
2902. ....	0	0
2903. ....	0	0
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).....	0	0
3201. ....	0	0
3202. ....	0	0
3203. ....	0	0
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

**Falls Lake General Insurance Company**  
**STATEMENT OF INCOME**

	1 Current Year	2 Prior Year
<b>UNDERWRITING INCOME</b>		
1. Premiums earned (Part 1, Line 35, Column 4).....	850,001	675,996
DEDUCTIONS		
2. Losses incurred (Part 2, Line 35, Column 7).....	288,204	172,243
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....	266,100	209,133
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	242,696	237,969
5. Aggregate write-ins for underwriting deductions.....	0	0
6. Total underwriting deductions (Lines 2 through 5).....	797,000	619,345
7. Net income of protected cells.....	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....	53,001	56,651
<b>INVESTMENT INCOME</b>		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	34,990	35,193
10. Net realized capital gains (losses) less capital gains tax of \$.....0 (Exhibit of Capital Gains (Losses)).....	(113)	0
11. Net investment gain (loss) (Lines 9 + 10).....	34,877	35,193
<b>OTHER INCOME</b>		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$.....0 amount charged off \$.....0).....	0	0
13. Finance and service charges not included in premiums.....	0	0
14. Aggregate write-ins for miscellaneous income.....	0	0
15. Total other income (Lines 12 through 14).....	0	0
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	87,878	91,844
17. Dividends to policyholders.....	0	0
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17).....	87,878	91,844
19. Federal and foreign income taxes incurred.....	18,787	16,780
20. Net income (Line 18 minus Line 19) (to Line 22).....	69,091	75,064
<b>CAPITAL AND SURPLUS ACCOUNT</b>		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....	4,168,095	4,074,074
22. Net income (from Line 20).....	69,091	75,064
23. Net transfers (to) from Protected Cell accounts.....	0	0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....0.....	0	0
25. Change in net unrealized foreign exchange capital gain (loss).....	0	0
26. Change in net deferred income tax.....	(11,976)	(14,227)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3).....	12,012	33,184
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....	0	0
29. Change in surplus notes.....	0	0
30. Surplus (contributed to) withdrawn from protected cells.....	0	0
31. Cumulative effect of changes in accounting principles.....	0	0
32. Capital changes:		
32.1 Paid in.....	0	0
32.2 Transferred from surplus (Stock Dividend).....	0	0
32.3 Transferred to surplus.....	0	0
33. Surplus adjustments:		
33.1 Paid in.....	0	0
33.2 Transferred to capital (Stock Dividend).....	0	0
33.3. Transferred from capital.....	0	0
34. Net remittances from or (to) Home Office.....	0	0
35. Dividends to stockholders.....	0	0
36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1).....	0	0
37. Aggregate write-ins for gains and losses in surplus.....	0	0
38. Change in surplus as regards policyholders for the year (Lines 22 through 37).....	69,127	94,021
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37).....	4,237,222	4,168,095

**DETAILS OF WRITE-INS**

0501.....	0	0
0502.....	0	0
0503.....	0	0
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....	0	0
1401. Other income.....	0	0
1402.....	0	0
1403.....	0	0
1498. Summary of remaining write-ins for Line 14 from overflow page.....	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....	0	0
3701.....	0	0
3702.....	0	0
3703.....	0	0
3798. Summary of remaining write-ins for Line 37 from overflow page.....	0	0
3799. Totals (Lines 3701 thru 3703 plus 3798) (Line 37 above).....	0	0

# Falls Lake General Insurance Company

## CASH FLOW

	1 Current Year	2 Prior Year
<b>CASH FROM OPERATIONS</b>		
1. Premiums collected net of reinsurance.....	890,574	.666,742
2. Net investment income.....	31,101	33,182
3. Miscellaneous income.....	0	0
4. Total (Lines 1 through 3).....	921,675	.699,924
5. Benefit and loss related payments.....	355,669	.192,127
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions.....	460,631	.403,744
8. Dividends paid to policyholders.....	0	0
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses).....	5,225	11,263
10. Total (Lines 5 through 9).....	821,525	.607,134
11. Net cash from operations (Line 4 minus Line 10).....	100,150	92,790
<b>CASH FROM INVESTMENTS</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	815,000	0
12.2 Stocks.....	0	0
12.3 Mortgage loans.....	0	0
12.4 Real estate.....	0	0
12.5 Other invested assets.....	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	(113)	0
12.7 Miscellaneous proceeds.....	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	814,887	0
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	688,709	0
13.2 Stocks.....	0	0
13.3 Mortgage loans.....	0	0
13.4 Real estate.....	0	0
13.5 Other invested assets.....	0	0
13.6 Miscellaneous applications.....	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6).....	688,709	0
14. Net increase (decrease) in contract loans and premium notes.....	0	0
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....	126,178	0
<b>CASH FROM FINANCING AND MISCELLANEOUS SOURCES</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	0
16.3 Borrowed funds.....	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....	0	0
16.5 Dividends to stockholders.....	0	0
16.6 Other cash provided (applied).....	0	0
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	0	0
<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).....	226,328	92,790
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	746,287	.653,497
19.2 End of year (Line 18 plus Line 19.1).....	972,615	.746,287

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

20.0001 .....	0	0
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**Falls Lake General Insurance Company**  
**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 1 - PREMIUMS EARNED**

Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums December 31 Prior Year- per Col. 3, Last Year's Part 1	3 Unearned Premiums December 31 Current Year- per Col. 5, Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire.....	1,046	650	633	1,063
2. Allied lines.....	6,904	5,500	4,347	8,057
3. Farmowners multiple peril.....	0	0	0	0
4. Homeowners multiple peril.....	0	0	0	0
5. Commercial multiple peril.....	479	1,019	442	1,056
6. Mortgage guaranty.....	0	0	0	0
8. Ocean marine.....	0	0	0	0
9. Inland marine.....	313	292	327	278
10. Financial guaranty.....	0	0	0	0
11.1 Medical professional liability - occurrence.....	1,377	700	579	1,498
11.2 Medical professional liability - claims-made.....	25,730	8,685	10,245	24,170
12. Earthquake.....	1,382	1,303	921	1,764
13. Group accident and health.....	0	0	0	0
14. Credit accident and health (group and individual).....	0	0	0	0
15. Other accident and health.....	0	0	0	0
16. Workers' compensation.....	113,678	36,089	35,473	114,294
17.1 Other liability - occurrence.....	331,377	127,605	143,611	315,371
17.2 Other liability - claims-made.....	59,211	24,512	24,567	59,156
17.3 Excess workers' compensation.....	0	0	0	0
18.1 Products liability - occurrence.....	132,930	60,186	62,296	130,820
18.2 Products liability - claims-made.....	26,925	15,251	14,400	27,776
19.1, 19.2 Private passenger auto liability.....	177	0	0	177
19.3, 19.4 Commercial auto liability.....	193,134	11,072	40,570	163,636
21. Auto physical damage.....	693	874	680	887
22. Aircraft (all perils).....	0	0	0	0
23. Fidelity.....	0	0	0	0
24. Surety.....	0	0	0	0
26. Burglary and theft.....	0	0	0	0
27. Boiler and machinery.....	0	0	2	(2)
28. Credit.....	0	0	0	0
29. International.....	0	0	0	0
30. Warranty.....	0	0	0	0
31. Reinsurance - nonproportional assumed property.....	0	0	0	0
32. Reinsurance - nonproportional assumed liability.....	0	0	0	0
33. Reinsurance - nonproportional assumed financial lines.....	0	0	0	0
34. Aggregate write-ins for other lines of business.....	0	0	0	0
35. TOTALS.....	895,356	293,738	339,093	850,001

**DETAILS OF WRITE-INS**

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

**Falls Lake General Insurance Company**  
**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 1A - RECAPITULATION OF ALL PREMIUMS**

Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned But Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1. Fire.....	.633	0	0	0	.633
2. Allied lines.....	4,347	0	0	0	4,347
3. Farmowners multiple peril.....	0	0	0	0	0
4. Homeowners multiple peril.....	0	0	0	0	0
5. Commercial multiple peril.....	442	0	0	0	442
6. Mortgage guaranty.....	0	0	0	0	0
8. Ocean marine.....	0	0	0	0	0
9. Inland marine.....	327	0	0	0	327
10. Financial guaranty.....	0	0	0	0	0
11.1 Medical professional liability - occurrence.....	.579	0	0	0	.579
11.2 Medical professional liability - claims-made.....	10,245	0	0	0	10,245
12. Earthquake.....	.921	0	0	0	.921
13. Group accident and health.....	0	0	0	0	0
14. Credit accident and health (group and individual).....	0	0	0	0	0
15. Other accident and health.....	0	0	0	0	0
16. Workers' compensation.....	35,473	0	0	0	35,473
17.1 Other liability - occurrence.....	143,611	0	0	0	143,611
17.2 Other liability - claims-made.....	.24,567	0	0	0	.24,567
17.3 Excess workers' compensation.....	0	0	0	0	0
18.1 Products liability - occurrence.....	.62,296	0	0	0	.62,296
18.2 Products liability - claims-made.....	.14,400	0	0	0	.14,400
19.1, 19.2 Private passenger auto liability.....	0	0	0	0	0
19.3, 19.4 Commercial auto liability.....	.40,570	0	0	0	.40,570
21. Auto physical damage.....	.680	0	0	0	.680
22. Aircraft (all perils).....	0	0	0	0	0
23. Fidelity.....	0	0	0	0	0
24. Surety.....	0	0	0	0	0
26. Burglary and theft.....	0	0	0	0	0
27. Boiler and machinery.....	.2	0	0	0	.2
28. Credit.....	0	0	0	0	0
29. International.....	0	0	0	0	0
30. Warranty.....	0	0	0	0	0
31. Reinsurance - nonproportional assumed property.....	0	0	0	0	0
32. Reinsurance - nonproportional assumed liability.....	0	0	0	0	0
33. Reinsurance - nonproportional assumed financial lines.....	0	0	0	0	0
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0
35. TOTALS.....	339,093	0	0	0	339,093
36. Accrued retrospective premiums based on experience.....					0
37. Earned but unbilled premiums.....					0
38. Balance (sum of Lines 35 through 37).....					339,093

**DETAILS OF WRITE-INS**

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

(a) State here basis of computation used in each case: Pro-rata

**Falls Lake General Insurance Company**  
**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 1B - PREMIUMS WRITTEN**

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written (Cols. 1 + 2 + 3 - 4 - 5)
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire.....	0	1,046	0	0	0	1,046
2. Allied lines.....	0	6,904	0	0	0	6,904
3. Farmowners multiple peril.....	0	0	0	0	0	0
4. Homeowners multiple peril.....	0	0	0	0	0	0
5. Commercial multiple peril.....	0	479	0	0	0	479
6. Mortgage guaranty.....	0	0	0	0	0	0
8. Ocean marine.....	0	0	0	0	0	0
9. Inland marine.....	0	313	0	0	0	313
10. Financial guaranty.....	0	0	0	0	0	0
11.1 Medical professional liability - occurrence.....	0	1,377	0	0	0	1,377
11.2 Medical professional liability - claims-made.....	0	25,730	0	0	0	25,730
12. Earthquake.....	0	1,382	0	0	0	1,382
13. Group accident and health.....	0	0	0	0	0	0
14. Credit accident and health (group and individual).....	0	0	0	0	0	0
15. Other accident and health.....	0	0	0	0	0	0
16. Workers' compensation.....	0	113,678	0	0	0	113,678
17.1 Other liability - occurrence.....	0	331,377	0	0	0	331,377
17.2 Other liability - claims-made.....	0	59,211	0	0	0	59,211
17.3 Excess workers' compensation.....	0	0	0	0	0	0
18.1 Products liability - occurrence.....	0	132,930	0	0	0	132,930
18.2 Products liability - claims-made.....	0	26,925	0	0	0	26,925
19.1, 19.2 Private passenger auto liability.....	0	177	0	0	0	177
19.3, 19.4 Commercial auto liability.....	0	193,134	0	0	0	193,134
21. Auto physical damage.....	0	693	0	0	0	693
22. Aircraft (all perils).....	0	0	0	0	0	0
23. Fidelity.....	0	0	0	0	0	0
24. Surety.....	0	0	0	0	0	0
26. Burglary and theft.....	0	0	0	0	0	0
27. Boiler and machinery.....	0	0	0	0	0	0
28. Credit.....	0	0	0	0	0	0
29. International.....	0	0	0	0	0	0
30. Warranty.....	0	0	0	0	0	0
31. Reinsurance - nonproportional assumed property.....	XXX	0	0	0	0	0
32. Reinsurance - nonproportional assumed liability.....	XXX	0	0	0	0	0
33. Reinsurance - nonproportional assumed financial lines.....	XXX	0	0	0	0	0
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0
35. TOTALS.....	0	895,356	0	0	0	895,356

**DETAILS OF WRITE-INS**

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

(a) Does the company's direct premiums written include premiums recorded on an installment basis? Yes [ ] No [ X ]

If yes: 1. The amount of such installment premiums \$.....0.

2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$.....0.

