



ANNUAL STATEMENT

For the Year Ended December 31, 2016  
of the Condition and Affairs of the

Falls Lake General Insurance Company

NAIC Group Code.....3494, 3494  
(Current Period) (Prior Period)

NAIC Company Code..... 35211

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

Organized under the Laws of OH

State of Domicile or Port of Entry OH

Country of Domicile US

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

Commenced Business..... February 1, 1990

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

919-882-3500  
(Area Code) (Telephone Number)

Mail Address

6131 Falls of Neuse Rd., Suite 306..... Raleigh ..... NC ..... US ..... 27609  
(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  
(Street and Number) (City or Town, State, Country and Zip Code)

919-882-3500  
(Area Code) (Telephone Number)

Internet Web Site Address

www.fallslakeins.com

Statutory Statement Contact

Aileen K. Celentano  
(Name)

919-882-3536  
(Area Code) (Telephone Number) (Extension)

accounting@fallslakeins.com  
(E-Mail Address)

888-698-7290  
(Fax Number)

OFFICERS

Name	Title	Name	Title
1. Steven J. Hartman	President/CEO	2. Thomas R. Fauerbach	Secretary
3. Michael E. Crow	Treasurer	4. Willard E. Potter #	Chief Financial Officer
OTHER			
Gregg T. Davis	Chairman	Joseph R. Raia	Controller

DIRECTORS OR TRUSTEES

Gregg T. Davis	Steven J. Hartman	Michael E. Crow	Thomas R. Fauerbach
Joseph R. Raia	Willard E. Potter #		

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

(Title)

(Signature)  
Willard E. Potter

3. (Printed Name)  
Chief Financial Officer

(Title)

Subscribed and sworn to before me

This \_\_\_\_\_ day of \_\_\_\_\_ 2017

\_\_\_\_\_

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	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	3,794,422		3,794,422	3,162,336
2. Stocks (Schedule D):				
2.1 Preferred stocks.....			.0	
2.2 Common stocks.....			.0	
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....			.0	
3.2 Other than first liens.....			.0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....			.0	
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			.0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			.0	
5. Cash (\$....65,801, Schedule E-Part 1), cash equivalents (\$.....0, Schedule E-Part 2) and short-term investments (\$....82,842, Schedule DA).....	148,643		148,643	972,615
6. Contract loans (including \$.....0 premium notes).....			.0	
7. Derivatives (Schedule DB).....			.0	
8. Other invested assets (Schedule BA).....			.0	
9. Receivables for securities.....			.0	
10. Securities lending reinvested collateral assets (Schedule DL).....			.0	
11. Aggregate write-ins for invested assets.....	.0	.0	.0	.0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	3,943,065	.0	3,943,065	4,134,951
13. Title plants less \$.....0 charged off (for Title insurers only).....			.0	
14. Investment income due and accrued.....	12,357		12,357	14,708
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	829,381		829,381	167,068
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....			.0	
15.3 Accrued retrospective premiums (\$.....0) and contracts subject to redetermination (\$.....0).....			.0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....			.0	
16.2 Funds held by or deposited with reinsured companies.....	7,185,097		7,185,097	1,964,187
16.3 Other amounts receivable under reinsurance contracts.....			.0	
17. Amounts receivable relating to uninsured plans.....			.0	
18.1 Current federal and foreign income tax recoverable and interest thereon.....	81,332		81,332	
18.2 Net deferred tax asset.....	272,639	89,416	183,223	70,602
19. Guaranty funds receivable or on deposit.....			.0	
20. Electronic data processing equipment and software.....			.0	
21. Furniture and equipment, including health care delivery assets (\$.....0).....			.0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			.0	
23. Receivables from parent, subsidiaries and affiliates.....			.0	
24. Health care (\$.....0) and other amounts receivable.....			.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).....	12,323,871	89,416	12,234,455	6,351,516
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.0	
28. TOTAL (Lines 26 and 27).....	12,323,871	89,416	12,234,455	6,351,516
DETAILS OF WRITE-INS				
1101. ....			.0	
1102. ....			.0	
1103. ....			.0	
1198. Summary of remaining write-ins for Line 11 from overflow page.....	.0	.0	.0	.0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above).....	.0	.0	.0	.0
2501. ....			.0	
2502. ....			.0	
2503. ....			.0	
2598. Summary of remaining write-ins for Line 25 from overflow page.....	.0	.0	.0	.0
2599. Totals (Lines 2501 through 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).....	3,515,125	981,902
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....	882,224	145,027
3. Loss adjustment expenses (Part 2A, Line 35, Column 9).....	2,481,392	643,192
4. Commissions payable, contingent commissions and other similar charges.....		
5. Other expenses (excluding taxes, licenses and fees).....	10,491	9,920
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....		
7.1 Current federal and foreign income taxes (including \$.....0 on realized capital gains (losses)).....		1,942
7.2 Net deferred tax liability.....		
8. Borrowed money \$.....0 and interest thereon \$.....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).....	1,188,581	339,093
10. Advance premium.....		
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....		
12. Ceded reinsurance premiums payable (net of ceding commissions).....	(7,011)	(6,782)
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19).....		
14. Amounts withheld or retained by company for account of others.....		
15. Remittances and items not allocated.....		
16. Provision for reinsurance (including \$.....0 certified) (Schedule F, Part 8).....		
17. Net adjustments in assets and liabilities due to foreign exchange rates.....		
18. Drafts outstanding.....		
19. Payable to parent, subsidiaries and affiliates.....		
20. Derivatives.....		
21. Payable for securities.....		
22. Payable for securities lending.....		
23. Liability for amounts held under uninsured plans.....		
24. Capital notes \$.....0 and interest thereon \$.....0.....		
25. Aggregate write-ins for liabilities.....	0	0
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....	8,070,801	2,114,294
27. Protected cell liabilities.....		
28. Total liabilities (Lines 26 and 27).....	8,070,801	2,114,294
29. Aggregate write-ins for special surplus funds.....	0	0
30. Common capital stock.....	1,500,000	1,500,000
31. Preferred capital stock.....		
32. Aggregate write-ins for other-than-special surplus funds.....	0	0
33. Surplus notes.....		
34. Gross paid in and contributed surplus.....	1,000,000	1,000,000
35. Unassigned funds (surplus).....	1,663,654	1,737,222
36. Less treasury stock, at cost:		
36.1 .....0.000 shares common (value included in Line 30 \$.....0).....		
36.2 .....0.000 shares preferred (value included in Line 31 \$.....0).....		
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39).....	4,163,654	4,237,222
38. TOTAL (Page 2, Line 28, Col. 3).....	12,234,455	6,351,516

DETAILS OF WRITE-INS

2501. ....		
2502. ....		
2503. ....		
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	0	0
2901. ....		
2902. ....		
2903. ....		
2998. Summary of remaining write-ins for Line 29 from overflow page.....	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above).....	0	0
3201. ....		
3202. ....		
3203. ....		
3298. Summary of remaining write-ins for Line 32 from overflow page.....	0	0
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above).....	0	0