**UNDERWRITING AND INVESTMENT EXHIBIT****PART 2 - LOSSES PAID AND INCURRED**

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire.....	0	0	0	0	1,955	5,004	(3,049)	(286.8)
2. Allied lines.....	0	899	0	899	1,369	745	1,523	18.9
3. Farmowners multiple peril.....	0	0	0	0	0	0	0	0.0
4. Homeowners multiple peril.....	0	0	0	0	0	0	0	0.0
5. Commercial multiple peril.....	0	254	0	254	664	263	655	62.0
6. Mortgage guaranty.....	0	0	0	0	0	0	0	0.0
8. Ocean marine.....	0	0	0	0	0	0	0	0.0
9. Inland marine.....	0	0	0	0	90	67	23	.8.3
10. Financial guaranty.....	0	0	0	0	0	0	0	0.0
11.1 Medical professional liability - occurrence.....	0	322	0	322	2,103	2,071	354	23.6
11.2 Medical professional liability - claims-made.....	0	6,792	0	6,792	27,379	26,990	7,181	29.7
12. Earthquake.....	0	0	0	0	0	171	(171)	(9.7)
13. Group accident and health.....	0	0	0	0	0	0	0	0.0
14. Credit accident and health (group and individual).....	0	0	0	0	0	0	0	0.0
15. Other accident and health.....	0	0	0	0	0	0	0	0.0
16. Workers' compensation.....	0	47,013	0	47,013	124,215	121,341	.49,887	.43.6
17.1 Other liability - occurrence.....	0	67,507	0	67,507	456,635	420,101	104,041	33.0
17.2 Other liability - claims-made.....	0	30,685	0	30,685	58,941	73,126	16,500	27.9
17.3 Excess workers' compensation.....	0	0	0	0	0	0	0	0.0
18.1 Products liability - occurrence.....	0	30,595	0	30,595	212,486	191,115	.51,966	.39.7
18.2 Products liability - claims-made.....	0	403	0	403	24,859	25,718	(456)	(1.6)
19.1, 19.2 Private passenger auto liability.....	(775)	0	(775)	0	0	(13)	13	.7.3
19.3, 19.4 Commercial auto liability.....	0	20,930	0	20,930	70,928	33,361	.58,497	.35.7
21. Auto physical damage.....	(1,912)	1,396	(1,912)	1,396	274	428	1,242	140.0
22. Aircraft (all perils).....	0	0	0	0	0	0	0	0.0
23. Fidelity.....	0	0	0	0	0	0	0	0.0
24. Surety.....	0	0	0	0	0	0	0	0.0
26. Burglary and theft.....	0	0	0	0	0	0	0	0.0
27. Boiler and machinery.....	0	0	0	0	0	0	0	0.0
28. Credit.....	0	0	0	0	0	0	0	0.0
29. International.....	0	0	0	0	0	0	0	0.0
30. Warranty.....	0	0	0	0	0	0	0	0.0
31. Reinsurance - nonproportional assumed property.....	XXX	0	0	0	0	0	0	0.0
32. Reinsurance - nonproportional assumed liability.....	XXX	0	0	0	0	0	0	0.0
33. Reinsurance - nonproportional assumed financial lines.....	XXX	0	0	0	0	0	0	0.0
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0	0	0.0
35. TOTALS.....	(2,687)	206,796	(2,687)	206,796	981,902	900,494	.288,204	.33.9

**DETAILS OF WRITE-INS**

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

**UNDERWRITING AND INVESTMENT EXHIBIT****PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES**

Line of Business	Reported Losses				Incurred But Not Reported			8	9
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable	4 Net Losses Excluding Incurred but not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire.....	0	5,625	0	5,625	0	(3,670)	0	1,955	(4,857)
2. Allied lines.....	0	205	0	205	0	1,164	0	1,369	1,020
3. Farmowners multiple peril.....	0	0	0	0	0	0	0	0	0
4. Homeowners multiple peril.....	0	0	0	0	0	0	0	0	0
5. Commercial multiple peril.....	0	438	0	438	0	226	0	664	32
6. Mortgage guaranty.....	0	0	0	0	0	0	0	0	0
8. Ocean marine.....	0	0	0	0	0	0	0	0	0
9. Inland marine.....	0	0	0	0	0	90	0	90	92
10. Financial guaranty.....	0	0	0	0	0	0	0	0	0
11.1 Medical professional liability - occurrence.....	0	331	0	331	0	1,772	0	2,103	1,638
11.2 Medical professional liability - claims-made.....	0	12,580	0	12,580	0	14,799	0	27,379	17,566
12. Earthquake.....	0	0	0	0	0	0	0	0	0
13. Group accident and health.....	0	0	0	0	0	0	0	(a).....0	0
14. Credit accident and health (group and individual).....	0	0	0	0	0	0	0	0	0
15. Other accident and health.....	0	0	0	0	0	0	0	(a).....0	0
16. Workers' compensation.....	0	63,234	0	63,234	0	60,981	0	124,215	42,364
17.1 Other liability - occurrence.....	0	112,276	0	112,276	0	344,359	0	456,635	305,889
17.2 Other liability - claims-made.....	0	15,807	0	15,807	0	43,134	0	58,941	43,201
17.3 Excess workers' compensation.....	0	0	0	0	0	0	0	0	0
18.1 Products liability - occurrence.....	0	43,123	0	43,123	0	169,363	0	212,486	177,015
18.2 Products liability - claims-made.....	0	4,888	0	4,888	0	19,971	0	24,859	23,674
19.1, 19.2 Private passenger auto liability.....	0	0	0	0	0	0	0	0	2
19.3, 19.4 Commercial auto liability.....	0	28,640	0	28,640	0	42,288	0	70,928	35,531
21. Auto physical damage.....	0	72	0	72	0	202	0	274	24
22. Aircraft (all perils).....	0	0	0	0	0	0	0	0	0
23. Fidelity.....	0	0	0	0	0	0	0	0	0
24. Surety.....	0	0	0	0	0	0	0	0	0
26. Burglary and theft.....	0	0	0	0	0	0	0	0	0
27. Boiler and machinery.....	0	0	0	0	0	0	0	0	0
28. Credit.....	0	0	0	0	0	0	0	0	0
29. International.....	0	0	0	0	0	0	0	0	0
30. Warranty.....	0	0	0	0	0	0	0	0	0
31. Reinsurance - nonproportional assumed property.....	XXX	0	0	0	XXX	0	0	0	0
32. Reinsurance - nonproportional assumed liability.....	XXX	0	0	0	XXX	0	0	0	0
33. Reinsurance - nonproportional assumed financial lines.....	XXX	0	0	0	XXX	0	0	0	0
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0	0	0	0
35. TOTALS.....	0	287,219	0	287,219	0	694,683	0	981,902	643,192

**DETAILS OF WRITE-INS**

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

(a) Including \$.....0 for present value of life indemnity claims.

**Falls Lake General Insurance Company**  
**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 3 - EXPENSES**

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct.....	469,595	0	0	469,595
1.2 Reinsurance assumed.....	265	0	0	265
1.3 Reinsurance ceded.....	316,101	0	0	316,101
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	153,759	0	0	153,759
2. Commission and brokerage:				
2.1 Direct, excluding contingent.....	0	637,696	0	637,696
2.2 Reinsurance assumed, excluding contingent.....	0	12,650	0	12,650
2.3 Reinsurance ceded, excluding contingent.....	0	809,654	0	809,654
2.4 Contingent - direct.....	0	13,595	0	13,595
2.5 Contingent - reinsurance assumed.....	0	(168)	0	(168)
2.6 Contingent - reinsurance ceded.....	0	697	0	697
2.7 Policy and membership fees.....	0	641	0	641
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7).....	0	(145,937)	0	(145,937)
3. Allowances to manager and agents.....	0	670	0	670
4. Advertising.....	0	850	0	850
5. Boards, bureaus and associations.....	1,946	13,146	0	15,092
6. Surveys and underwriting reports.....	0	(20,494)	0	(20,494)
7. Audit of assureds' records.....	0	5,701	0	5,701
8. Salary and related items:				
8.1 Salaries.....	80,278	234,552	0	314,830
8.2 Payroll taxes.....	5,496	15,766	0	21,262
9. Employee relations and welfare.....	11,907	33,834	0	45,741
10. Insurance.....	1,208	3,384	0	4,592
11. Directors' fees.....	0	0	0	0
12. Travel and travel items.....	2,757	9,207	0	11,964
13. Rent and rent items.....	6,367	17,547	0	23,914
14. Equipment.....	2,445	6,539	0	8,984
15. Cost or depreciation of EDP equipment and software.....	1,419	11,649	0	13,068
16. Printing and stationery.....	1,989	3,944	0	5,933
17. Postage, telephone and telegraph, exchange and express.....	1,457	4,781	0	6,238
18. Legal and auditing.....	268	1,662	0	1,930
19. Totals (Lines 3 to 18).....	117,537	342,738	0	460,275
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....1,114.....	0	25,010	0	25,010
20.2 Insurance department licenses and fees.....	0	6,122	0	6,122
20.3 Gross guaranty association assessments.....	0	1,693	0	1,693
20.4 All other (excluding federal and foreign income and real estate).....	0	1,533	0	1,533
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....	0	34,358	0	34,358
21. Real estate expenses.....	0	0	0	0
22. Real estate taxes.....	0	0	0	0
23. Reimbursements by uninsured plans.....	0	0	0	0
24. Aggregate write-ins for miscellaneous expenses.....	(5,196)	11,537	5,392	11,733
25. Total expenses incurred.....	266,100	242,696	5,392	(a).....514,188
26. Less unpaid expenses - current year.....	643,192	9,000	920	653,112
27. Add unpaid expenses - prior year.....	590,947	14,000	939	605,886
28. Amounts receivable relating to uninsured plans, prior year.....	0	0	0	0
29. Amounts receivable relating to uninsured plans, current year.....	0	0	0	0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29).....	213,855	247,696	5,411	466,962

DETAILS OF WRITE-INS

2401. Outside Consulting.....	1,107	11,369	0	12,476
2402. Claim Search Fees.....	(6,569)	0	0	(6,569)
2403. Shared Reimbursements.....	(80)	(1,440)	0	(1,520)
2498. Summary of remaining write-ins for Line 24 from overflow page.....	346	1,608	5,392	7,346
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above).....	(5,196)	11,537	5,392	11,733

(a) Includes management fees of \$.....0 to affiliates and \$....3,685 to non-affiliates.

**EXHIBIT OF NET INVESTMENT INCOME**

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....31,368	.....31,511
1.1 Bonds exempt from U.S. tax.....	(a).....0	.....0
1.2 Other bonds (unaffiliated).....	(a).....8,531	.....8,531
1.3 Bonds of affiliates.....	(a).....0	.....0
2.1 Preferred stocks (unaffiliated).....	(b).....0	.....0
2.11 Preferred stocks of affiliates.....	(b).....0	.....0
2.2 Common stocks (unaffiliated).....	.....0	.....0
2.21 Common stocks of affiliates.....	.....0	.....0
3. Mortgage loans.....	(c).....0	.....0
4. Real estate.....	(d).....0	.....0
5. Contract loans.....	.....0	.....0
6. Cash, cash equivalents and short-term investments.....	(e).....348	.....340
7. Derivative instruments.....	(f).....0	.....0
8. Other invested assets.....	.....0	.....0
9. Aggregate write-ins for investment income.....	.....0	.....0
10. Total gross investment income.....	.....40,247	.....40,382
11. Investment expenses.....	(g).....5,392	
12. Investment taxes, licenses and fees, excluding federal income taxes.....	(g).....0	
13. Interest expense.....	(h).....0	
14. Depreciation on real estate and other invested assets.....	(i).....0	
15. Aggregate write-ins for deductions from investment income.....	.....0	
16. Total deductions (Lines 11 through 15).....	.....5,392	
17. Net investment income (Line 10 minus Line 16).....	.....34,990	

**DETAILS OF WRITE-INS**

0901.....	.....0	.....0
0902.....	.....0	.....0
0903.....	.....0	.....0
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....0	.....0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....0	.....0
1501.....	.....0	
1502.....	.....0	
1503.....	.....0	
1598. Summary of remaining write-ins for Line 15 from overflow page.....	.....0	
1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above).....	.....0	

(a) Includes \$....3,844 accrual of discount less \$....1,029 amortization of premium and less \$....317 paid for accrued interest on purchases.  
 (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.  
 (c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.  
 (d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.  
 (e) Includes \$....18 accrual of discount less \$....468 amortization of premium and less \$....777 paid for accrued interest on purchases.  
 (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.  
 (g) Includes \$....5,392 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to Segregated and Separate Accounts.  
 (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.  
 (i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.

**EXHIBIT OF CAPITAL GAINS (LOSSES)**

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. government bonds.....	.....0	.....0	.....0	.....0	.....0
1.1 Bonds exempt from U.S. tax.....	.....0	.....0	.....0	.....0	.....0
1.2 Other bonds (unaffiliated).....	.....0	.....0	.....0	.....0	.....0
1.3 Bonds of affiliates.....	.....0	.....0	.....0	.....0	.....0
2.1 Preferred stocks (unaffiliated).....	.....0	.....0	.....0	.....0	.....0
2.11 Preferred stocks of affiliates.....	.....0	.....0	.....0	.....0	.....0
2.2 Common stocks (unaffiliated).....	.....0	.....0	.....0	.....0	.....0
2.21 Common stocks of affiliates.....	.....0	.....0	.....0	.....0	.....0
3. Mortgage loans.....	.....0	.....0	.....0	.....0	.....0
4. Real estate.....	.....0	.....0	.....0	.....0	.....0
5. Contract loans.....	.....0	.....0	.....0	.....0	.....0
6. Cash, cash equivalents and short-term investments.....	.....(113)	.....0	.....(113)	.....0	.....0
7. Derivative instruments.....	.....0	.....0	.....0	.....0	.....0
8. Other invested assets.....	.....0	.....0	.....0	.....0	.....0
9. Aggregate write-ins for capital gains (losses).....	.....0	.....0	.....0	.....0	.....0
10. Total capital gains (losses).....	.....(113)	.....0	.....(113)	.....0	.....0

**DETAILS OF WRITE-INS**

0901.....	.....0	.....0	.....0	.....0	.....0
0902.....	.....0	.....0	.....0	.....0	.....0
0903.....	.....0	.....0	.....0	.....0	.....0
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....0	.....0	.....0	.....0	.....0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....0	.....0	.....0	.....0	.....0

**EXHIBIT OF NONADMITTED ASSETS**

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks.....	0	0	0
2.2 Common stocks.....	0	0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....	0	0	0
3.2 Other than first liens.....	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....	0	0	0
4.2 Properties held for the production of income.....	0	0	0
4.3 Properties held for sale.....	0	0	0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....	0	0	0
6. Contract loans.....	0	0	0
7. Derivatives (Schedule DB).....	0	0	0
8. Other invested assets (Schedule BA).....	0	0	0
9. Receivables for securities.....	0	0	0
10. Securities lending reinvested collateral assets (Schedule DL).....	0	0	0
11. Aggregate write-ins for invested assets.....	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	0	0	0
13. Title plants (for Title insurers only).....	0	0	0
14. Investment income due and accrued.....	0	0	0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....	0	0	0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	0	0	0
15.3 Accrued retrospective premiums and contracts subject to redetermination.....	0	0	0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers.....	0	0	0
16.2 Funds held by or deposited with reinsured companies.....	0	0	0
16.3 Other amounts receivable under reinsurance contracts.....	0	0	0
17. Amounts receivable relating to uninsured plans.....	0	0	0
18.1 Current federal and foreign income tax recoverable and interest thereon.....	0	0	0
18.2 Net deferred tax asset.....	52,406	64,418	12,012
19. Guaranty funds receivable or on deposit.....	0	0	0
20. Electronic data processing equipment and software.....	0	0	0
21. Furniture and equipment, including health care delivery assets.....	0	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates.....	0	0	0
23. Receivables from parent, subsidiaries and affiliates.....	0	0	0
24. Health care and other amounts receivable.....	0	0	0
25. Aggregate write-ins for other than invested assets.....	0	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	52,406	64,418	12,012
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
28. TOTALS (Lines 26 and 27).....	52,406	64,418	12,012

**DETAILS OF WRITE-INS**

1101. ....	0	0	0
1102. ....	0	0	0
1103. ....	0	0	0
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	0	0	0
2501. ....	0	0	0
2502. ....	0	0	0
2503. ....	0	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	0	0	0

**NOTES TO FINANCIAL STATEMENTS****NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GOING CONCERN****A. Accounting Practices**

The financial statements of Falls Lake General Insurance Company ("the Company") are presented on the basis of accounting practices prescribed or permitted by the Ohio Department of Insurance.

The Ohio Department of Insurance recognizes only statutory accounting practices prescribed or permitted by the state of Ohio for determining and reporting the financial condition and results of operations of an insurance company, for purposes of determining its solvency under the Ohio Insurance Law. The National Association of Insurance Commissioners ("NAIC") *Accounting Practices and Procedures Manual* (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the state of Ohio. The Insurance Commissioner has the right to permit other specific practices that deviate from prescribed practices.

	State of Domicile	2015	2014
<b>NET INCOME</b>			
(1) Falls Lake General Insurance Company state basis (Page 4, Line 20, Columns 1 & 2)	OH	\$ 69,091	\$ 75,064
(2) State Prescribed Practices that increase/decrease NAIC SAP		0	0
(3) State Permitted Practices that increase/decrease NAIC SAP		0	0
(4) NAIC SAP (1 – 2 – 3 = 4)	OH	\$ 69,091	\$ 75,064
<b>SURPLUS</b>			
(5) Falls Lake General Insurance Company state basis (Page 3, line 37, Columns 1 & 2)	OH	\$ 4,237,222	\$ 4,168,095
(6) State Prescribed Practices that increase/decrease NAIC SAP		0	0
(7) State Permitted Practices that increase/decrease NAIC SAP		0	0
(8) NAIC SAP (5 – 6 – 7 = 8)	OH	\$ 4,237,222	\$ 4,168,095

**B. Use of Estimates in the Preparation of the Financial Statement**

The preparation of financial statements in conformity with NAIC SAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

**C. Accounting Policy**

Premiums are earned over the terms of the related insurance policies and reinsurance contracts. Unearned premium reserves are established to cover the unexpired portion of premiums written. Such reserves are computed by pro rata methods for direct business and are based on reports received from ceding companies for reinsurance.

Expenses incurred in connection with acquiring new business, including such acquisition costs as sales commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.

In addition, the Company uses the following accounting policies:

1. Short-term investments are stated at amortized cost.
2. Bonds are stated at amortized cost using the interest method.
3. The Company does have any investments in common stocks.
4. The Company does have any investments in preferred stocks.
5. The Company does not have any mortgage loans on real estate.
6. The Company does not have any loan-backed securities.
7. The Company carries its investments in wholly-owned insurance subsidiaries at statutory equity in accordance with SSAP No. 97, Investments in Subsidiary, Controlled and Affiliated Entities.
8. The Company does not have any minor ownership interests in joint ventures.
9. The Company does not have any derivatives investments.
10. The Company anticipates investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 53, Property-Casualty Contracts-Premiums.
11. Unpaid losses and loss adjustment expenses include net liabilities stated for unpaid claims and for expenses of investigation and adjustment of unpaid claims and are based upon (a) the accumulation of case estimates for losses reported prior to the close of the accounting period on the direct business written; (b) estimates received from ceding reinsurers and insurance pools and associations; (c) estimates of unreported losses and development on reported losses based on past experience net of salvage and subrogation recoveries; and (d) estimates based on experience of expenses for investigating and adjusting claims. The total of these factors is reduced for portions ceded to other insurers. These liabilities are subject to the impact of changes in claim amounts, frequency and other factors. In spite of the variability inherent in such estimates, management believes that the liabilities for unpaid losses and loss adjustment expenses ("LAE") are adequate. Changes in estimates of the liabilities for losses and LAE are reflected in the statement of income in the period in which determined.

## **NOTES TO FINANCIAL STATEMENTS**

12. The Company has not modified its capitalization policy from the prior period.
13. The Company does not have pharmaceutical rebate receivables.

D. Going Concern

The Company does not have substantial doubt about the entity's ability to continue as a going concern.

### **NOTE 2 – ACCOUNTING CHANGES AND CORRECTIONS OF ERRORS**

The Company had no changes in accounting policies or correction of errors from the prior year to report.

### **NOTE 3 – BUSINESS COMBINATIONS AND GOODWILL**

- A. Statutory Purchase Method  
The Company was not involved in any business combinations during 2015.
- B. Statutory Merger  
The Company was not involved in any statutory mergers during 2015.
- C. Impairment Loss  
The Company did not recognize any impairment loss during 2015.

### **NOTE 4 – DISCONTINUED OPERATIONS**

The Company did not have any discontinued operations during 2015.

### **NOTE 5 – INVESTMENTS**

- A. Mortgage Loans, including Mezzanine Real Estate Loans  
The Company does not have investments in mortgage loans.
- B. Debt Restructuring  
The Company did not restructure any debt during 2015.
- C. Reverse Mortgages  
The Company does not have investments in reverse mortgages.
- D. Loan-Backed Securities  
The Company does not have any investments in loan-backed securities.
- E. Repurchase Agreements and/or Securities Lending Transactions  
The Company does not participate in repurchase agreements or securities lending activities.
- F. Real Estate  
The Company does not own any real estate investments.
- G. Investments in Low-Income Housing Trade Credits (LIHTC)  
The Company does not have any low-income housing tax credits.

## NOTES TO FINANCIAL STATEMENTS

## H. Other Disclosures and Unusual Items

## (1) Restricted Assets (Including Pledged)

	Gross Restricted					6	7	8	Percentage				
	Current Period								9	10			
	1	2	3	4	5								
	Total General Account (G/A)	G/A Supporting Protected Cell Restricted Assets (a)	Total Protected Cell Restricted Assets	Protected Cell Assets Supporting G/A Activity (b)	Total (1 plus 3)	Total From Prior Year	Increase/ (Decrease) (5 minus 6)	Total Current Period Admitted Restricted	Gross Restricted to Total Assets	Admitted Restricted to Total Admitted Assets			
a. Subject to contractual obligation for which liability is not shown	0	0	0	0	0	0	0	0	0.000	0.000			
b. Collateral held under security lending arrangements	0	0	0	0	0	0	0	0	0.000	0.000			
c. Subject to repurchase agreements	0	0	0	0	0	0	0	0	0.000	0.000			
d. Subject to reverse repurchase agreements	0	0	0	0	0	0	0	0	0.000	0.000			
e. Subject to dollar repurchase agreements	0	0	0	0	0	0	0	0	0.000	0.000			
f. Subject to dollar reverse repurchase agreements	0	0	0	0	0	0	0	0	0.000	0.000			
g. Placed under option contracts	0	0	0	0	0	0	0	0	0.000	0.000			
h. Letter stock or securities restricted as to sale-excluding FHLB capital stock	0	0	0	0	0	0	0	0	0.000	0.000			
i. FHLB capital stock	0	0	0	0	0	0	0	0	0.000	0.000			
j. On deposit with state	1,064,512	0	0	0	1,064,512	1,053,965	10,547	1,064,512	16.623	16.760			
k. On deposit with other regulatory bodies	0	0	0	0	0	0	0	0	0.000	0.000			
l. Pledged as collateral to FHLB (including assets backing funding agreements)	0	0	0	0	0	0	0	0	0.000	0.000			
m. Pledged as collateral not captured in other categories	0	0	0	0	0	0	0	0	0.000	0.000			
n. Other restricted assets	0	0	0	0	0	0	0	0	0.000	0.000			
o. Total Restricted Assets	\$ 1,064,512	\$ 0	\$ 0	\$ 0	\$ 1,064,512	\$ 1,053,965	\$ 10,547	\$ 1,064,512	16.623	16.760			

(a) Subset of column 1  
 (b) Subset of column 3

## (2) Detail of Assets Pledged as Collateral Not Captured in Other Categories (Contracts that Share Similar Characteristics, Such as Reinsurance and Derivatives, are Reported in the Aggregate)

	Gross Restricted							8	Percentage		
	Current Year					6	7		9	10	
	1	2	3	4	5						
Other Restricted Assets	Total General Account (G/A)	G/A Supporting Protected Cell Account Activity (a)	Total Protected Cell Account Restricted Assets	Protected Cell Account Assets Supporting G/A Activity (b)	Total (1 plus 3)	Total From Prior Year	Increase/ (Decrease) 5 minus 6	Total Current Year Admitted Restricted	Gross Restricted to Total Assets	Admitted Restricted to Total Admitted Assets	
0	0	0	0	0	0	0	0	0	0.000	0.000	
Total	0	0	0	0	0	0	0	0	0.000	0.000	

(a) Subset of column 1  
 (b) Subset of column 3

## (3) Detail of Other Restricted Assets (Contracts that Share Similar Characteristics, such as Reinsurance and Derivatives, are Reported in the Aggregate)

	Gross Restricted							8	Percentage		
	Current Year					6	7		9	10	
	1	2	3	4	5						
Collateral Agreement	Total General Account (G/A)	G/A Supporting Protected Cell Account Activity (a)	Total Protected Cell Account Restricted Assets	Protected Cell Account Assets Supporting G/A Activity (b)	Total (1 plus 3)	Total From Prior Year	Increase/ (Decrease) 5 minus 6	Total Current Year Admitted Restricted	Gross Restricted to Total Assets	Admitted Restricted to Total Admitted Assets	
0	0	0	0	0	0	0	0	0	0.000	0.000	
Total	0	0	0	0	0	0	0	0	0.000	0.000	

(a) Subset of column 1  
 (b) Subset of column 3

**NOTES TO FINANCIAL STATEMENTS****I. Working Capital Finance Investments**

The Company does not have working capital finance investments.

**J. Offsetting and Netting of Assets and Liabilities**

The Company does not participate in those investing activities that require offsetting and netting of assets and liabilities.

**K. Structured Notes**

The Company does not have structured notes.

**NOTE 6 – JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES**

A. The Company has no investments in joint ventures, partnerships or limited liability companies.

B. Not applicable.

**NOTE 7 – INVESTMENT INCOME**

A. The Company non-admits investment income due and accrued if amounts are over 90 days past due.

B. No amounts were excluded from surplus at December 31, 2015.

**NOTE 8 – DERIVATIVE INSTRUMENTS**

The Company does not hold or issue derivative instruments.

**NOTE 9 – INCOME TAXES****A. Deferred Tax Assets/(Liabilities)****1. Components of Net Deferred Tax Asset/(Liability)**

	2015			2014			Change		
	1 Ordinary	2 Capital	3 (Col 1+2) Total	4 Ordinary	5 Capital	6 (Col 4+5) Total	7 (Col 1-4) Ordinary	8 (Col 2-5) Capital	9 (Col 7+8) Total
a. Gross deferred tax assets	\$ 124,163	\$ 0	\$ 124,163	\$ 135,734	\$ 0	\$ 135,734	\$ (11,571)	\$ 0	\$ (11,571)
b. Statutory valuation allowance adjustment	0	0	0	0	0	0	0	0	0
c. Adjusted gross deferred tax assets (1a-1b)	124,163	0	124,163	135,734	0	135,734	(11,571)	0	(11,571)
d. Deferred tax assets nonadmitted	52,406	0	52,406	64,418	0	64,418	(12,012)	0	(12,012)
e. Subtotal net admitted deferred tax asset (1c-1d)	71,757	0	71,757	71,316	0	71,316	441	0	441
f. Deferred tax liabilities	1,155	0	1,155	750	0	750	405	0	405
g. Net admitted deferred tax assets/(net deferred tax liability) (1e-1f)	\$ 70,602	\$ 0	\$ 70,602	\$ 70,566	\$ 0	\$ 70,566	\$ 36	\$ 0	\$ 36

## NOTES TO FINANCIAL STATEMENTS

### 2. Admission Calculation Components

	2015			2014			Change		
	1 Ordinary	2 Capital	3 (Col 1+2) Total	4 Ordinary	5 Capital	6 (Col 4+5) Total	7 (Col 1-4) Ordinary	8 (Col 2-5) Capital	9 (Col 7+8) Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks	\$ 37,127	\$ 0	\$ 37,127	\$ 60,092	\$ 0	\$ 60,092	\$ (22,965)	\$ 0	\$ (22,965)
b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (The lesser of 2(b)1 and 2(b)2 below:	33,475	0	33,475	10,474	0	10,474	23,001	0	23,001
Adjusted gross deferred tax assets expected to be realized following the balance sheet date	33,475	0	33,475	10,474	0	10,474	23,001	0	23,001
Adjusted gross deferred tax assets allowed per limitation threshold			624,993			614,629			10,364
c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities	1,155	0	1,155	750	0	750	405	0	405
d. Deferred tax assets admitted as the result of application of SSAP 101. Total (2(a)+2(b)+2(c))	\$ 71,757	\$ 0	\$ 71,757	\$ 71,316	\$ 0	\$ 71,316	\$ 441	\$ 0	\$ 441

### 3. Other Admissibility Criteria

		2015	2014
a. Ratio percentage used to determine recovery period and threshold limitation amount		2,110.000%	2,375.000%
b. Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	\$ 4,166,620	\$ 4,097,529	

### 4. Impact of Tax Planning Strategies

#### (a) Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character as a percentage.

	12/31/15		12/31/14		Change	
	1 Ordinary	2 Capital	3 Ordinary	4 Capital	5 (Col. 1-3) Ordinary	6 (Col. 2-4) Capital
1. Adjusted gross DTAs amount from Note 9A1(c)	\$ 124,163	\$ 0	\$ 135,734	\$ 0	\$ (11,571)	\$ 0
2. Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
3. Net Admitted Adjusted Gross DTAs amount from Note 9A1(e)	\$ 71,757	\$ 0	\$ 71,316	\$ 0	\$ 441	\$ 0
4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%

**NOTES TO FINANCIAL STATEMENTS**(b) Does the company's tax planning strategies include the use of reinsurance? NO

## B. Deferred Tax Liabilities Not Recognized

The Company does not have any deferred tax liabilities not recognized.