Falls Lake General Insurance Company  
STATEMENT OF INCOME

			1	2
			Current Year	Prior Year
UNDERWRITING INCOME				
1.	Premiums earned (Part 1, Line 35, Column 4).....		3,199,561	850,001
DEDUCTIONS:				
2.	Losses incurred (Part 2, Line 35, Column 7).....		1,285,885	288,204
3.	Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....		1,437,460	266,100
4.	Other underwriting expenses incurred (Part 3, Line 25, Column 2).....		568,677	242,696
5.	Aggregate write-ins for underwriting deductions.....		0	0
6.	Total underwriting deductions (Lines 2 through 5).....		3,292,023	797,000
7.	Net income of protected cells.....			
8.	Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....		(92,462)	53,001
INVESTMENT INCOME				
9.	Net investment income earned (Exhibit of Net Investment Income, Line 17).....		36,402	34,990
10.	Net realized capital gains (losses) less capital gains tax of \$.....(52) (Exhibit of Capital Gains (Losses)).....		(97)	(113)
11.	Net investment gain (loss) (Lines 9 + 10).....		36,305	34,877
OTHER INCOME				
12.	Net gain (loss) from agents' or premium balances charged off (amount recovered \$.....0 amount charged off \$.....0).....		0	
13.	Finance and service charges not included in premiums.....			
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).....		(56,157)	87,878
17.	Dividends to policyholders.....			
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).....		(56,157)	87,878
19.	Federal and foreign income taxes incurred.....		130,032	18,787
20.	Net income (Line 18 minus Line 19) (to Line 22).....		(186,189)	69,091
CAPITAL AND SURPLUS ACCOUNT				
21.	Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....		4,237,222	4,168,095
22.	Net income (from Line 20).....		(186,189)	69,091
23.	Net transfers (to) from Protected Cell accounts.....			
24.	Change in net unrealized capital gains or (losses) less capital gains tax of \$.....0.....			
25.	Change in net unrealized foreign exchange capital gain (loss).....			
26.	Change in net deferred income tax.....		149,631	(11,976)
27.	Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3).....		(37,010)	12,012
28.	Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....			
29.	Change in surplus notes.....			
30.	Surplus (contributed to) withdrawn from Protected Cells.....			
31.	Cumulative effect of changes in accounting principles.....			
32.	Capital changes:			
32.1	Paid in.....			
32.2	Transferred from surplus (Stock Dividend).....			
32.3	Transferred to surplus.....			
33.	Surplus adjustments:			
33.1	Paid in.....			
33.2	Transferred to capital (Stock Dividend).....			
33.3.	Transferred from capital.....			
34.	Net remittances from or (to) Home Office.....			
35.	Dividends to stockholders.....			
36.	Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1).....			
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).....		(73,568)	69,127
39.	Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37).....		4,163,654	4,237,222
DETAILS OF WRITE-INS				
0501.	.....			
0502.	.....			
0503.	.....			
0598.	Summary of remaining write-ins for Line 5 from overflow page.....		0	0
0599.	Totals (Lines 0501 through 0503 plus 0598) (Line 5 above).....		0	0
1401.	.....			
1402.	.....			
1403.	.....			
1498.	Summary of remaining write-ins for Line 14 from overflow page.....		0	0
1499.	Totals (Lines 1401 through 1403 plus 1498) (Line 14 above).....		0	0
3701.	.....			
3702.	.....			
3703.	.....			
3798.	Summary of remaining write-ins for Line 37 from overflow page.....		0	0
3799.	Totals (Lines 3701 through 3703 plus 3798) (Line 37 above).....		0	0

CASH FLOW

		1	2
		Current Year	Prior Year
CASH FROM OPERATIONS			
1.	Premiums collected net of reinsurance.....	3,386,506	890,574
2.	Net investment income.....	34,605	31,101
3.	Miscellaneous income.....		
4.	Total (Lines 1 through 3).....	3,421,111	921,675
5.	Benefit and loss related payments.....	3,236,376	355,669
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7.	Commissions, expenses paid and aggregate write-ins for deductions.....	167,338	460,631
8.	Dividends paid to policyholders.....		
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses).....	213,254	5,225
10.	Total (Lines 5 through 9).....	3,616,968	821,525
11.	Net cash from operations (Line 4 minus Line 10).....	(195,857)	100,150
CASH FROM INVESTMENTS			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds.....	1,164,725	815,000
12.2	Stocks.....		
12.3	Mortgage loans.....		
12.4	Real estate.....		
12.5	Other invested assets.....		
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments.....	(5)	(113)
12.7	Miscellaneous proceeds.....		
12.8	Total investment proceeds (Lines 12.1 to 12.7).....	1,164,720	814,887
13.	Cost of investments acquired (long-term only):		
13.1	Bonds.....	1,792,836	688,709
13.2	Stocks.....		
13.3	Mortgage loans.....		
13.4	Real estate.....		
13.5	Other invested assets.....		
13.6	Miscellaneous applications.....		
13.7	Total investments acquired (Lines 13.1 to 13.6).....	1,792,836	688,709
14.	Net increase (decrease) in contract loans and premium notes.....		
15.	Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....	(628,116)	126,178
CASH FROM FINANCING AND MISCELLANEOUS SOURCES			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes.....		
16.2	Capital and paid in surplus, less treasury stock.....		
16.3	Borrowed funds.....		
16.4	Net deposits on deposit-type contracts and other insurance liabilities.....		
16.5	Dividends to stockholders.....		
16.6	Other cash provided (applied).....		
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	0	0
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17).....	(823,973)	226,328
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year.....	972,615	746,287
19.2	End of year (Line 18 plus Line 19.1).....	148,643	972,615

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

20.0001		
---------	--	--

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

Line of Business		1	2	3	4
		Net Premiums Written per Column 6, Part 1B	Unearned Premiums December 31 Prior Year- per Col. 3, Last Year's Part 1	Unearned Premiums December 31 Current Year- per Col. 5, Part 1A	Premiums Earned During Year (Cols. 1 + 2 - 3)
1.	Fire.....	3,483	633	1,740	2,375
2.	Allied lines.....	22,395	4,347	11,378	15,364
3.	Farmowners multiple peril.....	0		0	0
4.	Homeowners multiple peril.....	0		0	0
5.	Commercial multiple peril.....	3,396	442	1,504	2,333
6.	Mortgage guaranty.....	0		0	0
8.	Ocean marine.....	0		0	0
9.	Inland marine.....	2,337	327	1,457	1,208
10.	Financial guaranty.....	0		0	0
11.1	Medical professional liability - occurrence.....	5,338	579	1,480	4,437
11.2	Medical professional liability - claims-made.....	91,892	10,245	30,537	71,600
12.	Earthquake.....	4,466	921	2,373	3,014
13.	Group accident and health.....	0		0	0
14.	Credit accident and health (group and individual).....	0		0	0
15.	Other accident and health.....	0		0	0
16.	Workers' compensation.....	486,297	35,473	129,820	391,949
17.1	Other liability - occurrence.....	1,412,420	143,611	497,449	1,058,582
17.2	Other liability - claims-made.....	216,185	24,567	71,422	169,329
17.3	Excess workers' compensation.....	0		0	0
18.1	Products liability - occurrence.....	531,221	62,296	200,090	393,428
18.2	Products liability - claims-made.....	109,958	14,400	41,743	82,615
19.1, 19.2	Private passenger auto liability.....	(2)		0	(2)
19.3, 19.4	Commercial auto liability.....	1,151,269	40,570	193,401	998,438
21.	Auto physical damage.....	8,690	680	4,174	5,195
22.	Aircraft (all perils).....	0		0	0
23.	Fidelity.....	0		0	0
24.	Surety.....	0		0	0
26.	Burglary and theft.....	8		5	3
27.	Boiler and machinery.....	(304)	2	6	(308)
28.	Credit.....	0		0	0
29.	International.....	0		0	0
30.	Warranty.....	0		0	0
31.	Reinsurance - nonproportional assumed property.....	0		0	0
32.	Reinsurance - nonproportional assumed liability.....	0		0	0
33.	Reinsurance - nonproportional assumed financial lines.....	0		0	0
34.	Aggregate write-ins for other lines of business.....	0	0	0	0
35.	TOTALS.....	4,049,049	339,093	1,188,581	3,199,561

DETAILS OF WRITE-INS

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

Line of Business		1	2	3	4	5
		Amount Unearned (Running One Year or Less from Date of Policy) (a)	Amount Unearned (Running More Than One Year from Date of Policy) (a)	Earned But Unbilled Premium	Reserve for Rate Credits and Retrospective Adjustments Based on Experience	Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1.	Fire.....	1,740				1,740
2.	Allied lines.....	11,378				11,378
3.	Farmowners multiple peril.....					0
4.	Homeowners multiple peril.....					0
5.	Commercial multiple peril.....	1,504				1,504
6.	Mortgage guaranty.....					0
8.	Ocean marine.....					0
9.	Inland marine.....	1,457				1,457
10.	Financial guaranty.....					0
11.1	Medical professional liability - occurrence.....	1,480				1,480
11.2	Medical professional liability - claims-made.....	30,537				30,537
12.	Earthquake.....	2,373				2,373
13.	Group accident and health.....					0
14.	Credit accident and health (group and individual).....					0
15.	Other accident and health.....					0
16.	Workers' compensation.....	129,820				129,820
17.1	Other liability - occurrence.....	497,449				497,449
17.2	Other liability - claims-made.....	71,422				71,422
17.3	Excess workers' compensation.....					0
18.1	Products liability - occurrence.....	200,090				200,090
18.2	Products liability - claims-made.....	41,743				41,743
19.1, 19.2	Private passenger auto liability.....					0
19.3, 19.4	Commercial auto liability.....	193,401				193,401
21.	Auto physical damage.....	4,174				4,174
22.	Aircraft (all perils).....					0
23.	Fidelity.....					0
24.	Surety.....					0
26.	Burglary and theft.....	5				5
27.	Boiler and machinery.....	6				6
28.	Credit.....					0
29.	International.....					0
30.	Warranty.....					0
31.	Reinsurance - nonproportional assumed property.....					0
32.	Reinsurance - nonproportional assumed liability.....					0
33.	Reinsurance - nonproportional assumed financial lines.....					0
34.	Aggregate write-ins for other lines of business.....	0	0	0	0	0
35.	TOTALS.....	1,188,581	0	0	0	1,188,581
36.	Accrued retrospective premiums based on experience.....					
37.	Earned but unbilled premiums.....					0
38.	Balance (sum of Lines 35 through 37).....					1,188,581