## C. Current and Deferred Income Taxes

## 1. Current Income Tax

	1 2015	2 2014	3 (Col 1-2) Change
a. Federal	\$ 18,881	\$ 18,342	\$ 539
b. Foreign	0	0	0
c. Subtotal	\$ 18,881	\$ 18,342	\$ 539
d. Federal income tax on net capital gains	0	0	0
e. Utilization of capital loss carry-forwards	0	0	0
f. Other	(94)	(1,562)	1,468
g. Federal and Foreign income taxes incurred	\$ 18,787	\$ 16,780	\$ 2,007

## 2. Deferred Tax Assets

	1 2015	2 2014	3 (Col 1-2) Change
a. Ordinary:			
1. Discounting of unpaid losses	\$ 48,616	\$ 51,025	\$ (2,409)
2. Unearned premium reserve	23,737	20,562	3,175
3. Policyholder reserves	0	0	0
4. Investments	477	6,397	(5,920)
5. Deferred acquisition costs	0	0	0
6. Policyholder dividends accrual	0	0	0
7. Fixed assets	0	0	0
8. Compensation and benefits accrual	0	0	0
9. Pension accrual	0	0	0
10. Receivables - nonadmitted	0	0	0
11. Net operating loss carry-forward	0	0	0
12. Tax credit carry-forward	0	0	0
13. Other (including items <5% of total ordinary tax assets)	51,333	57,750	(6,417)
99. Subtotal	\$ 124,163	\$ 135,734	\$ (11,571)
b. Statutory valuation allowance adjustment	0	0	0
c. Nonadmitted	52,406	64,418	(12,012)
d. Admitted ordinary deferred tax assets (2a99-2b-2c)	\$ 71,757	\$ 71,316	\$ 441
e. Capital:			
1. Investments	\$ 0	\$ 0	\$ 0
2. Net capital loss carry-forward	0	0	0
3. Real estate	0	0	0
4. Other (including items <5% of total capital tax assets)	0	0	0
99. Subtotal	\$ 0	\$ 0	\$ 0
f. Statutory valuation allowance adjustment	0	0	0
g. Nonadmitted	0	0	0
h. Admitted capital deferred tax assets (2e99-2f-2g)	0	0	0
i. Admitted deferred tax assets (2d+2h)	\$ 71,757	\$ 71,316	\$ 441

**NOTES TO FINANCIAL STATEMENTS**

## 3. Deferred Tax Liabilities

	1 2015	2 2014	3 (Col 1-2) Change
a. Ordinary:			
1. Investments	\$ 1,155	\$ 750	\$ 405
2. Fixed assets	0	0	0
3. Deferred and uncollected premium	0	0	0
4. Policyholder reserves	0	0	0
5. Other (including items <5% of total ordinary tax liabilities)	0	0	0
99. Subtotal	\$ 1,155	\$ 750	\$ 405
b. Capital:			
1. Investments	\$ 0	\$ 0	\$ 0
2. Real estate	0	0	0
3. Other (including items <5% of total capital tax liabilities)	0	0	0
99. Subtotal	0	0	0
c. Deferred tax liabilities (3a99+3b99)	\$ 1,155	\$ 750	\$ 405
4. Net Deferred Tax Assets (2i – 3c)	\$ 70,602	\$ 70,566	\$ 36

## D.

## Reconciliation of Federal Income Tax Rate to Actual Effective Rate

Among the more significant book to tax adjustments were the following:

	Amount	Effective Tax Rate (%)
<b>Permanent Differences:</b>		
Provision computed at statutory rate	\$ 30,757	35.0%
Proration of tax exempt investment income	0	0.0%
Tax exempt income deduction	0	0.0%
Dividends received deduction	0	0.0%
Disallowed travel and entertainment	0	0.0%
Other permanent differences	0	0.0%
<b>Temporary Differences:</b>		
Total ordinary DTAs	\$ 0	0.0%
Total ordinary DTLs	0	0.0%
Total capital DTAs	0	0.0%
Total capital DTLs	0	0.0%
<b>Other:</b>		
Statutory valuation allowance adjustment	\$ 0	0.0%
Accrual adjustment – prior year	0	0.0%
Other	6	0.0%
Totals	\$ 30,763	35.0%
Federal and foreign income taxes incurred	18,787	21.4%
Realized capital gains (losses) tax	0	0.0%
Change in net deferred income taxes	11,976	13.6%
Total statutory income taxes	\$ 30,763	35.0%

## E.

## Operating Loss and Tax Credit Carryforwards and Protective Tax Deposits

At December 31, 2015, the Company did not have any unused operating loss carryforwards available to offset against future taxable income.

The following is income tax expense for 2015 and 2014 that is available for recoupment in the event of future net losses:

Year	Amount
2015	\$ 18,881
2014	\$ 18,246

The Company did not have any protective tax deposits under Section 6603 of the Internal Revenue Code.

**NOTES TO FINANCIAL STATEMENTS****F. Consolidated Federal Income Tax Return**

1. The Company's federal income tax return is consolidated with the following entities:

James River Group, Inc.  
 James River Management Company, Inc.  
 James River Insurance Company  
 Falls Lake Insurance Management Company, Inc. (formerly Stonewood Insurance Management Company, Inc.)  
 James River Casualty Company  
 Potomac Risk Services, Inc.  
 Stonewood Insurance Company  
 Falls Lake National Insurance Company (formerly Stonewood National Insurance Company)  
 Falls Lake Fire and Casualty Company

2. The method of allocation among companies is subject to a written agreement, approved by the Board of Directors, whereby allocation is made primarily on a separate return basis with current credit for any net operating losses or other items utilized in the consolidated tax return. Intercompany tax balances are settled quarterly.

**G. Federal or Foreign Federal Income Tax Loss Contingencies**

The Company does not have any tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within twelve months of the reporting date.

**NOTE 10 – INFORMATION CONCERNING PARENT, SUBSIDIARIES, AFFILIATES AND OTHER RELATED PARTIES****A. Nature of Relationships**

The Company is an indirect subsidiary of James River Group Holdings (Bermuda), Ltd.; 100% of the outstanding stock of the Company is directly owned by Falls Lake National Insurance Company. See Schedule Y, Part 1, Organizational Chart. The Company was purchased by James River Group, Inc. from Infinity Insurance Company ("Infinity") on December 31, 2011.

**B. Detail of Transactions Greater than ½% of Admitted Assets**

Effective January 1, 2013, the Company entered into an intercompany reinsurance pooling agreement (the pooling) with its United States affiliated insurance carriers. As of December 31, 2015, as a result of the pooling, the Company reported a net amount due from Falls Lake National Insurance Company of \$28,823. See Note 26 for additional details.

**C. Change in Terms of Intercompany Arrangements**

The Company did not have any intercompany arrangements as of December 31, 2015, except as discussed in Notes 9F, 10F, and 26.

**D. Amounts Due to or from Related Parties**

As a result of the intercompany pooling arrangement, the Company reported a \$28,823 receivable from Falls Lake National Insurance Company at December 31, 2015. See Note 26 for additional details.

**E. Guarantees or Contingencies for Related Parties**

The Company is not a party to any guarantee or undertaking for the benefit of an affiliate or related party that could result in a material contingent exposure of the Company's or any related party's assets or liabilities.

**F. Management, Service Contracts, Cost Sharing Arrangements**

The Company and Falls Lake Insurance Management Company, Inc. are parties to a Management Services Agreement. Pursuant to this agreement, Falls Lake Insurance Management Company, Inc. provides various services to the Company, including but not limited to management, administration, underwriting, premium collection, claims, operations, accounting, actuarial, information technology and human resources.

**G. Nature of Relationships that Could Affect Operations**

All outstanding shares of the Company are owned by Falls Lake National Insurance Company. See Schedule Y, Part 1, Organizational Chart.

**H. Amount Deducted for Investment in Upstream Company**

The Company owns no shares, either directly or indirectly, of an upstream intermediate or ultimate parent.

**I. Detail of Investments in Affiliates Greater than 10% of Admitted Assets**

The Company has no investment in a subsidiary, controlled or affiliated company.

**J. Writedown for Impairments of Investments in Subsidiary, Controlled or Affiliated Companies**

The Company has no investments in impaired subsidiary, controlled or affiliated companies.

**K. Investment in Foreign Insurance Subsidiary**

The Company has no investments in foreign insurance subsidiaries.

**L. Investment in a Downstream Noninsurance Holding Company**

The Company has no investment in a downstream non-insurance holding company.

**NOTES TO FINANCIAL STATEMENTS**

## M. Investment in Non-Insurance Subsidiary, Controlled or Affiliated Companies

The Company has no investment in non-insurance subsidiary, controlled or affiliated companies.

## N. Investment in Insurance Subsidiary, Controlled or Affiliated Companies for Which Equity Reflects Departure from NAIC Accounting Practices and Procedures

The Company has no investment in an insurance subsidiary, controlled or affiliated company for which the audited statutory equity reflects a departure from NAIC statutory accounting practices and procedures.

**NOTE 11 – DEBT**

## A. Debt Including Capital Notes

The Company does not have debt outstanding at December 31, 2015.

## B. FHLB (Federal Home Loan Bank) Agreements

The Company does not have any FHLB (Federal Home Loan Bank) loan agreements at December 31, 2015.

**NOTE 12 – RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT BENEFIT PLANS**

## A. Defined Benefit Plan

The Company does not have a defined benefit pension plan.

## B. Investment Policies and Strategies

The Company does not have a defined benefit pension plan.

## C. Fair Value of Plan Assets

The Company does not have a defined benefit pension plan.

## D. Basis Used to Determine Expected Long-Term Rate-of-Return

The Company does not have a defined benefit pension plan.

## E. Defined Contribution Plans

The Company does not have a defined contribution retirement plan.

## F. Multiemployer Plans

The Company does not participate in a multiemployer plan.

## G. Consolidated/Holding Company Plans

The Company has no employees. However, Falls Lake Insurance Management Company, Inc. sponsors a 401(k) plan for its employees. The terms of the 401(k) plan allow employees to contribute the maximum allowed by the U.S. Government. One hundred percent (100%) of this contribution, up to a maximum of 6% of salary, is matched by Falls Lake Insurance Management Company, Inc. All expenses associated with the plan are allocated to the Company, in accordance with the terms of the Management Services Agreement. The Company's share of this 401(k) plan expense was \$-0- for 2015. The Company has no legal obligation for benefits under this plan.

## H. Postemployment Benefits and Compensated Absences

The Company does not provide postretirement benefits to retired employees or compensated absences.

## I. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17)

The Medicare Modernization Act on Postretirement Benefits had no impact on the Company.

**NOTE 13 – CAPITAL AND SURPLUS, DIVIDEND RESTRICTIONS AND QUASI-REORGANIZATIONS**

## (1) Shares Authorized, Issued, and Outstanding

The Company has 25,000 shares of common stock authorized, of which 12,000 shares are issued and outstanding with a par value of \$125 per share.

## (2) Dividend Rate

The Company has no preferred stock outstanding.

## (3) Dividend Restrictions

The maximum amount of dividends or distributions which may be paid to stockholders by property/casualty insurance companies domiciled in the state of Ohio without (i) prior approval or (ii) expiration of a 30 day waiting period without disapproval of the Director of Insurance, is the greater of net income or 10% of capital and surplus as of the preceding December 31, but only to the extent of earned surplus as of the preceding December 31. The maximum amount of ordinary dividends or distributions which may be paid in 2016 based on capital and surplus is \$423,722.

**NOTES TO FINANCIAL STATEMENTS**

(4) Dividends Paid  
The Company did not pay dividends during 2015.

(5) Profits to be Paid as Ordinary Dividends  
Within the limitations of (3) above, there are not specific restrictions placed on the portion of the Company's profits that may be paid as ordinary dividends to stockholders.

(6) Surplus Restrictions  
There are no restrictions placed on unassigned surplus other than those described above in paragraphs (3) and (5). These unassigned funds are held for the benefit of the owner and policyholders.

(7) Advances to Surplus Not Repaid  
The Company does not have any advances to surplus not repaid.

(8) Stock Held for Special Purposes  
The Company does not hold stock for special purposes.

(9) Changes in Special Purpose Funds  
The Company does not have special surplus funds.

(10) Cumulative Change in Unassigned Funds  
The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses is: 0

(11) Surplus Notes  
The Company does not have surplus notes or similar obligations.

(12) Quasi-Reorganization Restatement  
The Company has not entered into any quasi-reorganization.

(13) Quasi-Reorganization Effective Dates  
The Company has not entered into any quasi-reorganization.

**NOTE 14 – LIABILITIES, CONTINGENCIES AND ASSESSMENTS**

A. Contingent Commitments  
The Company has no contingent commitments and/or guarantees of indebtedness of others at December 31, 2015.

B. Assessments  
The Company is subject to guaranty fund and other assessments by the states in which it writes business. Guaranty fund assessments are accrued at the time of insolvencies. Other assessments are accrued either at the time of assessments or in the case of premium based assessments, at the time the premiums were written, or, in the case of loss based assessments, at the time the losses are incurred. The Company had no accrual for guaranty fund assessments as of December 31, 2015.

C. Gain Contingencies  
The Company has no gain contingencies at December 31, 2015.

D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits  
The Company has not paid any amounts to settle claims related to extra contractual obligations or bad faith losses during 2015.

E. Product Warranties  
The Company has no product warranty liabilities.

F. Joint and Several Liabilities  
The Company has no joint and several liability arrangements.

G. All Other Contingencies  
Various lawsuits against the Company arise during the normal course of business. The Company's management believes that contingent liabilities arising from such litigation and other matters will not have material effect on the financial position or the results of operations of the Company.

**NOTES TO FINANCIAL STATEMENTS****NOTE 15 – LEASES**

## A. Lessee Operating Lease

The Company does not have any material lease obligations at December 31, 2015.

## B. Revenue, Net Income or Assets with Respect to Leases

Leasing is not part of the Company's business activities.

**NOTE 16 – INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK**

The Company does not have financial instruments with off-balance sheet risk.

**NOTE 17 – SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES**

## A. Transfers of Receivables Reported as Sales

The Company did not sell any receivable balances during 2015.

## B. Transfer and Servicing of Financial Assets

The Company did not transfer or service any financial assets or extinguish liabilities during 2015.

## C. Wash Sales

The Company did not enter into any wash sale transactions during 2015.

**NOTE 18 – GAIN OR LOSS TO THE REPORTING ENTITY FROM UNINSURED PLANS AND THE PORTION OF PARTIALLY INSURED PLANS**

The Company did not serve as administrator for any uninsured or partially insured accident and health plans during 2015.

**NOTE 19 – DIRECT PREMIUM WRITTEN/PRODUCED BY MANAGING GENERAL AGENTS/THIRD PARTY ADMINISTRATORS**

The Company did not have any direct premium written by or produced through a managing general agent or third party administrator during 2015.

**NOTE 20 – FAIR VALUE MEASUREMENTS**

A. Fair value measurements for fixed income and equity securities are based on values either published by the NAIC's Security Valuation Office (SVO) or from an independent pricing service vendor. Under certain circumstances, if neither an SVO price nor vendor price is available, a price may be obtained from a broker. Short term securities and cash equivalents are valued at amortized cost.

When published prices from the SVO are not available, the Company's investment manager relies predominantly on independent pricing service vendors that have been evaluated and approved by the investment manager's internal pricing policy committee. Generally, pricing service vendors use a pricing methodology involving the market approach, including pricing models, which use prices and relevant market information regarding a particular security or securities with similar characteristics to establish a valuation.

For statutory accounting, certain investments are carried at fair value, while others may periodically be carried at fair value based on certain factors such as the NAIC's lower of cost or market rule or an impairment. Assets recorded at fair value are categorized based on an evaluation of the various inputs used to measure the fair value. Supporting documentation received from pricing vendors detailing the inputs, models and processes used in the vendor's evaluation process is used to determine the appropriate fair value hierarchy. Documentation from each pricing vendor is reviewed and monitored periodically to ensure they are consistent with the investment manager's pricing policy procedures. Market information obtained from brokers with respect to security valuations is also considered in the pricing hierarchy.

The Company attempts to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There are three levels of inputs that may be used to measure fair value: (1) Level 1: quoted price (unadjusted) in active markets for identical assets, (2) Level 2: inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the instrument, and (3) Level 3: inputs to the valuation methodology are unobservable for the asset or liability.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

To measure fair value, the Company obtains quoted market prices for its investment securities. If a quoted market price is not available, the Company uses prices of similar securities. Values for U.S. Treasury and publicly traded equity securities are generally based on Level 1 inputs which use the market approach valuation technique. The values for all other bonds (including state and municipal securities and obligations of U.S. government corporations and agencies) generally incorporate significant Level 2 inputs using the market approach and income approach valuation techniques. There have been no changes in the Company's use of valuation techniques during 2015 and 2014. There were no transfers between Level 1 and Level 2 or between Level 2 and Level 3 during 2015.

## (1) Fair Value Measurements at Reporting Date

Assets at Fair Value	Level 1	Level 2	Level 3	Total
Bonds are reported at amortized cost	\$ 0	\$ 0	\$ 0	\$ 0
Short-term investments are carried at amortized cost	0	0	0	0
<b>Liabilities at Fair Value</b>				
Liabilities at Fair Value	Level 1	Level 2	Level 3	Total
Not Applicable	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 0	\$ 0	\$ 0	\$ 0

**NOTES TO FINANCIAL STATEMENTS**

## (2) Fair Value Measurements in (Level 3) of the Fair Value Hierarchy

a. Assets	Beginning Balance at 1/1/2015	Transfers Into Level 3	Transfers Out of Level 3	Total Gains and (Losses) Included in Net Income	Total Gains and (Losses) Included in Surplus	Purchases	Issuances	Sales	Settlements	Ending Balance at 12/31/2015
Not Applicable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

b. Liabilities	Beginning Balance at 1/1/2015	Transfers Into Level 3	Transfers Out of Level 3	Total Gains and (Losses) Included in Net Income	Total Gains and (Losses) Included in Surplus	Purchases	Issuances	Sales	Settlements	Ending Balance at 12/31/2015
Not Applicable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(3) The Company has a policy to recognize transfers between levels at the beginning of the reporting period.

(4) See narrative above for Level 2 valuation techniques. The Company does not have any Level 3 assets.

(5) The Company does not own derivative assets or liabilities.

B. Not Applicable

C.

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Bonds	\$ 3,156,010	\$ 3,162,336	\$ 2,262,510	\$ 893,500	\$ 0	\$ 0
Short-term investments	761,860	761,860	586,920	174,940	0	0

D. Not Practicable to Estimate Fair Value

Type of Class or Financial Instrument	Carrying Value	Effective Interest Rate	Maturity Date	Explanation
Not Applicable	\$ 0	0.000%		

**NOTE 21 – OTHER ITEMS**

A. Unusual or Infrequent Items

The Company did not have any unusual or infrequent items (events or transactions) reported during 2015.

B. Troubled Debt Restructuring Debtors

The Company did not have any troubled debt restructurings during 2015.

C. Other Disclosures

The Company does not have other disclosures to report at December 31, 2015.

D. Business Interruption Insurance Recoveries

The Company did not have any events giving rise to business interruption insurance recoveries during 2015.

E. State Transferable and Non-Transferable Tax Credits

The Company does not have any state transferable tax credits available at December 31, 2015.

F. Subprime Mortgage Related Risk Exposure

The Company does not have any exposure to subprime mortgage-related risk.

G. Insurance-Linked Securities

The Company does not issue insurance-linked securities.

**NOTE 22 – EVENTS SUBSEQUENT**

There are no material events (recognized and nonrecognized) occurring subsequent to December 31, 2015. Subsequent events have been considered through February 26, 2016 for the statutory statement issued on February 26, 2016.

**NOTES TO FINANCIAL STATEMENTS**

The Company does not write accident and health insurance premium that is subject to Section 9010 of the Federal Affordable Care Act. A – H is not applicable.

A. Did the reporting entity write accident and health insurance premium that is subject to Section 9010 of the Federal Affordable Care Act (YES/NO)?

Yes [ ] No [X]

B.	ACA fee assessment payable for the upcoming year	\$ 0	\$ 0
C.	ACA fee assessment paid	0	0
D.	Premium written subject to ACA 9010 assessment	0	0
E.	Total adjusted capital before surplus adjustment (Five-Year Historical Line 30)	4,237,222	
F.	Total adjusted capital (Five-Year Historical Line 30 minus 22B above)	4,237,222	
G.	Authorized control level after surplus adjustment (Five-Year Historical Line 31)	\$ 197,505	

H. Would reporting the ACA assessment as of December 31, 2015 have triggered an RBC action level (YES/NO)?

Yes [ ] No [X]

**NOTE 23 – REINSURANCE**

A. Unsecured Reinsurance Recoverables – None  
 B. Reinsurance Recoverable in Dispute – None  
 C. Reinsurance Assumed and Ceded

(1)

	Assumed Reinsurance		Ceded Reinsurance		Net	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
a. Affiliates	\$ 339,093	\$ 91,915	\$ 0	\$ 0	\$ 339,093	\$ 91,915
b. All Other	0	0	0	0	0	0
c. Total	\$ 339,093	\$ 91,915	\$ 0	\$ 0	\$ 339,093	\$ 91,915
d. Direct Unearned Premium Reserves	\$ 0		\$ 0	\$ 0		

(2) There were no direct or ceded contingent commission accruals recorded as of December 31, 2015.

(3) None

D. Uncollectible Reinsurance – None  
 E. Commutation of Ceded Reinsurance – None  
 F. Retroactive Reinsurance - None  
 G. Reinsurance Accounted for as a Deposit – None  
 H. Disclosures for the Transfer of Property and Casualty Run-off Agreements – None  
 I. Certified Reinsurer Rating Downgraded or Status Subject to Revocation – None  
 J. Reinsurance Agreements Qualifying for Reinsurer Aggregation – None

**NOTE 24 – RETROSPECTIVELY RATED CONTRACTS AND CONTRACTS SUBJECT TO REDTERMINATION**

The Company does not write any contracts with retroactive rated contract terms.

**NOTE 25 – CHANGE IN INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES**

The Company is a party to an intercompany reinsurance pooling arrangement with its United States affiliated insurance carriers, which was effective January 1, 2013. The Company is the lead company with a pooling participation percentage of 13%. Schedule P reflects the pooled activity for all years presented in accordance with the NAIC Annual Statement Instructions. The following table provides an analysis of the change in loss and loss adjustment reserves, net of reinsurance recoverables for 2015 and 2014:

	2015	2014
Balance at beginning of period	\$1,491,441	\$1,440,163
Losses and loss adjustment expenses incurred:		
Current accident year	681,846	565,979
Prior accident years	(127,542)	(184,603)
	554,304	381,376
Losses and loss adjustment expenses payments made for:		
Current accident year	107,527	71,599
Prior accident years	313,124	258,499
	420,651	330,098
Balance at end of period	\$1,625,094	\$1,491,441

The Company's reserves for losses and loss adjustment expenses, attributable to insured events of prior years, decreased by approximately \$128 thousand in 2015, as a result primarily from the other liability and product liability - claims made lines of business. This change is the result of an ongoing analysis of recent development trends and additional information regarding individual claims. These results are attributable to the business assumed from the intercompany reinsurance pooling agreement.

**NOTES TO FINANCIAL STATEMENTS****NOTE 26 – INTERCOMPANY POOLING ARRANGEMENTS**

A.-D.

Falls Lake General Insurance Company is a party to an intercompany reinsurance pooling arrangement (the pooling) with its United States affiliated insurance carriers, which was effective January 1, 2013. All lines of business are subject to the pooling net of any outside reinsurance coverage carried by the participants. Net business included business in force on January 1, 2013 and all business written subsequent to that date. The pooling provides for proportionate sharing of premiums earned, losses and loss adjustment expenses incurred, and underwriting expenses incurred.

The participation percentages are as follows:

Falls Lake National Insurance Company (Lead Company)	NAIC #31925	13%
James River Insurance Company	NAIC #12203	75%
Stonewood Insurance Company	NAIC #11828	6%
James River Casualty Company	NAIC #13685	5%
Falls Lake General Insurance Company	NAIC #35211	1%

E. Not applicable

F. Not applicable

G. As a result of the pooling, the amount due from Falls Lake National Insurance Company is \$28,823 as of December 31, 2015.

**NOTE 27 – STRUCTURED SETTLEMENTS**

The Company has not purchased annuities to fund future claims payments.

**NOTE 28 – HEALTH CARE RECEIVABLES**

The Company does not have health care receivables.

**NOTE 29 – PARTICIPATING POLICIES**

The Company does not write accident and health insurance participating contracts.

**NOTE 30 – PREMIUM DEFICIENCY RESERVES**

1. Liability carried for premium deficiency reserve:	\$0
2. Date of most recent evaluation of this liability:	January 14, 2016
3. Was anticipated investment income utilized in the calculation?	NO

**NOTE 31 – HIGH DEDUCTIBLES**

The Company does not issue high deductible policies.

**NOTE 32 – DISCOUNTING OF LIABILITIES FOR UNPAID LOSSES OR UNPAID LOSS ADJUSTMENT EXPENSES**

The Company does not discount liabilities for unpaid losses or unpaid loss adjustment expenses.

**NOTE 33 – ASBESTOS/ENVIRONMENTAL RESERVES**

A. Does the company have on the books, or has it ever written an insured for which you have identified a potential for the existence of a liability due to asbestos losses?

(1) Direct

	2011	2012	2013	2014	2015
a. Beginning reserves (including Case, Bulk + IBNR Loss & LAE)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
b. Incurred losses and loss adjustment expense	0	0	0	0	0
c. Calendar year payments for losses and loss adjustment expenses	0	0	0	0	0
d. Ending reserves (including Case, Bulk + IBNR Loss & LAE)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

**NOTES TO FINANCIAL STATEMENTS**

## (2) Assumed Reinsurance

	2011	2012	2013	2014	2015
a. Beginning reserves (including Case, Bulk + IBNR Loss & LAE)	\$ 0	\$ 0	\$ 0	\$ 6,818	\$ 4,577
b. Incurred losses and loss adjustment expense	0	0	7,010	(1,173)	1,503
c. Calendar year payments for losses and loss adjustment expenses	0	0	192	1,068	3,815
d. Ending reserves (including Case, Bulk + IBNR Loss & LAE)	\$ 0	\$ 0	\$ 6,818	\$ 4,577	\$ 2,265

## (3) Net of Ceded Reinsurance

	2011	2012	2013	2014	2015
a. Beginning reserves (including Case, Bulk + IBNR Loss & LAE)	\$ 0	\$ 0	\$ 0	\$ 6,818	\$ 4,577
b. Incurred losses and loss adjustment expense	0	0	7,010	(1,173)	1,503
c. Calendar year payments for losses and loss adjustment expenses	0	0	192	1,068	3,815
d. Ending reserves (including Case, Bulk + IBNR Loss & LAE)	\$ 0	\$ 0	\$ 6,818	\$ 4,577	\$ 2,265

B. State the amount of the ending reserves for Bulk and IBNR included in A (Loss and LAE)

(1) Direct basis	\$ 0
(2) Assumed reinsurance basis	0
(3) Net of ceded reinsurance basis	0

C. State the amount of the ending reserves for loss adjustment expenses included in A (Case, Bulk and IBNR)

(1) Direct basis	\$ 0
(2) Assumed reinsurance basis	0
(3) Net of ceded reinsurance basis	0

D. Does the company have on the books, or has it ever written an insured for which you have identified a potential for the existence of a liability due to environmental losses?

## (1) Direct

	2011	2012	2013	2014	2015
a. Beginning reserves	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
b. Incurred losses and loss adjustment expense	0	0	0	0	0
c. Calendar year payments for losses and loss adjustment expenses	0	0	0	0	0
d. Ending reserves	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

## (2) Assumed Reinsurance

	2011	2012	2013	2014	2015
a. Beginning reserves	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
b. Incurred losses and loss adjustment expense	0	0	0	0	0
c. Calendar year payments for losses and loss adjustment expenses	0	0	0	0	0
d. Ending reserves	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

## (3) Net of Ceded Reinsurance

	2011	2012	2013	2014	2015
a. Beginning reserves	0	0	0	0	0
b. Incurred losses and loss adjustment expense	0	0	0	0	0
c. Calendar year payments for losses and loss adjustment expenses	0	0	0	0	0
d. Ending reserves	0	0	0	0	0

E. State the amount of the ending reserves for Bulk and IBNR included in D (Loss and LAE)

(1) Direct basis	\$ 0
(2) Assumed reinsurance basis	0
(3) Net of ceded reinsurance basis	0

F. State the amount of the ending reserves for loss adjustment expenses included in D (Case, Bulk and IBNR)

(1) Direct basis	\$ 0
(2) Assumed reinsurance basis	0
(3) Net of ceded reinsurance basis	0

**NOTE 34 – SUBSCRIBER SAVINGS ACCOUNTS**

The Company is not a reciprocal insurance company and has no subscriber savings accounts.

**NOTE 35 – MULTIPLE PERIL CROP INSURANCE**

The Company does not write multiple peril crop insurance.

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## **NOTES TO FINANCIAL STATEMENTS**

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### **NOTE 36 – FINANCIAL GUARANTY INSURANCE**

- A. The Company does not write financial guarantee insurance contracts.
  
- B. Schedule of Insured Financial Obligations at the End of the Period  
The Company does not write financial guarantee insurance contracts.