DETAILS OF WRITE-INS

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

(a) State here basis of computation used in each case: Daily pro rata

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.....		3,483				3,483
2.	Allied lines.....		22,395				22,395
3.	Farmowners multiple peril.....						.0
4.	Homeowners multiple peril.....						.0
5.	Commercial multiple peril.....		3,396				3,396
6.	Mortgage guaranty.....						.0
8.	Ocean marine.....						.0
9.	Inland marine.....		2,337				2,337
10.	Financial guaranty.....						.0
11.1	Medical professional liability - occurrence.....		5,338				5,338
11.2	Medical professional liability - claims-made.....		91,892				91,892
12.	Earthquake.....		4,466				4,466
13.	Group accident and health.....						.0
14.	Credit accident and health (group and individual).....						.0
15.	Other accident and health.....						.0
16.	Workers' compensation.....		486,297				486,297
17.1	Other liability - occurrence.....		1,412,420				1,412,420
17.2	Other liability - claims-made.....		216,185				216,185
17.3	Excess workers' compensation.....						.0
18.1	Products liability - occurrence.....		531,221				531,221
18.2	Products liability - claims-made.....		109,958				109,958
19.1, 19.2	Private passenger auto liability.....		(2)				(2)
19.3, 19.4	Commercial auto liability.....		1,151,269				1,151,269
21.	Auto physical damage.....		8,690				8,690
22.	Aircraft (all perils).....						.0
23.	Fidelity.....						.0
24.	Surety.....						.0
26.	Burglary and theft.....		8				8
27.	Boiler and machinery.....		(304)				(304)
28.	Credit.....						.0
29.	International.....						.0
30.	Warranty.....						.0
31.	Reinsurance - nonproportional assumed property.....	XXX					.0
32.	Reinsurance - nonproportional assumed liability.....	XXX					.0
33.	Reinsurance - nonproportional assumed financial lines.....	XXX					.0
34.	Aggregate write-ins for other lines of business.....	.0	.0	.0	.0	.0	.0
35.	TOTALS.....	.0	4,049,049	.0	.0	.0	4,049,049

DETAILS OF WRITE-INS

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

		Losses Paid Less Salvage				5	6	7	8
		1	2	3	4				
Line of Business		Direct Business	Reinsurance Assumed	Reinsurance Recovered	Net Payments (Cols. 1 + 2 - 3)	Net Losses Unpaid Current Year (Part 2A, Col. 8)	Net Losses Unpaid Prior Year	Losses Incurred Current Year (Cols. 4 + 5 - 6)	Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
1.	Fire.....		1,677		1,677	1,137	1,955	859	36.2
2.	Allied lines.....		1,690		1,690	19,201	1,369	19,522	127.1
3.	Farmowners multiple peril.....		0		0	0	0	0	0.0
4.	Homeowners multiple peril.....		0		0	0	0	0	0.0
5.	Commercial multiple peril.....		(769)		(769)	1,863	664	431	18.5
6.	Mortgage guaranty.....		0		0	0	0	0	0.0
8.	Ocean marine.....		0		0	0	0	0	0.0
9.	Inland marine.....		(180)		(180)	390	90	120	10.0
10.	Financial guaranty.....		0		0	0	0	0	0.0
11.1	Medical professional liability - occurrence.....		(3,305)		(3,305)	6,556	2,103	1,148	25.9
11.2	Medical professional liability - claims-made.....		(23,855)		(23,855)	80,284	27,379	29,049	40.6
12.	Earthquake.....		0		0	0	0	0	0.0
13.	Group accident and health.....		0		0	0	0	0	0.0
14.	Credit accident and health (group and individual).....		0		0	0	0	0	0.0
15.	Other accident and health.....		0		0	0	0	0	0.0
16.	Workers' compensation.....		(126,457)		(126,457)	400,681	124,215	150,009	38.3
17.1	Other liability - occurrence.....		(680,995)		(680,995)	1,509,675	456,635	372,046	35.1
17.2	Other liability - claims-made.....		(34,875)		(34,875)	169,298	58,941	75,482	44.6
17.3	Excess workers' compensation.....		0		0	0	0	0	0.0
18.1	Products liability - occurrence.....		(381,523)		(381,523)	684,142	212,486	90,134	22.9
18.2	Products liability - claims-made.....		(36,295)		(36,295)	67,268	24,859	6,114	7.4
19.1, 19.2	Private passenger auto liability.....	(267)		(267)	0	0	0	0	0.0
19.3, 19.4	Commercial auto liability.....		35,268		35,268	572,250	70,928	536,590	53.7
21.	Auto physical damage.....	(760)	2,289	(760)	2,289	2,352	274	4,367	84.0
22.	Aircraft (all perils).....		0		0	0	0	0	0.0
23.	Fidelity.....		0		0	0	0	0	0.0
24.	Surety.....		0		0	0	0	0	0.0
26.	Burglary and theft.....		0		0	1		1	20.9
27.	Boiler and machinery.....		(9)		(9)	26	4	13	(4.2)
28.	Credit.....		0		0	0	0	0	0.0
29.	International.....		0		0	0	0	0	0.0
30.	Warranty.....		0		0	0	0	0	0.0
31.	Reinsurance - nonproportional assumed property.....	XXX			0	0	0	0	0.0
32.	Reinsurance - nonproportional assumed liability.....	XXX			0	0	0	0	0.0
33.	Reinsurance - nonproportional assumed financial lines.....	XXX			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.....	(1,027)	(1,247,338)	(1,027)	(1,247,338)	3,515,124	981,902	1,285,885	40.2
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	0	0	XXX
3499.	Totals (Lines 3401 through 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	2	3	4	5	6	7	Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Net Unpaid Loss Adjustment Expenses
		Direct	Reinsurance Assumed	Deduct Reinsurance Recoverable	Net Losses Excluding Incurred but not Reported (Cols. 1 + 2 - 3)	Direct	Reinsurance Assumed	Reinsurance Ceded		
1.	Fire.....				0		1,137		1,137	1,446
2.	Allied lines.....		9		9		19,191		19,201	6,076
3.	Farmowners multiple peril.....				0				0	
4.	Homeowners multiple peril.....				0				0	
5.	Commercial multiple peril.....		941		941		922		1,863	119
6.	Mortgage guaranty.....				0				0	
8.	Ocean marine.....				0				0	
9.	Inland marine.....		7		7		383		390	543
10.	Financial guaranty.....				0				0	
11.1	Medical professional liability - occurrence.....		450		450		6,106		6,556	5,250
11.2	Medical professional liability - claims-made.....		37,020		37,020		43,263		80,284	53,887
12.	Earthquake.....				0				0	
13.	Group accident and health.....				0				(a) 0	
14.	Credit accident and health (group and individual).....				0				0	
15.	Other accident and health.....				0				(a) 0	
16.	Workers' compensation.....		189,020		189,020		211,661		400,681	135,407
17.1	Other liability - occurrence.....		377,737		377,737		1,131,939		1,509,675	999,318
17.2	Other liability - claims-made.....		53,168		53,168		116,130		169,298	115,700
17.3	Excess workers' compensation.....				0				0	
18.1	Products liability - occurrence.....		115,673		115,673		568,469		684,142	598,743
18.2	Products liability - claims-made.....		15,409		15,409		51,859		67,268	63,512
19.1, 19.2	Private passenger auto liability.....				0				0	9
19.3, 19.4	Commercial auto liability.....		373,200		373,200		199,050		572,250	501,151
21.	Auto physical damage.....		458		458		1,894		2,352	226
22.	Aircraft (all perils).....				0				0	
23.	Fidelity.....				0				0	
24.	Surety.....				0				0	
26.	Burglary and theft.....				0		1		1	
27.	Boiler and machinery.....				0		26		26	3
28.	Credit.....				0				0	
29.	International.....				0				0	
30.	Warranty.....				0				0	
31.	Reinsurance - nonproportional assumed property.....	XXX			0	XXX			0	
32.	Reinsurance - nonproportional assumed liability.....	XXX			0	XXX			0	
33.	Reinsurance - nonproportional assumed financial lines.....	XXX			0	XXX			0	
34.	Aggregate write-ins for other lines of business.....	0	0	0	0	0	0	0	0	0
35.	TOTALS.....	0	1,163,093	0	1,163,093	0	2,352,032	0	3,515,124	2,481,391