**GENERAL INTERROGATORIES****PART 1 - COMMON INTERROGATORIES****GENERAL**

1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? If yes, complete Schedule Y, Parts 1, 1A and 2. Yes [X] No [ ]

1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [X] No [ ] N/A [ ]

1.3 State regulating? Ohio

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: \_\_\_\_\_

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. \_\_\_\_\_ 12/31/2014

3.2 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. \_\_\_\_\_ 12/31/2011

3.3 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). \_\_\_\_\_ 03/04/2013

3.4 By what department or departments? Ohio Department of Insurance

3.5 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]

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

4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11 sales of new business? Yes [ ] No [X]

4.12 renewals? Yes [ ] No [X]

4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21 sales of new business? Yes [ ] No [X]

4.22 renewals? Yes [ ] No [X]

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

5.2 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	2 NAIC Company Code	3 State of Domicile
Name of Entity		
Not Applicable	0	

6.1 Has the 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]

6.2 If yes, give full information: Not Applicable

7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [X] No [ ]

7.2 If yes,

7.21 State the percentage of foreign control \_\_\_\_\_ 100.000%

7.22 State the nationality(ies) of the foreign person(s) or entity(ies); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(ies) (e.g., individual, corporation, government, manager or attorney-in-fact).

1 Nationality	2 Type of Entity
Bermuda	Corporate

8.1 Is the company a subsidiary of a bank holding company regulated with 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. Not Applicable

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 locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC
Not Applicable					

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit? Ernst & Young LLP, The Edgeworth Building, Suite 201, 2100 E. Cary Street, Richmond, VA 23223

10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [ ] No [X]

10.2 If the response to 10.1 is yes, provide information related to this exemption: Not Applicable

10.3 Has the insurer been granted any exemptions related to other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation? Yes [ ] No [X]

10.4 If the response to 10.3 is yes, provide information related to this exemption: Not Applicable

10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [X] No [ ] N/A [ ]

10.6 If the response to 10.5 is no or n/a, please explain: Not Applicable

**GENERAL INTERROGATORIES****PART 1 - COMMON INTERROGATORIES**

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?  
Sean P. McDermott, FCAS, MAAA, Willis Towers Watson, Centre Square East, 1500 Market Street, Philadelphia, PA 19102

12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [ ] No [X]  
12.11 Name of real estate holding company Not Applicable  
12.12 Number of parcels involved 0  
12.13 Total book/adjusted carrying value \$ 0

12.2 If yes, provide explanation  
Not Applicable

13. **FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:**

13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [ ] No [ ]  
13.3 Have there been any changes made to any of the trust indentures during the year? Yes [ ] No [ ]  
13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [ ] No [ ] N/A [ ]

14.1 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.

14.11 If the response to 14.1 is no, please explain:  
Not Applicable

14.2 Has the code of ethics for senior managers been amended? Yes [ ] No [X]  
14.21 If the response to 14.2 is yes, provide information related to amendment(s).  
Not Applicable

14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [ ] No [X]  
14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).  
Not Applicable

15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes [ ] No [X]  
15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount
0	Not Applicable		0

**BOARD OF DIRECTORS**

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinator committee thereof? Yes [X] No [ ]  
17. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinator committees thereof? Yes [X] No [ ]  
18. Has the reporting entity an established procedure for disclosure to its Board of Directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes [X] No [ ]

**FINANCIAL**

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [ ] No [X]  
20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):  
20.11 To directors or other officers \$ 0  
20.12 To stockholders not officers \$ 0  
20.13 Trustees, supreme or grand (Fraternal only) \$ 0

20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):  
20.21 To directors or other officers \$ 0  
20.22 To stockholders not officers \$ 0  
20.23 Trustees, supreme or grand (Fraternal only) \$ 0

21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [ ] No [X]  
21.2 If yes, state the amount thereof at December 31 of the current year:  
21.21 Rented from others \$ 0  
21.22 Borrowed from others \$ 0  
21.23 Leased from others \$ 0  
21.24 Other \$ 0

22.1 Does this statement include payments for assessments as described in the *Annual Statement Instructions* other than guaranty fund or guaranty association assessments? Yes [ ] No [X]  
22.2 If answer is yes:  
22.21 Amount paid as losses or risk adjustment \$ 0  
22.22 Amount paid as expenses \$ 0  
22.23 Other amounts paid \$ 0

23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [ ] No [X]  
23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ 0

**INVESTMENT**

**GENERAL INTERROGATORIES****PART 1 - COMMON INTERROGATORIES**

24.01	Were all of the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date (other than securities lending programs addressed in 24.03)?	Yes [X]    No [ ]		
24.02	If no, give full and complete information, relating thereto: <u>Not Applicable</u>			
24.03	For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off balance sheet (an alternative is to reference Note 17 where this information is also provided). <u>The Company is not involved in any security lending programs.</u>			
24.04	Does the company's security lending program meet the requirements for a conforming program as outlined in the <i>Risk-Based Capital Instructions</i> ?	Yes [ ]    No [ ]    N/A [X]		
24.05	If answer to 24.04 is yes, report amount of collateral for conforming programs.	\$ _____ 0		
24.06	If answer to 24.04 is no, report amount of collateral for other programs	\$ _____ 0		
24.07	Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?	Yes [ ]    No [ ]    N/A [X]		
24.08	Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?	Yes [ ]    No [ ]    N/A [X]		
24.09	Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending?	Yes [ ]    No [ ]    N/A [X]		
24.10	For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:			
24.101	Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2:	\$ _____ 0		
24.102	Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2:	\$ _____ 0		
24.103	Total payable for securities lending reported on the liability page:	\$ _____ 0		
25.1	Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is current in force? (Exclude securities subject to Interrogatory 21.1 and 24.03.)	Yes [X]    No [ ]		
25.2	If yes, state the amount thereof at December of the current year:			
25.21	Subject to repurchase agreements	\$ _____ 0		
25.22	Subject to reverse repurchase agreements	\$ _____ 0		
25.23	Subject to dollar repurchase agreements	\$ _____ 0		
25.24	Subject to reverse dollar repurchase agreements	\$ _____ 0		
25.25	Placed under option agreements	\$ _____ 0		
25.26	Letter stock or securities restricted as sale – excluding FHLB Capital Stock	\$ _____ 0		
25.27	FHLB Capital Stock	\$ _____ 0		
25.28	On deposit with states	\$ _____ 1,064,512		
25.29	On deposit with other regulatory bodies	\$ _____ 0		
25.30	Pledged as collateral – excluding collateral pledged to an FHLB	\$ _____ 0		
25.31	Pledged as collateral to FHLB – including assets backing funding agreements	\$ _____ 0		
25.32	Other	\$ _____ 0		
25.3	For category (25.26) provide the following:			
	1    Nature of Restriction	2    Description	3    Amount	
	Not Applicable		\$ _____ 0	
26.1	Does the reporting entity have any hedging transactions reported on Schedule DB?	Yes [ ]    No [X]		
26.2	If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? If no, attach a description with this statement.	Yes [ ]    No [ ]    N/A [X]		
27.1	Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?	Yes [ ]    No [X]		
27.2	If yes, state the amount thereof at December of the current year:	\$ _____ 0		
28.	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 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC <i>Financial Condition Examiners Handbook</i> ?	Yes [X]    No [ ]		
28.01	For all agreements that comply with the requirements of the NAIC <i>Financial Condition Examiners Handbook</i> , complete the following:			
	1    Name of Custodian(s)	2    Custodian Address		
	SunTrust Bank	P.O. Box 465 Atlanta, GA 30302		
28.02	For all agreements that do not comply with the requirements of the NAIC <i>Financial Condition Examiners Handbook</i> , provide the name, location and a complete explanation			
	1    Name(s)	2    Location(s)	3    Complete Explanation(s)	
	Not Applicable			
28.03	Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year?	Yes [ ]    No [X]		
28.04	If yes, give full and complete information relating thereto:			
	1    Old Custodian	2    New Custodian	3    Date of Change	4    Reason
	Not Applicable			
28.05	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    Central Registration Depository	2    Name(s)	3    Address	
	Not Applicable	Gen Re-New England Asset Management, Inc.	74 Batterson Park Rd., Farmington, CT 06032	
29.1	Does the reporting entity have any diversified mutual funds reported in Schedule D-Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])?	Yes [ ]    No [X]		
29.2	If yes, complete the following schedule:			

**GENERAL INTERROGATORIES****PART 1 - COMMON INTERROGATORIES**

1 CUSIP	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
	Not Applicable	0
29.2999 TOTAL		0

29.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holdings	4 Date of Valuation
Not Applicable		0	

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

		1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1	Bonds	3,924,196	3,917,869	(6,327)
30.2	Preferred Stocks	0	0	0
30.3	Totals	3,924,196	3,917,869	(6,327)

30.4 Describe the sources or methods utilized in determining fair values:

Fair values are based on values either published by the NAIC's Security Valuation Office (SVO) or from pricing services such as Merrill Lynch indices, Interactive Data Corp., Reuters, S&P or Bloomberg. Under certain circumstances, if neither an SVO or vendor price is available, a price may be obtained from a broker. Short term securities and cash equivalents are valued at amortized cost.

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [ ] No [X]

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [ ] No [ ]

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliance pricing source for purposes of disclosure of fair value for Schedule D:  
Not Applicable

32.1 Have all the filing requirements of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* been followed? Yes [X] No [ ]

32.2 If no, list exceptions:  
Not Applicable

**OTHER**

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$ 0

33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
	\$ 0

34.1 Amount of payments for legal expenses, if any? \$ 0

34.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
	\$ 0

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$ 0

35.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
	\$ 0

**GENERAL INTERROGATORIES****PART 2 – PROPERTY & CASUALTY INTERROGATORIES**

1.1	Does the reporting entity have any direct Medicare Supplement Insurance in force?	Yes [ ]	No [X]
1.2	If yes, indicate premium earned on U.S. business only.	\$	0
1.3	What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?	\$	0
1.31	Reason for excluding: <u>Not Applicable</u>		
1.4	Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.	\$	0
1.5	Indicate total incurred claims on all Medicare Supplement insurance.	\$	0
1.6	Individual policies: Most current three years: 1.61 Total premium earned	\$	0
	1.62 Total incurred claims	\$	0
	1.63 Number of covered lives		0
	All years prior to most current three years: 1.64 Total premium earned	\$	0
	1.65 Total incurred claims	\$	0
	1.66 Number of covered lives		0
1.7	Group policies: Most current three years: 1.71 Total premium earned	\$	0
	1.72 Total incurred claims	\$	0
	1.73 Number of covered lives		0
All years prior to most current three years: 1.74 Total premium earned	\$	0	
1.75 Total incurred claims	\$	0	
1.76 Number of covered lives		0	
2.	Health Test:		
		1 Current Year	2 Prior Year
2.1	Premium Numerator	\$ 0	\$ 0
2.2	Premium Denominator	\$ 850,001	\$ 675,996
2.3	Premium Ratio (2.1/2.2)	0.000	0.000
2.4	Reserve Numerator	\$ 0	\$ 0
2.5	Reserve Denominator	\$ 2,109,214	\$ 1,900,072
2.6	Reserve Ratio (2.4/2.5)	0.000	0.000
3.1	Does the reporting entity issue both participating and non-participating policies?	Yes [ ] No [X]	
3.2	If yes, state the amount of calendar year premiums written on:		
3.21	Participating policies	\$ 0	0
3.22	Non-participating policies	\$ 0	0
4.	FOR MUTUAL REPORTING ENTITIES AND RECIPROCAL EXCHANGES ONLY:		
4.1	Does the reporting entity issue assessable policies?	Yes [ ] No [ ]	
4.2	Does the reporting entity issue non-assessable policies?	Yes [ ] No [ ]	
4.3	If assessable policies are issued, what is the extent of the contingent liability of the policyholders?	0.000%	
4.4	Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums.	\$ 0	
5.	FOR RECIPROCAL EXCHANGES ONLY:		
5.1	Does the exchange appoint local agents?	Yes [ ] No [ ]	
5.2	If yes, is the commission paid:		
5.21	Out of Attorney's-in-fact compensation	Yes [ ] No [ ] N/A [ ]	
5.22	As a direct expense of the exchange	Yes [ ] No [ ] N/A [ ]	
5.3	What expenses of the exchange are not paid out of the compensation of the Attorney-in-fact?		
5.4	Has any Attorney-in-fact compensation, contingent on fulfillments of certain conditions, been deferred?	Yes [ ] No [ ]	
5.5	If yes, give full information:		
6.1	What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss? <u>Although the Company did not write any direct business in 2015, the net business assumed is protected up to \$29.4 million through non-affiliated reinsurance.</u>		
6.2	Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process: <u>For business assumed through the intercompany reinsurance pooling agreement, the Group estimates probable maximum loss by use of of catastrophic modeling software. The primary exposure to catastrophe is from a book of excess property business that includes wind-exposed business in the southern and southeastern United States. The Group uses the CLASIC/2 catastrophe model from AIR, version 13.5. The Group also relies on modeling expertise from its reinsurers and reinsurance brokers.</u>		
6.3	What provision has this reporting entity made (such as catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss? <u>Assumed business is protected by property catastrophe reinsurance.</u>		
6.4	Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence?	Yes [X] No [ ]	
6.5	If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss: <u>Not Applicable</u>		

**GENERAL INTERROGATORIES****PART 2 – PROPERTY & CASUALTY INTERROGATORIES**

7.1	Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)?	Yes [ ]	No [ X ]
7.2	If yes, indicate the number of reinsurance contracts containing such provisions.		0
7.3	If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)?	Yes [ ]	No [ ]
8.1	Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured?	Yes [ ]	No [ X ]
8.2	If yes, give full information		
	<u>Not Applicable</u>		
9.1	Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:		
	(a) A contract term longer than two years and the contract is noncancelable by the reporting entity during the contract term;		
	(b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;		
	(c) Aggregate stop loss reinsurance coverage;		
	(d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;		
	(e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or		
	(f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity?		
9.2	Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:		
	(a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or		
	(b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract.		
9.3	If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:	Yes [ ]	No [ X ]
	(a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;		
	(b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and		
	(c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.		
9.4	Except for transactions meeting the requirements of paragraph 31 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:		
	(a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or		
	(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP?		
9.5	If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.	Yes [ ]	No [ X ]
9.6	The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:		
	(a) The entity does not utilize reinsurance; or	Yes [ ]	No [ X ]
	(b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or	Yes [ ]	No [ X ]
	(c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement.	Yes [ ]	No [ X ]
10.	If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurance a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done?	Yes [ X ]	No [ ] N/A [ ]
11.1	Has the reporting entity guaranteed policies issued by any other entity and now in force?	Yes [ ]	No [ X ]
11.2	If yes, give full information		
	<u>Not Applicable</u>		
12.1	If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the assets schedule, Page 2, state the amount of corresponding liabilities recorded for:		
12.11	Unpaid losses	\$	0
12.12	Unpaid underwriting expenses (including loss adjustment expenses)	\$	0
12.2	Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds?	\$	0
12.3	If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses?	Yes [ ]	No [ ] N/A [ X ]
12.4	If yes, provide the range of interest rates charged under such notes during the period covered by this statement:		
12.41	From		0.000%
12.42	To		0.000%
12.5	Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies?	Yes [ ]	No [ X ]
12.6	If yes, state the amount thereof at December 31 of current year:		
12.61	Letters of Credit	\$	0
12.62	Collateral and other funds	\$	0
13.1	Largest net aggregate amount insured in any one risk (excluding workers' compensation):	\$	15,000