### DETAILS OF WRITE-INS

	<b>DETAILS OF WRITE-INS</b>								
3401.				.0				.0	
3402.				.0				.0	
3403.				.0				.0	
3498.	Summary of remaining write-ins for Line 34 from overflow page	.0	.0	.0	.0	.0	.0	.0	.0
3499.	Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)	.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	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct.....	1,756,067			1,756,067
1.2 Reinsurance assumed.....	2,279			2,279
1.3 Reinsurance ceded.....	1,294,298			1,294,298
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	464,048	0	0	464,048
2. Commission and brokerage:				
2.1 Direct, excluding contingent.....		2,548,437		2,548,437
2.2 Reinsurance assumed, excluding contingent.....		29,607		29,607
2.3 Reinsurance ceded, excluding contingent.....		3,537,130		3,537,130
2.4 Contingent - direct.....		97,843		97,843
2.5 Contingent - reinsurance assumed.....				0
2.6 Contingent - reinsurance ceded.....		1		1
2.7 Policy and membership fees.....		22,024		22,024
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7).....	0	(839,221)	0	(839,221)
3. Allowances to manager and agents.....		1,570		1,570
4. Advertising.....		2,560		2,560
5. Boards, bureaus and associations.....	17,692	46,215		63,907
6. Surveys and underwriting reports.....		(68,093)		(68,093)
7. Audit of assureds' records.....		17,894		17,894
8. Salary and related items:				
8.1 Salaries.....	625,504	774,486		1,399,990
8.2 Payroll taxes.....	43,229	53,637		96,866
9. Employee relations and welfare.....	104,717	129,754		234,471
10. Insurance.....	9,897	11,924		21,821
11. Directors' fees.....				0
12. Travel and travel items.....	19,970	31,163		51,132
13. Rent and rent items.....	56,942	64,907		121,849
14. Equipment.....	25,109	27,629		52,739
15. Cost or depreciation of EDP equipment and software.....	10,422	36,230		46,652
16. Printing and stationery.....	30,652	24,668		55,320
17. Postage, telephone and telegraph, exchange and express.....	12,195	17,444		29,640
18. Legal and auditing.....	651	8,461		9,112
19. Totals (Lines 3 to 18).....	956,980	1,180,450	0	2,137,430
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....2,629.....		150,883		150,883
20.2 Insurance department licenses and fees.....		11,104		11,104
20.3 Gross guaranty association assessments.....		9,635		9,635
20.4 All other (excluding federal and foreign income and real estate).....		8,453		8,453
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....	0	180,075	0	180,075
21. Real estate expenses.....				0
22. Real estate taxes.....				0
23. Reimbursements by uninsured plans.....				0
24. Aggregate write-ins for miscellaneous expenses.....	16,432	47,373	5,356	69,161
25. Total expenses incurred.....	1,437,460	568,677	5,356	(a).....2,011,493
26. Less unpaid expenses - current year.....	2,481,392	9,600	891	2,491,883
27. Add unpaid expenses - prior year.....	643,192	9,000	920	653,112
28. Amounts receivable relating to uninsured plans, prior year.....				0
29. Amounts receivable relating to uninsured plans, current year.....				0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29).....	(400,740)	568,077	5,385	172,722

DETAILS OF WRITE-INS

2401. Outside Consulting.....	15,117	40,117		55,235
2402. Claims Search Fees.....		1,663		1,663
2403. Shared Reimbursements.....	(196)	(4,320)		(4,516)
2498. Summary of remaining write-ins for Line 24 from overflow page.....	1,511	9,913	5,356	16,779
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above).....	16,432	47,373	5,356	69,161

(a) Includes management fees of \$.....0 to affiliates and \$.....3,637 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. government bonds.....	(a).....34,031	.....31,060
1.1	Bonds exempt from U.S. tax.....	(a).....	.....
1.2	Other bonds (unaffiliated).....	(a).....3,730	.....10,349
1.3	Bonds of affiliates.....	(a).....	.....
2.1	Preferred stocks (unaffiliated).....	(b).....	.....
2.11	Preferred stocks of affiliates.....	(b).....	.....
2.2	Common stocks (unaffiliated).....	.....	.....
2.21	Common stocks of affiliates.....	.....	.....
3.	Mortgage loans.....	(c).....	.....
4.	Real estate.....	(d).....	.....
5.	Contract loans.....	.....	.....
6.	Cash, cash equivalents and short-term investments.....	(e).....348	.....348
7.	Derivative instruments.....	(f).....	.....
8.	Other invested assets.....	.....	.....
9.	Aggregate write-ins for investment income.....	.....0	.....0
10.	Total gross investment income.....	.....38,109	.....41,758
11.	Investment expenses.....	.....	(g).....5,356
12.	Investment taxes, licenses and fees, excluding federal income taxes.....	.....	(g).....
13.	Interest expense.....	.....	(h).....
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).....	.....	.....5,356
17.	Net investment income (Line 10 minus Line 16).....	.....	.....36,402

DETAILS OF WRITE-INS

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

- (a) Includes \$.....4,825 accrual of discount less \$.....704 amortization of premium and less \$.....1,274 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 \$.....55 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
- (g) Includes \$.....0 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	2	3	4	5
	Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	.....(145)	.....	.....(145)	.....	.....
1.1	.....	.....	.....0	.....	.....
1.2	.....	.....	.....0	.....	.....
1.3	.....	.....	.....0	.....	.....
2.1	.....	.....	.....0	.....	.....
2.11	.....	.....	.....0	.....	.....
2.2	.....	.....	.....0	.....	.....
2.21	.....	.....	.....0	.....	.....
3.	.....	.....	.....0	.....	.....
4.	.....	.....	.....0	.....	.....
5.	.....	.....	.....0	.....	.....
6.	.....(5)	.....	.....(5)	.....	.....
7.	.....	.....	.....0	.....	.....
8.	.....	.....	.....0	.....	.....
9.	.....0	.....0	.....0	.....0	.....0
10.	.....(149)	.....0	.....(149)	.....0	.....0

DETAILS OF WRITE-INS

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

Falls Lake General Insurance Company  
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
2. Stocks (Schedule D):			
2.1 Preferred stocks.....			0
2.2 Common stocks.....			0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....			0
3.2 Other than first liens.....			0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....			0
4.2 Properties held for the production of income.....			0
4.3 Properties held for sale.....			0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....			0
6. Contract loans.....			0
7. Derivatives (Schedule DB).....			0
8. Other invested assets (Schedule BA).....			0
9. Receivables for securities.....			0
10. Securities lending reinvested collateral assets (Schedule DL).....			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
14. Investment income due and accrued.....			0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....			0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....			0
15.3 Accrued retrospective premiums and contracts subject to redetermination.....			0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers.....			0
16.2 Funds held by or deposited with reinsured companies.....			0
16.3 Other amounts receivable under reinsurance contracts.....			0
17. Amounts receivable relating to uninsured plans.....			0
18.1 Current federal and foreign income tax recoverable and interest thereon.....			0
18.2 Net deferred tax asset.....	89,416	52,406	(37,010)
19. Guaranty funds receivable or on deposit.....			0
20. Electronic data processing equipment and software.....			0
21. Furniture and equipment, including health care delivery assets.....			0
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0
23. Receivables from parent, subsidiaries and affiliates.....			0
24. Health care and other amounts receivable.....			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).....	89,416	52,406	(37,010)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0
28. TOTALS (Lines 26 and 27).....	89,416	52,406	(37,010)

DETAILS OF WRITE-INS

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

	SSAP #	F/S Page	F/S Line #	2016	2015
<b>NET INCOME</b>					
(1) Falls Lake General Insurance Company state basis (Page 4, Line 20, Columns 1 & 2)	XXX	XXX	XXX	\$ (186,189)	\$ 69,091
(2) State Prescribed Practices that increase/decrease NAIC SAP	OH				
(3) State Permitted Practices that increase/decrease NAIC SAP	OH				
(4) NAIC SAP (1 – 2 – 3 = 4)	XXX	XXX	XXX	\$ (186,189)	\$ 69,091
<b>SURPLUS</b>					
(5) Falls Lake General Insurance Company state basis (Page 3, line 37, Columns 1 & 2)	XXX	XXX	XXX	\$ 4,163,654	\$ 4,237,222
(6) State Prescribed Practices that increase/decrease NAIC SAP	OH				
(7) State Permitted Practices that increase/decrease NAIC SAP	OH				
(8) NAIC SAP (5 – 6 – 7 = 8)	XXX	XXX	XXX	\$ 4,163,654	\$ 4,237,222

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:

- Short-term investments are stated at amortized cost.
- Bonds are stated at amortized cost using the interest method.
- The Company does not have any investments in common stocks.
- The Company does not have any investments in preferred stocks.
- The Company does not have any mortgage loans on real estate.
- The Company does not have any loan-backed securities.
- 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.
- The Company does not have any minor ownership interests in joint ventures.
- The Company does not have any derivatives investments.
- The Company anticipates investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 53, Property-Casualty Contracts-Premiums.
- 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.
- The Company has not modified its capitalization policy from the prior period.
- The Company does not have pharmaceutical rebate receivables.

NOTES TO FINANCIAL STATEMENTS

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 2016.

B. Statutory Merger

The Company was not involved in any statutory mergers during 2016.

C. Impairment Loss

The Company did not recognize any impairment loss during 2016.

Note 4 – Discontinued Operations

The Company did not have any discontinued operations during 2016.

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 2016.

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.

H. Restricted Assets

(1) Restricted Assets (Including Pledged)

	Gross (Admitted & Nonadmitted) Restricted							Current Year			
	Current Year								Percentage		
	1	2	3	4	5	6	7	8	9	10	11
	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 Nonadmitted Restricted	Total Admitted Restricted (5 minus 8)	Gross (Admitted & Nonadmitted) Restricted to Total Assets (c)	Admitted Restricted to Total Admitted Assets (d)
j. On deposit with states	571,982				571,982	1,064,512	(492,530)		571,982	4.641	4.675
o. Total Restricted Assets	\$ 571,982	\$	\$	\$	\$ 571,982	\$ 1,064,512	\$ (492,530)		\$ 571,982	4.641	4.675%

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.

NOTES TO FINANCIAL STATEMENTS

L. 5\* Securities

The Company does not have any 5\* securities.

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, 2016.

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)

	2016			2015			Change		
	1	2	3	4	5	6	7	8	9
	Ordinary	Capital	(Col 1+2) Total	Ordinary	Capital	(Col 4+5) Total	(Col 1-4) Ordinary	(Col 2-5) Capital	(Col 7+8) Total
a. Gross deferred tax assets	\$ 274,202	\$	\$ 274,202	\$ 124,163	\$	\$ 124,163	\$ 150,039	\$	\$ 150,039
b. Statutory valuation allowance adjustment									
c. Adjusted gross deferred tax assets (1a-1b)	274,202		274,202	124,163		124,163	150,039		150,039
d. Deferred tax assets nonadmitted	89,416		89,416	52,406		52,406	37,010		37,010
e. Subtotal net admitted deferred tax asset (1c-1d)	184,786		184,786	71,757		71,757	113,029		113,029
f. Deferred tax liabilities	1,563		1,563	1,155		1,155	408		408
g. Net admitted deferred tax assets/(net deferred tax liability) (1e-1f)	\$ 183,223	\$	\$ 183,223	\$ 70,602	\$	\$ 70,602	\$ 112,621	\$	\$ 112,621



NOTES TO FINANCIAL STATEMENTS

2. Admission Calculation Components

	2016			2015			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	\$	\$ 37,127	\$ (37,127)	\$	\$ (37,127)
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:	183,223		183,223	33,475		33,475	149,748		149,748
Adjusted gross deferred tax assets expected to be realized following the balance sheet date	183,223		183,223	33,475		33,475	149,748		149,748
Adjusted gross deferred tax assets allowed per limitation threshold			594,435			624,993			(30,558)
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	1,563		1,563	1,155		1,155	408		408
d. Deferred tax assets admitted as the result of application of SSAP 101. Total (2(a)+2(b)+2(c)	\$ 184,786	\$	\$ 184,786	\$ 71,757	\$	\$ 71,757	\$ 113,029	\$	\$ 113,029

3. Other Admissibility Criteria

		2016	2015
a.	Ratio percentage used to determine recovery period and threshold limitation amount	421.000%	2,110.000%
b.	Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	\$ 3,980,431	\$ 4,166,620

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.

	12/31/2016		12/31/2015		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)	\$ 274,202	\$	\$ 124,163	\$	\$ 150,039	\$
2. Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies	%	%	%	%	%	%
3. Net Admitted Adjusted Gross DTAs amount from Note 9A1(e)	\$ 184,786	\$	\$ 71,757	\$	\$ 113,029	\$
4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies	%	%	%	%	%	%

NOTES TO FINANCIAL STATEMENTS

(b) Does the company’s tax planning strategies include the use of reinsurance? NO

B. Deferred Tax Liabilities Not Recognized

C. Current and Deferred Income Taxes

1. Current Income Tax

	1	2	3
	2016	2015	(Col 1-2) Change
a. Federal	\$ 130,032	\$ 18,881	\$ 111,151
b. Foreign			
c. Subtotal	\$ 130,032	\$ 18,881	\$ 111,151
d. Federal income tax on net capital gains	(52)		(52)
e. Utilization of capital loss carry-forwards			
f. Other		(94)	94
g. Federal and Foreign income taxes incurred	\$ 129,980	\$ 18,787	\$ 111,193

2. Deferred Tax Assets

	1	2	3
	2016	2015	(Col 1-2) Change
a. Ordinary:			
1. Discounting of unpaid losses	\$ 144,334	\$ 48,616	\$ 95,718
2. Unearned premium reserve	83,201	23,737	59,464
3. Policyholder reserves			
4. Investments		477	(477)
5. Deferred acquisition costs			
6. Policyholder dividends accrual			
7. Fixed assets			
8. Compensation and benefits accrual			
9. Pension accrual			
10. Receivables - nonadmitted			
11. Net operating loss carry-forward			
12. Tax credit carry-forward			
13. Other (including items <5% of total ordinary tax assets)	46,667	51,333	(4,666)
99. Subtotal	\$ 274,202	\$ 124,163	\$ 150,039
b. Statutory valuation allowance adjustment			
c. Nonadmitted	89,416	52,406	37,010
d. Admitted ordinary deferred tax assets (2a99-2b-2c)	\$ 184,786	\$ 71,757	\$ 113,029
e. Capital:			
1. Investments	\$	\$	\$
2. Net capital loss carry-forward			
3. Real estate			
4. Other (including items <5% of total capital tax assets)			
99. Subtotal	\$	\$	\$
f. Statutory valuation allowance adjustment			
g. Nonadmitted			
h. Admitted capital deferred tax assets (2e99-2f-2g)			
i. Admitted deferred tax assets (2d+2h)	\$ 184,786	\$ 71,757	\$ 113,029

3. Deferred Tax Liabilities

	1	2	3
	2016	2015	(Col 1–2) Change
a. Ordinary:			
1. Investments	\$ 1,563	\$ 1,155	\$ 408
2. Fixed assets			
3. Deferred and uncollected premium			
4. Policyholder reserves			
5. Other (including items <5% of total ordinary tax liabilities)			
99. Subtotal	\$ 1,563	\$ 1,155	\$ 408
b. Capital:			
1. Investments	\$	\$	\$
2. Real estate			
3. Other (including items <5% of total capital tax liabilities)			
99. Subtotal			
c. Deferred tax liabilities (3a99+3b99)	\$ 1,563	\$ 1,155	\$ 408

4. Net Deferred Tax Assets (2i – 3c)	\$ 183,223	\$ 70,602	\$ 112,621
--------------------------------------	------------	-----------	------------

NOTES TO FINANCIAL STATEMENTS

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 (%)
Permanent Differences:		
Provision computed at statutory rate	\$ (19,673)	35%
Proration of tax exempt investment income	0	0%
Tax exempt income deduction	0	0%
Dividends received deduction	0	0%
Disallowed travel and entertainment	0	0%
Other permanent differences	0	0%
Temporary Differences:		
Total ordinary DTAs	\$ 0	0%
Total ordinary DTLs	0	0%
Total capital DTAs	0	0%
Total capital DTLs	0	0%
Other:		
Statutory valuation allowance adjustment	\$ 0	0%
Accrual adjustment – prior year	0	0%
Other	22	0%
Totals	\$ (19,651)	35%
Federal and foreign income taxes incurred	130,032	231.2%
Realized capital gains (losses) tax	(52)	0%
Change in net deferred income taxes	(149,631)	(266.2)%
Total statutory income taxes	\$ (19,651)	35%

E. Operating Loss and Tax Credit Carryforwards and Protective Tax Deposits

At December 31, 2016, the Company did not have any unused operating loss carryforwards available to offset against future taxable income.