**GENERAL INTERROGATORIES****PART 2 – PROPERTY & CASUALTY INTERROGATORIES**

13.2	Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision?	Yes [ ]	No [ X ]		
13.3	State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount.	1			
14.1	Is the company a cedant in a multiple cedant reinsurance contract?	Yes [ X ]	No [ ]		
14.2	If yes, please describe the method of allocating and recording reinsurance among the cedants: <u>Premiums and losses are ceded on a pro-rata basis.</u>				
14.3	If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts?	Yes [ ]	No [ X ]		
14.4	If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements?	Yes [ ]	No [ X ]		
14.5	If the answer to 14.4 is no, please explain: <u>Premiums ceded are based upon rate times (x) direct premium written. Losses would be allocated pro-rata.</u>				
15.1	Has the reporting entity guaranteed any financed premium accounts?	Yes [ ]	No [ X ]		
15.2	If yes, give full information <u>Not Applicable</u>				
16.1	Does the reporting entity write any warranty business?	Yes [ ]	No [ X ]		
If yes, disclose the following information for each of the following types of warranty coverage:					
	1 Direct Losses Incurred	2 Direct Losses Unpaid	3 Direct Written Premium	4 Direct Premium Unearned	5 Direct Premium Earned
16.11	Home	\$ 0 \$	0 \$	0 \$	0
16.12	Products	\$ 0 \$	0 \$	0 \$	0
16.13	Automobile	\$ 0 \$	0 \$	0 \$	0
16.14	Other*	\$ 0 \$	0 \$	0 \$	0
* Disclose type of coverage:					
17.1	Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F – Part 3 that it excludes from Schedule F – Part 5.	Yes [ ]	No [ X ]		
Incurred but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from inclusion in Schedule F – Part 5. Provide the following information for this exemption:					
17.11	Gross amount of unauthorized reinsurance in Schedule F – Part 3 excluded from Schedule F – Part 5	\$ 0			
17.12	Unfunded portion of Interrogatory 17.11	\$ 0			
17.13	Paid losses and loss adjustment expenses portion of Interrogatory 17.11	\$ 0			
17.14	Case reserves portion of Interrogatory 17.11	\$ 0			
17.15	Incurred but not reported portion of Interrogatory 17.11	\$ 0			
17.16	Unearned premium portion of Interrogatory 17.11	\$ 0			
17.17	Contingent commission portion of Interrogatory 17.11	\$ 0			
Provide the following information for all other amounts included in Schedule F – Part 3 and excluded from Schedule F – Part 5, not included above.					
17.18	Gross amount of unauthorized reinsurance in Schedule F – Part 3 excluded from Schedule F – Part 5	\$ 0			
17.19	Unfunded portion of Interrogatory 17.18	\$ 0			
17.20	Paid losses and loss adjustment expenses portion of Interrogatory 17.18	\$ 0			
17.21	Case reserves portion of Interrogatory 17.18	\$ 0			
17.22	Incurred but not reported portion of Interrogatory 17.18	\$ 0			
17.23	Unearned premium portion of Interrogatory 17.18	\$ 0			
17.24	Contingent commission portion of Interrogatory 17.18	\$ 0			
18.1	Do you act as a custodian for health savings accounts?	Yes [ ]	No [ X ]		
18.2	If yes, please provide the amount of custodial funds held as of the reporting date.	\$ 0			
18.3	Do you act as an administrator for health savings accounts?	Yes [ ]	No [ X ]		
18.4	If yes, please provide the balance of the funds administered as of the reporting date.	\$ 0			

**FIVE-YEAR HISTORICAL DATA**

Show amounts in whole dollars only, no cents; show percentages to one decimal place, i.e. 17.6.

	1 2015	2 2014	3 2013	4 2012	5 2011
<b>Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 &amp; 3)</b>					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	884,539	721,034	689,647	0	406,826
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	10,338	13,612	21,310	0	196,303
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	479	1,701	0	0	0
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	0	0	0	0	0
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
6. Total (Line 35)	895,356	736,347	710,957	0	603,129
<b>Net Premiums Written (Page 8, Part 1B, Col. 6)</b>					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	884,539	721,034	689,647	0	407,109
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	10,338	13,612	21,310	0	196,470
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	479	1,701	0	0	0
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	0	0	0	0	0
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
12. Total (Line 35)	895,356	736,347	710,957	0	603,579
<b>Statement of Income (Page 4)</b>					
13. Net underwriting gain (loss) (Line 8)	53,001	56,651	96,522	(34,607)	8,273
14. Net investment gain (loss) (Line 11)	34,877	35,193	33,303	54,697	148,220
15. Total other income (Line 15)	0	0	196	0	62,080
16. Dividends to policyholders (Line 17)	0	0	0	0	0
17. Federal and foreign income taxes incurred (Line 19)	18,787	16,780	93,165	3,104	82,069
18. Net income (Line 20)	69,091	75,064	36,856	16,986	136,504
<b>Balance Sheet Lines (Pages 2 and 3)</b>					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	6,351,516	6,065,725	5,785,531	3,932,347	3,895,293
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 15.1)	167,068	151,687	91,357	0	0
20.2 Deferred and not yet due (Line 15.2)	0	0	0	0	0
20.3 Accrued retrospective premiums (Line 15.3)	0	0	0	0	0
21. Total liabilities excluding protected cell business (Page 3, Line 26)	2,114,294	1,897,630	1,711,457	20,068	0
22. Losses (Page 3, Line 1)	981,902	900,494	887,574	0	0
23. Loss adjustment expenses (Page 3, Line 3)	643,192	590,947	552,589	0	0
24. Unearned premiums (Page 3, Line 9)	339,093	293,738	233,387	0	0
25. Capital paid up (Page 3, Lines 30 & 31)	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
26. Surplus as regards policyholders (Page 3, Line 37)	4,237,222	4,168,095	4,074,074	3,912,279	3,895,293
<b>Cash Flow (Page 5)</b>					
27. Net cash from operations (Line 11)	100,150	92,790	(60,622)	45,835	(861,261)
<b>Risk-Based Capital Analysis</b>					
28. Total adjusted capital	4,237,222	4,168,095	4,074,074	3,912,279	3,895,293
29. Authorized control level risk-based capital	197,505	172,519	165,618	21,616	80,276
<b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets</b> (Page 2, Col. 3) (Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1)	76.5	81.5	83.4	38.8	98.9
31. Stocks (Lines 2.1 & 2.2)	0.0	0.0	0.0	0.0	0.0
32. Mortgage loans on real estate (Lines 3.1 & 3.2)	0.0	0.0	0.0	0.0	0.0
33. Real estate (Lines 4.1, 4.2 & 4.3)	0.0	0.0	0.0	0.0	0.0
34. Cash, cash equivalents and short-term investments (Line 5)	23.5	18.5	16.6	61.2	1.1
35. Contract loans (Line 6)	0.0	0.0	0.0	0.0	0.0
36. Derivatives (Line 7)	0.0	0.0	0.0	0.0	0.0
37. Other invested assets (Line 8)	0.0	0.0	0.0	0.0	0.0
38. Receivable for securities (Line 9)	0.0	0.0	0.0	0.0	0.0
39. Securities lending reinvested collateral assets (Line 10)	0.0	0.0	0.0	0.0	0.0
40. Aggregate write-ins for invested assets (Line 11)	0.0	0.0	0.0	0.0	0.0
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
42. Affiliated bonds (Sch. D, Summary, Line 12, Col. 1)	0	0	0	0	0
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)	0	0	0	0	0
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)	0	0	0	0	0
45. Affiliated short-term investments (subtotals included in Schedule DA, Verification, Column 5, Line 10)	0	0	0	0	0
46. Affiliated mortgage loans on real estate	0	0	0	0	0
47. All other affiliated	0	0	0	0	0
48. Total of above lines 42 to 47	0	0	0	0	0
49. Total investment in parent included in Lines 42 to 47 above	0	0	0	0	0
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0)	0.0	0.0	0.0	0.0	0.0

**Falls Lake General Insurance Company**  
**FIVE-YEAR HISTORICAL DATA**  
(Continued)

	1 2015	2 2014	3 2013	4 2012	5 2011
<b>Capital and Surplus Accounts (Page 4)</b>					
51. Net unrealized capital gains (losses) (Line 24).....	0	0	0	0	0
52. Dividends to stockholders (Line 35).....	0	0	0	0	0
53. Change in surplus as regards policyholders for the year (Line 38).....	69,127	94,021	161,796	16,986	205,050
<b>Gross Losses Paid (Page 9, Part 2, Cols. 1 &amp; 2)</b>					
54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	203,472	184,440	(791,840)	72,006	1,148,210
55. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	383	(1,438)	2,928	(2,800)	190,727
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	254	41	0	0	787
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	0	0	0	0	0
58. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	0	0	0	0	0
59. Total (Line 35).....	204,109	183,043	(788,912)	69,206	1,339,724
<b>Net Losses Paid (Page 9, Part 2, Col. 4)</b>					
60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	204,247	158,293	(821,014)	0	755,757
61. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	2,295	989	3,812	0	200,241
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	254	41	0	0	787
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	0	0	0	0	0
64. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	0	0	0	0	0
65. Total (Line 35).....	206,796	159,323	(817,202)	0	956,785
<b>Operating Percentages</b> (Page 4) (Item divided by Page 4, Line 1) x 100.0					
66. Premiums earned (Line 1).....	100.0	100.0	100.0	100.0	100.0
67. Losses incurred (Line 2).....	33.9	25.5	14.7	0.0	61.7
68. Loss expenses incurred (Line 3).....	31.3	30.9	22.0	0.0	13.7
69. Other underwriting expenses incurred (Line 4).....	28.6	35.2	43.7	0.0	23.8
70. Net underwriting gain (loss) (Line 8).....	6.2	8.4	20.2	0.0	0.8
<b>Other Percentages</b>					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0).....	27.1	32.3	28.9	0.0	29.9
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....	65.2	56.4	36.7	0.0	75.4
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35, divided by Page 3, Line 37, Col. 1 x 100.0).....	21.1	17.7	17.5	0.0	15.5
<b>One Year Loss Development (000 omitted)</b>					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11).....	(83)	(156)	(192)	0	(3)
75. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 74 above divided by Page 4, Line 21, Col. 1 x 100).....	(2.0)	(3.8)	(4.9)	0.0	(0.1)
<b>Two Year Loss Development (000 omitted)</b>					
76. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12).....	(189)	(348)	(278)	(3)	(89)
77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 76 above divided by Page 4, Line 21, Col. 2 x 100.0).....	(4.6)	(8.9)	(7.1)	(0.1)	(2.4)

If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors?

Yes  No

If no, please explain:

**SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES****SCHEDULE P - PART 1 - SUMMARY**

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12 Number of Claims Reported-Direct and Assumed	
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)		
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded				
1. Prior.....	....XXX.....	....XXX.....	....XXX.....	.....4	....3	....10	....0	....2	....0	....0	....0	....14	
2. 2006.....	....3,521	....1,322	....2,198	....1,130	....494	....351	....81	....159	....39	....7	....1,026	....XXX.....	
3. 2007.....	....4,036	....1,476	....2,559	....1,355	....592	....407	....96	....189	....50	....3	....1,213	....XXX.....	
4. 2008.....	....2,845	....2,098	....747	....1,064	....777	....267	....187	....131	....46	....2	....452	....XXX.....	
5. 2009.....	....2,432	....1,782	....650	....807	....569	....175	....123	....89	....31	....4	....346	....XXX.....	
6. 2010.....	....1,908	....1,428	....480	....698	....524	....187	....130	....91	....36	....4	....286	....XXX.....	
7. 2011.....	....2,172	....1,621	....551	....1,349	....1,032	....179	....125	....70	....20	....3	....420	....XXX.....	
8. 2012.....	....2,786	....2,274	....512	....1,530	....1,333	....184	....130	....69	....20	....3	....301	....XXX.....	
9. 2013.....	....1,979	....1,501	....478	....301	....218	....128	....92	....58	....16	....2	....161	....XXX.....	
10. 2014.....	....2,834	....2,158	....676	....342	....269	....56	....40	....91	....28	....8	....153	....XXX.....	
11. 2015.....	....3,706	....2,856	....850	....191	....155	....(6)	....(3)	....108	....35	....20	....108	....XXX.....	
12. Totals.....	....XXX.....	....XXX.....	....XXX.....	....8,771	....5,965	....1,938	....1,001	....1,057	....322	....55	....4,478	....XXX.....	

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding-Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21	22			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded	Direct and Assumed	Ceded			
1. Prior.....	....20	....8	....25	....4	....6	....2	....7	....0	....5	....0	....0	....50	....XXX.....
2. 2006.....	....22	....0	....31	....11	....16	....0	....8	....1	....6	....0	....0	....71	....XXX.....
3. 2007.....	....10	....0	....47	....12	....1	....0	....13	....1	....5	....0	....0	....63	....XXX.....
4. 2008.....	....10	....7	....59	....44	....4	....3	....19	....13	....8	....2	....0	....31	....XXX.....
5. 2009.....	....26	....18	....51	....39	....6	....4	....15	....11	....8	....1	....0	....32	....XXX.....
6. 2010.....	....60	....42	....72	....55	....12	....8	....22	....16	....13	....3	....0	....55	....XXX.....
7. 2011.....	....44	....31	....112	....84	....11	....8	....36	....26	....15	....2	....0	....68	....XXX.....
8. 2012.....	....131	....100	....214	....171	....34	....24	....65	....48	....31	....4	....0	....128	....XXX.....
9. 2013.....	....142	....101	....394	....314	....32	....22	....120	....89	....48	....4	....0	....205	....XXX.....
10. 2014.....	....221	....173	....709	....550	....40	....29	....231	....169	....80	....12	....0	....348	....XXX.....
11. 2015.....	....416	....335	....1,172	....907	....49	....36	....366	....269	....125	....7	....0	....574	....XXX.....
12. Totals.....	....1,103	....815	....2,885	....2,190	....212	....136	....903	....644	....344	....35	....0	....1,625	....XXX.....