The following is income tax expense for 2016 and 2015 that is available for recoupment in the event of future net losses:

Year	Amount
2016	\$ 0
2015	\$ 0

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

F. Consolidated Federal Income Tax Return

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 Fire and Casualty Company
- Falls Lake National Insurance 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. Estimated tax payments are settled with the Company’s parent at the time such estimates are payable to the Internal Revenue Service. Final settlement between the Company and its parent is made within 90 days of the tax return filing.

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, 2016, as a result of the pooling, the Company reported a net amount due to Falls Lake National Insurance Company of \$45,832. See Note 26 for additional details.

NOTES TO FINANCIAL STATEMENTS

- C. Change in Terms of Intercompany Arrangements
- The Company did not have any intercompany arrangements as of December 31, 2016, except as discussed in Notes 9F, 10F, and 26.
- Effective January 1, 2015, the Company changed its ceding commission rate with JRG Re Reinsurance Company, Ltd. (an affiliate) from 22% to 24%.
- D. Amounts Due to or from Related Parties
- As a result of the intercompany pooling arrangement, the Company reported a \$45,832 payable to Falls Lake National Insurance Company at December 31, 2016. 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.
- 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, 2016.
- B. FHLB (Federal Home Loan Bank) Agreements
- The Company does not have any FHLB (Federal Home Loan Bank) loan agreements at December 31, 2016.

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.

NOTES TO FINANCIAL STATEMENTS

- 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 2016. 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 2017 based on capital and surplus is \$416,365.
- (4)

Dividends Paid

The Company did not pay dividends during 2016.
- (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:
- (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.

NOTES TO FINANCIAL STATEMENTS

(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, 2016.
- 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, 2016.
- C. Gain Contingencies
- The Company has no gain contingencies at December 31, 2016.
- 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 2016.
- 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.

Note 15 – Leases

- A. Lessee Operating Lease
- The Company does not have any material lease obligations at December 31, 2016.
- 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 2016.
- B. Transfer and Servicing of Financial Assets
- The Company did not transfer or service any financial assets or extinguish liabilities during 2016.
- C. Wash Sales
- The Company did not enter into any wash sale transactions during 2016.

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 2016.

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 2016.

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.

NOTES TO FINANCIAL STATEMENTS

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 2016 and 2015. There were no transfers between Level 1 and Level 2 or between Level 2 and Level 3 during 2016.

(1) Fair Value Measurements at Reporting Date

Assets at Fair Value	Level 1	Level 2	Level 3	Total
Bonds are reported at amortized cost	\$	\$	\$	\$
Short-term investments are carried at amortized cost				
Total	\$	\$	\$	\$

Liabilities at Fair Value	Level 1	Level 2	Level 3	Total
Not applicable	\$	\$	\$	\$
Total	\$	\$	\$	\$

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

	Beginning Balance at 1/1/2016	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 12/31/2016
a. Assets										
Not applicable	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Total	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

	Beginning Balance at 1/1/2016	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 12/31/2016
b. Liabilities										
Not applicable	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Total	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

(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	\$ 3,774,862	\$ 3,794,422	\$ 2,626,423	\$ 1,148,439	\$	\$
Short-term investments	82,842	82,842	82,842			

D. Not Practicable to Estimate Fair Value

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

Note 21 – Other Items

A. Unusual or Infrequent Items

The Company did not have any unusual or infrequent items reported in 2016.

B. Troubled Debt Restructuring Debtors

The Company did not have any troubled debt restructurings in 2016.

C. Other Disclosures

Effective January 1, 2016, the Company's intercompany pooling percentage changed from 1% to 3%. See Note 26 for additional details.

NOTES TO FINANCIAL STATEMENTS

- D.

Business Interruption Insurance Recoveries

The Company did not have any events giving rise to business interruption insurance recoveries during 2016.
- E.

State Transferable and Non-Transferable Tax Credits

The Company does not have any state transferable credits available at December 31, 2016.
- F.

Subprime Mortgage Related Risk Exposure

The Company does not have any exposure to subprime mortgage-related risks.
- 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, 2016. Subsequent events have been considered through February 23, 2016 for the statutory statement issued February 28, 2016.

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	\$	\$
C.	ACA fee assessment paid		
D.	Premium written subject to ACA 9010 assessment		
E.	Total adjusted capital before surplus adjustment (Five-Year Historical Line 28)	4,163,654	
F.	Total adjusted capital (Five-Year Historical Line 28 minus 22B above)	4,163,654	
G.	Authorized control level (Five-Year Historical Line 29)	\$ 945,827	
H.	Would reporting the ACA assessment as of December 31, 2016 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	\$ 1,188,581	\$ 200,518	\$	\$	\$ 1,188,581	\$ 200,518
b.	All Other						
c.	Total	\$ 1,188,581	\$ 200,518	\$	\$	\$ 1,188,581	\$ 200,518
d.	Direct Unearned Premium Reserves			\$			

(2) There were no direct or ceded contingent commission accruals recorded as of December 31, 2016.

(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 Redetermination

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 3%. Schedule P reflects the pooled activity for all years presented in accordance with the NAIC Annual Statement Instructions.



NOTES TO FINANCIAL STATEMENTS

The following table provides an analysis of the change in loss and loss adjustment reserves, net of reinsurance recoverables for 2016 and 2015:

	2016	2015
Balance at beginning of period	\$1,625,094	\$1,491,441
Losses and loss adjustment expenses incurred:		
Current accident year	2,898,210	681,846
Prior accident years	(174,865)	(127,542)
	2,723,345	554,304
Losses and loss adjustment expenses payments made for:		
Current accident year	519,410	107,527
Prior accident years	(2,167,487)	313,124
	(1,648,077)	420,651
Balance at end of period	\$5,996,516	\$1,625,094

The Company’s reserves for losses and loss adjustment expenses, attributable to insured events of prior years, decreased by approximately \$175 thousand in 2016, resulting primarily from other liability partially offset by an increase in the commercial auto liability 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.

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	7%
James River Insurance Company	NAIC #12203	61%
Stonewood Insurance Company	NAIC #11828	14%
James River Casualty Company	NAIC #13685	9%
Falls Lake General Insurance Company	NAIC #35211	3%
Falls Lake Fire and Casualty Company	NAIC #15884	6%

E. Not applicable

F. Not applicable

G. As a result of the pooling, the amount due to Falls Lake National Insurance Company is \$45,832 as of December 31, 2016.

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:

\$
2.

Date of most recent evaluation of this liability:

January 15, 2017
3.

Was anticipated investment income utilized in the calculation?

Yes [ ] No [ X ]

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.

NOTES TO FINANCIAL STATEMENTS

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

		2012	2013	2014	2015	2016
a.	Beginning reserves (including Case, Bulk + IBNR Loss & LAE)	\$	\$	\$	\$	\$
b.	Incurred losses and loss adjustment expense					
c.	Calendar year payments for losses and loss adjustment expenses					
d.	Ending reserves (including Case, Bulk + IBNR Loss & LAE)	\$	\$	\$	\$	\$

(2) Assumed Reinsurance

		2012	2013	2014	2015	2016
a.	Beginning reserves (including Case, Bulk + IBNR Loss & LAE)	\$	\$	\$ 6,818	\$ 4,577	\$ 2,265
b.	Incurred losses and loss adjustment expense		7,010	(1,173)	1,503	(3,852)
c.	Calendar year payments for losses and loss adjustment expenses		192	1,068	3,815	(3,427)
d.	Ending reserves (including Case, Bulk + IBNR Loss & LAE)	\$	\$ 6,818	\$ 4,577	\$ 2,265	\$ 1,840

(3) Net of Ceded Reinsurance

		2012	2013	2014	2015	2016
a.	Beginning reserves (including Case, Bulk + IBNR Loss & LAE)	\$	\$	\$ 6,818	\$ 4,577	\$ 2,265
b.	Incurred losses and loss adjustment expense		7,010	(1,173)	1,503	(3,852)
c.	Calendar year payments for losses and loss adjustment expenses		192	1,068	3,815	(3,427)
d.	Ending reserves (including Case, Bulk + IBNR Loss & LAE)	\$	\$ 6,818	\$ 4,577	\$ 2,265	\$ 1,840

- B. Asbestos IBNR and Bulk Reserves - Direct, Assumed and Net - None
- C. Asbestos LAE Reserves - Direct, Assumed and Net - None
- D. Five-Year Rollforward of Environmental Reserves - Direct, Assumed and Net - None
- E. Environmental IBNR and Bulk Reserves - Direct, Assumed and Net - None
- F. Environmental LAE Reserves - Direct, Assumed and Net - None

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.

Note 36 – Financial Guaranty Insurance

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

12/31/2014

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).

11/09/2015

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 the 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	3
Name of Entity	NAIC Company Code	State of Domicile
Not Applicable		

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

1	2
Nationality	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	2	3	4	5	6
Affiliate Name	Location (City, State)	FRB	OCC	FDIC	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 [ ☒ ]

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 [ ☒ ] 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 [ ☒ ]

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 [ ☒ ]

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 [ ☒ ]

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

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 [ ☒ ] No [ ☐ ]

17.

Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?

Yes [ ☒ ] 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 [ ☒ ] 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 [ ☒ ]

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 reporting in the statement?

Yes [ ☐ ] No [ ☒ ]

21.2

If yes, state the amount thereof at December 31 of the current year:

21.21

Rented from others

\$

21.22

Borrowed from others

\$

21.23

Leased from others

\$

21.24

Other

\$

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 [ ☒ ]

22.2

If answer is yes:

22.21

Amount paid as losses or risk adjustment

\$

22.22

Amount paid as expenses

\$

22.23

Other amounts paid

\$

23.1

Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes [ ☐ ] No [ ☒ ]

23.2

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

\$

0

15.1

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

INVESTMENT

24.01

Were all of 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 ☒ No ☐

24.02

If no, give full and complete information, relating thereto:  
Not Applicable

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).  
The Company is not involved in any security lending programs.

24.04

Does the company's security lending program meet the requirements for a conforming program as outlined in the *Risk-Based Capital Instructions*?

Yes ☐ No ☐ N/A ☒

24.05

If answer to 24.04 is yes, report amount of collateral for conforming programs.

\$

24.06

If answer to 24.04 is no, report amount of collateral for other programs

\$

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 ☒

24.08

Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?

Yes ☐ No ☐ N/A ☒

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 ☒

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 ☒ No ☐

25.2

If yes, state the amount thereof at December 31 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

\$571,679

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		\$

26.1

Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes ☐ No ☒

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.  
Not Applicable

Yes ☐ No ☐ N/A ☒

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 ☒

27.2

If yes, state the amount thereof at December 31 of the current year:

\$

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 *Financial Condition Examiners Handbook*?

Yes ☒ No ☐

28.01

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

1 Name of Custodian(s)	2 Custodian's 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 *Financial Condition Examiners Handbook*, 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 ☒

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

Investment management – Identify all investment advisors, investment managers, broker/dealers, including individuals that have the authority to make investment decisions on behalf of the reporting entity. For assets that are managed internally by employees of the reporting entity, note as such. ["...that have access to the investment accounts", "... handle securities"].

1 Name of Firm or Individual	2 Affiliation
New England Asset Management, Inc.	U

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

28.0597 For those firms/individuals listed in the table for Question 28.05, do any firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") manage more than 10% of the reporting entity's assets?

Yes ☒ No ☐

28.0598 For firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") listed in the table for Question 28.05, does the total assets under management aggregate to more than 50% of the reporting entity's assets?

Yes ☐ No ☒

28.06 For those firms or individuals listed in the table for 28.05 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

1	2	3	4	5
Central Registration Depository Number	Name of Firm or Individual	Legal Entity Identifier (LEI)	Registered With	Investment Management Agreement (IMA) Filed
105900	New England Asset Management, Inc.	KUR85E5PS4GQFZTFC130	SEC	NO

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 ☒

29.2 If yes, complete the following schedule:

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

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 Holding	4  Date of Valuation
Not Applicable			

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	3,835,600	3,816,040	(19,560)
30.2	Preferred Stocks	0	0	0
30.3	Totals	3,835,600	3,816,040	(19,560)

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

Fair values are based on values either published by the NAIC's Securities Valuation Office (SVO) or from an independent pricing service vendor such as BofA Merrill Lynch indices, Reuters, S&P, Bloomberg, Markit, Market iBoxx, Pricing Direct or Interactive Data Corp. If an SVO price or vendor price is unavailable, a price may be obtained from a broker. Short term securities are valued at amortized cost. Non-government money market funds are valued at NPV.

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 ☒

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 reliable 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 ☒ 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?

\$18,760

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
A.M. Best Company	\$18,000

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
	\$

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
	\$

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:  
Not Applicable

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

2

Current Year

Prior Year

2.1

Premium Numerator

\$

0

\$

0

2.2

Premium Denominator

\$

3,199,561

\$

850,001

2.3

Premium Ratio (2.1/2.2)

2.4

Reserve Numerator

\$

0

\$

0

2.5

Reserve Denominator

\$

8,067,321

\$

2,109,214

2.6

Reserve Ratio (2.4/2.5)

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

3.22

Non-participating policies

\$

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?

%

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 fulfillment 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?  
Although the Company did not write any direct business in 2016, the net business assumed is protected up to \$29.4 million through non-affiliated reinsurance.

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:  
For business assumed through the intercompany reinsurance pooling agreement, the Group estimates probable maximum loss by use 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 Touchstone catastrophe model from AIR Worldwide, version 3.1. The Group also relies on modeling expertise from its reinsurers and reinsurance brokers.

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?  
Assumed business is protected by property catastrophe reinsurance.

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:  
Not Applicable

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 [ <input type="checkbox"/> ]	No [ <input checked="" type="checkbox"/> X ]
7.2	If yes, indicate the number of reinsurance contracts containing such provisions.	<div><div></div><div>0</div></div>	
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 [ <input type="checkbox"/> ]	No [ <input type="checkbox"/> ]
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 [ <input type="checkbox"/> ]	No [ <input checked="" type="checkbox"/> 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: <div><div>(a)</div><div>A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;</div><div>(b)</div><div>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;</div><div>(c)</div><div>Aggregate stop loss reinsurance coverage;</div><div>(d)</div><div>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;</div><div>(e)</div><div>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</div><div>(f)</div><div>Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity?</div></div>	Yes [ <input type="checkbox"/> ]	No [ <input checked="" type="checkbox"/> X ]
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: <div><div>(a)</div><div>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</div><div>(b)</div><div>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.</div></div>	Yes [ <input type="checkbox"/> ]	No [ <input checked="" type="checkbox"/> X ]
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: <div><div>(a)</div><div>The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;</div><div>(b)</div><div>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</div><div>(c)</div><div>A brief discussion of management’s principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.</div></div>		
9.4	Except for transactions meeting the requirements of paragraph 31 of <i>SSAP No. 62R, Property and Casualty Reinsurance</i> , 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: <div><div>(a)</div><div>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</div><div>(b)</div><div>Accounted for that contract as reinsurance under GAAP and as a deposit under SAP?</div></div>	Yes [ <input type="checkbox"/> ]	No [ <input checked="" type="checkbox"/> X ]
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.		
9.6	The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria: <div><div>(a)</div><div>The entity does not utilize reinsurance; or,</div><div>(b)</div><div>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</div><div>(c)</div><div>The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement.</div></div>	Yes [ <input type="checkbox"/> ]	No [ <input checked="" type="checkbox"/> X ]
10.	If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances 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 [ <input checked="" type="checkbox"/> X ]	No [ <input type="checkbox"/> ]
11.1	Has the reporting entity guaranteed policies issued by any other entity and now in force?	Yes [ <input type="checkbox"/> ]	No [ <input checked="" type="checkbox"/> 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: <div><div>12.11</div><div>Unpaid losses</div><div>12.12</div><div>Unpaid underwriting expenses (including loss adjustment expenses)</div></div>	<div><div>\$</div><div></div><div>0</div></div> <div><div>\$</div><div></div><div>0</div></div>	
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?	<div><div>\$</div><div></div><div>0</div></div>	
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 [ <input type="checkbox"/> ]	No [ <input type="checkbox"/> ]
12.4	If yes, provide the range of interest rates charged under such notes during the period covered by this statement: <div><div>12.41</div><div>From</div><div>12.42</div><div>To</div></div>	<div><div></div><div>%</div></div> <div><div></div><div>%</div></div>	N/A [ <input checked="" type="checkbox"/> X ]
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 [ <input type="checkbox"/> ]	No [ <input checked="" type="checkbox"/> X ]
12.6	If yes, state the amount thereof at December 31 of current year: <div><div>12.61</div><div>Letters of Credit</div><div>12.62</div><div>Collateral and other funds</div></div>	<div><div>\$</div><div></div><div>0</div></div> <div><div>\$</div><div></div><div>0</div></div>	
13.1	Largest net aggregate amount insured in any one risk (excluding workers’ compensation):	<div><div>\$</div><div></div><div>45,000</div></div>	



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 ☒

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.