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves after Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....0	....0	....XXX.....	....34	....17
2. 2006.....	....1,722	....626	....1,097	....48.9	....47.3	....49.9	....0	....0	....1.00	....42	....29
3. 2007.....	....2,027	....752	....1,275	....50.2	....50.9	....49.8	....0	....0	....1.00	....45	....18
4. 2008.....	....1,562	....1,079	....483	....54.9	....51.4	....64.7	....0	....0	....1.00	....18	....13
5. 2009.....	....1,176	....797	....379	....48.3	....44.7	....58.2	....0	....0	....1.00	....20	....13
6. 2010.....	....1,154	....814	....341	....60.5	....57.0	....71.0	....0	....0	....1.00	....35	....20
7. 2011.....	....1,817	....1,328	....488	....83.6	....81.9	....88.6	....0	....0	....1.00	....41	....26
8. 2012.....	....2,259	....1,831	....429	....81.1	....80.5	....83.8	....0	....0	....1.00	....75	....53
9. 2013.....	....1,223	....857	....366	....61.8	....57.1	....76.5	....0	....0	....1.00	....121	....84
10. 2014.....	....1,771	....1,270	....501	....62.5	....58.8	....74.0	....0	....0	....1.00	....206	....141
11. 2015.....	....2,422	....1,740	....682	....65.3	....60.9	....80.2	....0	....0	....1.00	....345	....229
12. Totals.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....0	....0	....XXX.....	....982	....643

Note: Parts 2 and 4 are gross of all discounting, including tabular discounting. Part 1 is gross of only nontabular discounting, which is reported in Columns 32 and 33 of

Part 1. The tabular discount, if any, is reported in the Notes to Financial Statements, which will reconcile Part 1 with Parts 2 and 4.

**SCHEDULE P - PART 2 - SUMMARY**

Years in Which Losses Were Incurred	Incurred Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										DEVELOPMENT	
	1 2006	2 2007	3 2008	4 2009	5 2010	6 2011	7 2012	8 2013	9 2014	10 2015	11 One Year	12 Two Year
1. Prior.....	794	747	750	740	736	690	684	655	642	643	1	(12)
2. 2006.....	1,242	1,186	1,136	1,090	1,056	1,015	989	966	959	971	12	5
3. 2007.....	XXX.....	1,447	1,411	1,426	1,383	1,305	1,258	1,191	1,142	1,131	(11)	(60)
4. 2008.....	XXX.....	XXX.....	456	448	442	430	422	406	393	392	(1)	(14)
5. 2009.....	XXX.....	XXX.....	XXX.....	415	400	384	363	330	311	315	4	(15)
6. 2010.....	XXX.....	XXX.....	XXX.....	XXX.....	306	315	312	296	280	275	(5)	(21)
7. 2011.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	437	472	455	428	425	(3)	(30)
8. 2012.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	364	374	362	353	(9)	(21)
9. 2013.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	302	302	280	(22)	(22)
10. 2014.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	419	369	(50)	XXX.....
11. 2015.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	490	XXX.....	XXX.....
											12. Totals.....	(83)
												(189)

**SCHEDULE P - PART 3 - SUMMARY**

Years in Which Losses Were Incurred	Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										11 Number of Claims Closed With Loss Payment	12 Number of Claims Closed Without Loss Payment
	1 2006	2 2007	3 2008	4 2009	5 2010	6 2011	7 2012	8 2013	9 2014	10 2015		
1. Prior.....	000.....	195	350	440	513	537	564	576	586	597	XXX.....	XXX.....
2. 2006.....	98	314	479	685	773	815	861	880	894	906	XXX.....	XXX.....
3. 2007.....	XXX.....	132	440	676	823	957	1,016	1,044	1,061	1,074	XXX.....	XXX.....
4. 2008.....	XXX.....	XXX.....	81	168	236	290	326	343	356	368	XXX.....	XXX.....
5. 2009.....	XXX.....	XXX.....	XXX.....	112	173	214	246	266	276	289	XXX.....	XXX.....
6. 2010.....	XXX.....	XXX.....	XXX.....	XXX.....	64	130	170	202	222	231	XXX.....	XXX.....
7. 2011.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	122	232	308	343	370	XXX.....	XXX.....
8. 2012.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	43	159	209	252	XXX.....	XXX.....
9. 2013.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	19	62	119	XXX.....	XXX.....
10. 2014.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	31	90	XXX.....	XXX.....
11. 2015.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	34	XXX.....	XXX.....

**SCHEDULE P - PART 4 - SUMMARY**

Years in Which Losses Were Incurred	Bulk and IBNR Reserves on Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)									
	1 2006	2 2007	3 2008	4 2009	5 2010	6 2011	7 2012	8 2013	9 2014	10 2015
1. Prior.....	615	396	312	221	186	128	104	57	40	28
2. 2006.....	909	657	468	302	229	156	107	68	43	27
3. 2007.....	XXX.....	999	723	541	395	283	197	120	65	46
4. 2008.....	XXX.....	XXX.....	287	198	143	100	67	40	26	20
5. 2009.....	XXX.....	XXX.....	XXX.....	243	175	132	87	50	22	17
6. 2010.....	XXX.....	XXX.....	XXX.....	XXX.....	183	136	104	59	35	23
7. 2011.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	216	147	99	58	38
8. 2012.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	201	146	98	60
9. 2013.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	224	188	110
10. 2014.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	320	221
11. 2015.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	362

**Falls Lake General Insurance Company**  
**SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN**

Allocated by States and Territories

States, Etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges not Included in Premiums	9 Direct Premiums Written for Federal Purchasing Groups (Incl. in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama.....	AL N.....	0	0	0	0	0	0	0	0
2. Alaska.....	AK N.....	0	0	0	0	0	0	0	0
3. Arizona.....	AZ N.....	0	0	0	0	0	0	0	0
4. Arkansas.....	AR N.....	0	0	0	0	0	0	0	0
5. California.....	CA N.....	0	0	0	0	0	0	0	0
6. Colorado.....	CO N.....	0	0	0	0	0	0	0	0
7. Connecticut.....	CT N.....	0	0	0	0	0	0	0	0
8. Delaware.....	DE N.....	0	0	0	0	0	0	0	0
9. District of Columbia.....	DC N.....	0	0	0	0	0	0	0	0
10. Florida.....	FL N.....	0	0	0	0	0	0	0	0
11. Georgia.....	GA L.....	0	0	0	(2,687)	(37,687)	0	0	0
12. Hawaii.....	HI N.....	0	0	0	0	0	0	0	0
13. Idaho.....	ID N.....	0	0	0	0	0	0	0	0
14. Illinois.....	IL N.....	0	0	0	0	0	0	0	0
15. Indiana.....	IN N.....	0	0	0	0	0	0	0	0
16. Iowa.....	IA N.....	0	0	0	0	0	0	0	0
17. Kansas.....	KS N.....	0	0	0	0	0	0	0	0
18. Kentucky.....	KY N.....	0	0	0	0	0	0	0	0
19. Louisiana.....	LA N.....	0	0	0	0	0	0	0	0
20. Maine.....	ME N.....	0	0	0	0	0	0	0	0
21. Maryland.....	MD N.....	0	0	0	0	0	0	0	0
22. Massachusetts.....	MA N.....	0	0	0	0	0	0	0	0
23. Michigan.....	MI N.....	0	0	0	0	0	0	0	0
24. Minnesota.....	MN N.....	0	0	0	0	0	0	0	0
25. Mississippi.....	MS N.....	0	0	0	0	0	0	0	0
26. Missouri.....	MO N.....	0	0	0	0	0	0	0	0
27. Montana.....	MT N.....	0	0	0	0	0	0	0	0
28. Nebraska.....	NE N.....	0	0	0	0	0	0	0	0
29. Nevada.....	NV N.....	0	0	0	0	0	0	0	0
30. New Hampshire.....	NH N.....	0	0	0	0	0	0	0	0
31. New Jersey.....	NJ N.....	0	0	0	0	0	0	0	0
32. New Mexico.....	NM N.....	0	0	0	0	0	0	0	0
33. New York.....	NY L.....	0	0	0	0	0	0	0	0
34. North Carolina.....	NC N.....	0	0	0	0	0	0	0	0
35. North Dakota.....	ND N.....	0	0	0	0	0	0	0	0
36. Ohio.....	OH L.....	0	0	0	0	0	0	0	0
37. Oklahoma.....	OK L.....	0	0	0	0	0	0	0	0
38. Oregon.....	OR N.....	0	0	0	0	0	0	0	0
39. Pennsylvania.....	PA N.....	0	0	0	0	0	0	0	0
40. Rhode Island.....	RI N.....	0	0	0	0	0	0	0	0
41. South Carolina.....	SC N.....	0	0	0	0	0	0	0	0
42. South Dakota.....	SD N.....	0	0	0	0	0	0	0	0
43. Tennessee.....	TN N.....	0	0	0	0	0	0	0	0
44. Texas.....	TX N.....	0	0	0	0	0	0	0	0
45. Utah.....	UT N.....	0	0	0	0	0	0	0	0
46. Vermont.....	VT N.....	0	0	0	0	0	0	0	0
47. Virginia.....	VA N.....	0	0	0	0	0	0	0	0
48. Washington.....	WA N.....	0	0	0	0	0	0	0	0
49. West Virginia.....	WV N.....	0	0	0	0	0	0	0	0
50. Wisconsin.....	WI N.....	0	0	0	0	0	0	0	0
51. Wyoming.....	WY N.....	0	0	0	0	0	0	0	0
52. American Samoa.....	AS N.....	0	0	0	0	0	0	0	0
53. Guam.....	GU N.....	0	0	0	0	0	0	0	0
54. Puerto Rico.....	PR N.....	0	0	0	0	0	0	0	0
55. US Virgin Islands.....	VI N.....	0	0	0	0	0	0	0	0
56. Northern Mariana Islands.....	MP N.....	0	0	0	0	0	0	0	0
57. Canada.....	CAN N.....	0	0	0	0	0	0	0	0
58. Aggregate Other Alien.....	OT XXX	0	0	0	0	0	0	0	0
59. Totals.....	(a) 4	0	0	(2,687)	(37,687)	0	0	0	0

## DETAILS OF WRITE-INS

58001.....	XXX	0	0	0	0	0	0	0	0
58002.....	XXX	0	0	0	0	0	0	0	0
58003.....	XXX	0	0	0	0	0	0	0	0
58998. Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0
58999. Totals (Lines 58001 thru 58003+ Line 58998) (Line 58 above)	XXX	0	0	0	0	0	0	0	0

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

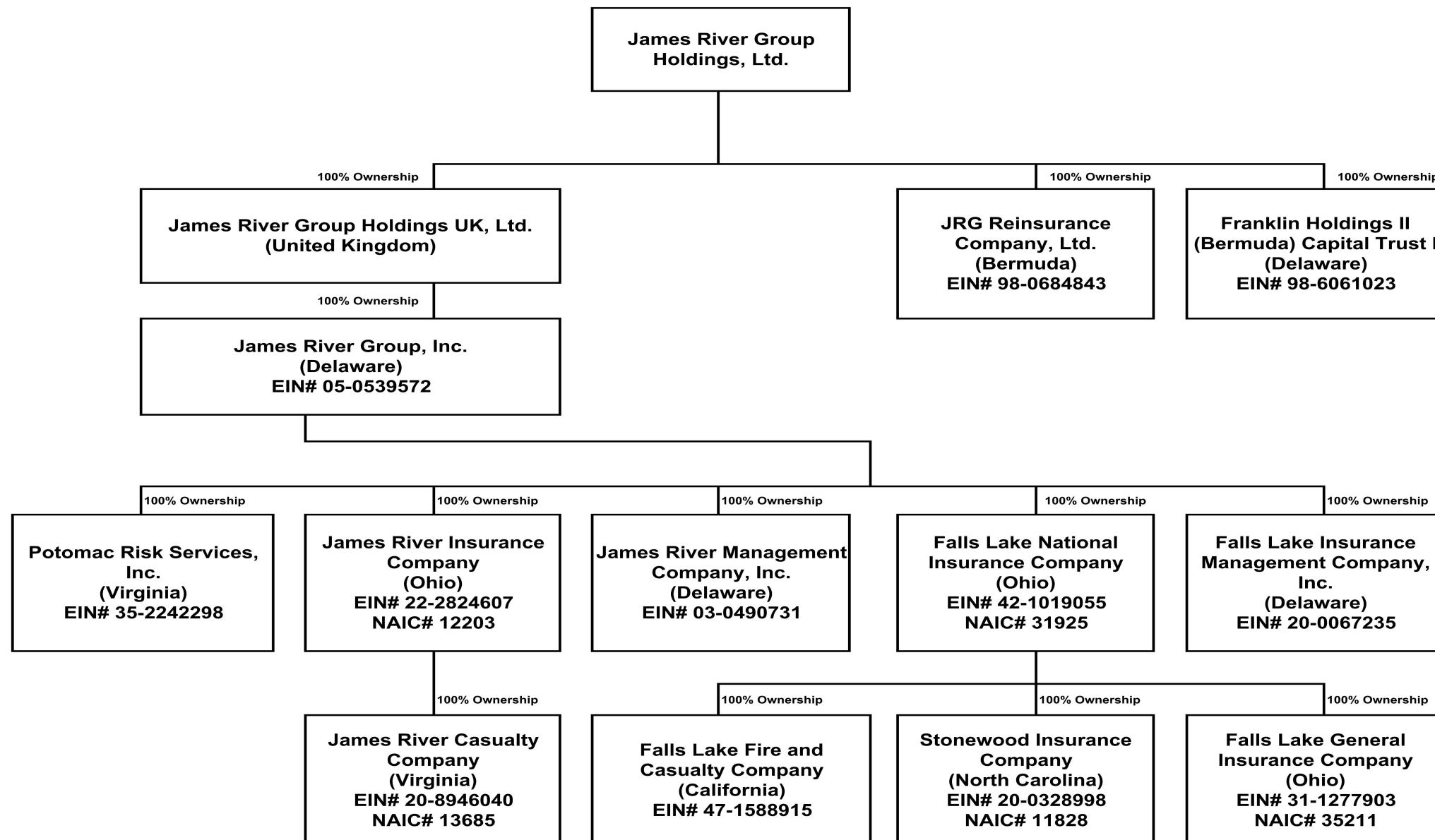
(L) - Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) - Registered - Non-domiciled RRGs; (Q) - Qualified - Qualified or Accredited Reinsurer;

(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.

Explanation of Basis of Allocation of Premiums by States, etc.

Location of Risk

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



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