2

14.1

Is the reporting entity a cedant in a multiple cedant reinsurance contract?

Yes ☒ No ☐

14.2

If yes, please describe the method of allocating and recording reinsurance among the cedants:  
Premiums and losses are ceded on a pro-rata basis.

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 ☒

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 ☒

14.5

If the answer to 14.4 is no, please explain:  
Premiums ceded are based upon rate times (x) direct premium written. Losses would be allocated pro-rata.

15.1

Has the reporting entity guaranteed any financed premium accounts?

Yes ☐ No ☒

15.2

If yes, give full information  
Not Applicable

16.1

Does the reporting entity write any warranty business?

Yes ☐ No ☒

If yes, disclose the following information for each of the following types of warranty coverage:

	1	2	3	4	5
	Direct Losses Incurred	Direct Losses Unpaid	Direct Written Premium	Direct Premium Unearned	Direct Premium Earned
16.11 Home	\$ 0	\$ 0	\$ 0	\$ 0	0
16.12 Products	\$ 0	\$ 0	\$ 0	\$ 0	0
16.13 Automobile	\$ 0	\$ 0	\$ 0	\$ 0	0
16.14 Other*	\$ 0	\$ 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 ☒

Included 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 ☒

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 ☒

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 2016	2 2015	3 2014	4 2013	5 2012
<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).....	4,004,578	884,539	721,034	689,647	
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	41,379	10,338	13,612	21,310	
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	3,092	479	1,701		
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....					
5. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
6. Total (Line 35).....	4,049,049	895,356	736,347	710,957	0
<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).....	4,004,578	884,539	721,034	689,647	
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	41,379	10,338	13,612	21,310	
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	3,092	479	1,701		
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....					
11. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
12. Total (Line 35).....	4,049,049	895,356	736,347	710,957	0
<b>Statement of Income (Page 4)</b>					
13. Net underwriting gain (loss) (Line 8).....	(92,462)	53,001	56,651	96,522	(34,607)
14. Net investment gain (loss) (Line 11).....	36,305	34,877	35,193	33,303	54,697
15. Total other income (Line 15).....				196	
16. Dividends to policyholders (Line 17).....					
17. Federal and foreign income taxes incurred (Line 19).....	130,032	18,787	16,780	93,165	3,104
18. Net income (Line 20).....	(186,189)	69,091	75,064	36,856	16,986
<b>Balance Sheet Lines (Pages 2 and 3)</b>					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3).....	12,234,455	6,351,516	6,065,725	5,785,531	3,932,347
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 15.1).....	829,381	167,068	151,687	91,357	
20.2 Deferred and not yet due (Line 15.2).....					
20.3 Accrued retrospective premiums (Line 15.3).....					
21. Total liabilities excluding protected cell business (Page 3, Line 26).....	8,070,801	2,114,294	1,897,630	1,711,457	20,068
22. Losses (Page 3, Line 1).....	3,515,125	981,902	900,494	887,574	
23. Loss adjustment expenses (Page 3, Line 3).....	2,481,392	643,192	590,947	552,589	
24. Unearned premiums (Page 3, Line 9).....	1,188,581	339,093	293,738	233,387	
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).....	4,163,654	4,237,222	4,168,095	4,074,074	3,912,279
<b>Cash Flow (Page 5)</b>					
27. Net cash from operations (Line 11).....	(195,857)	100,150	92,790	(60,622)	45,835
<b>Risk-Based Capital Analysis</b>					
28. Total adjusted capital.....	4,163,654	4,237,222	4,168,095	4,074,074	3,912,279
29. Authorized control level risk-based capital.....	945,827	197,505	172,519	165,618	21,616
<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).....	96.2	76.5	81.5	83.4	38.8
31. Stocks (Lines 2.1 & 2.2).....					
32. Mortgage loans on real estate (Lines 3.1 & 3.2).....					
33. Real estate (Lines 4.1, 4.2 & 4.3).....					
34. Cash, cash equivalents and short-term investments (Line 5).....	3.8	23.5	18.5	16.6	61.2
35. Contract loans (Line 6).....					
36. Derivatives (Line 7).....					
37. Other invested assets (Line 8).....					
38. Receivables for securities (Line 9).....					
39. Securities lending reinvested collateral assets (Line 10).....					
40. Aggregate write-ins for invested assets (Line 11).....					
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).....					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1).....					
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1).....					
45. Affiliated short-term investments (subtotals included in Schedule DA, Verification, Column 5, Line 10).....					
46. Affiliated mortgage loans on real estate.....					
47. All other affiliated.....					
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.....					
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				

FIVE-YEAR HISTORICAL DATA

(Continued)

	1	2	3	4	5
	2016	2015	2014	2013	2012
<b>Capital and Surplus Accounts (Page 4)</b>					
51. Net unrealized capital gains (losses) (Line 24).....					
52. Dividends to stockholders (Line 35).....					
53. Change in surplus as regards policyholders for the year (Line 38).....	(73,568)	69,127	94,021	161,796	16,986
<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).....	(1,252,303)	203,472	184,440	(791,840)	72,006
55. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	4,716	383	(1,438)	2,928	(2,800)
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	(777)	254	41		
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....					
58. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
59. Total (Line 35).....	(1,248,365)	204,109	183,043	(788,912)	69,206
<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).....	(1,252,036)	204,247	158,293	(821,014)	
61. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	5,476	2,295	989	3,812	
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	(777)	254	41		
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....					
64. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
65. Total (Line 35).....	(1,247,338)	206,796	159,323	(817,202)	0
<b>Operating Percentages (Page 4)</b> (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).....	40.2	33.9	25.5	14.7	
68. Loss expenses incurred (Line 3).....	44.9	31.3	30.9	22.0	
69. Other underwriting expenses incurred (Line 4).....	17.8	28.6	35.2	43.7	
70. Net underwriting gain (loss) (Line 8).....	(2.9)	6.2	8.4	20.2	
<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).....	14.0	27.1	32.3	28.9	
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....	85.1	65.2	56.4	36.7	
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).....	97.2	21.1	17.7	17.5	
<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).....	(220)	(83)	(156)	(192)	
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).....	(5.2)	(2.0)	(3.8)	(4.9)	
<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).....	(376)	(189)	(348)	(278)	(3)
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).....	(9.0)	(4.6)	(8.9)	(7.1)	(0.1)

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
	1	2	3	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10	11	Number of Claims Reported- Direct and Assumed
	Direct and Assumed	Ceded	Net (Cols. 1 - 2)	4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded	Salvage and Subrogation Received	Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	
1. Prior.....	.....XXX.....	.....XXX.....	.....XXX.....	.....68	.....6	.....63	.....0	.....15	.....	.....0	.....139	.....XXX.....
2. 2007.....	.....12,107	.....4,429	.....7,677	.....4,093	.....1,777	.....1,225	.....288	.....579	.....151	.....10	.....3,682	.....XXX.....
3. 2008.....	.....8,535	.....6,294	.....2,241	.....3,208	.....2,340	.....807	.....568	.....397	.....145	.....8	.....1,359	.....XXX.....
4. 2009.....	.....7,296	.....5,345	.....1,951	.....2,476	.....1,747	.....552	.....389	.....273	.....97	.....11	.....1,068	.....XXX.....
5. 2010.....	.....5,724	.....4,284	.....1,439	.....2,184	.....1,671	.....604	.....422	.....286	.....118	.....12	.....862	.....XXX.....
6. 2011.....	.....6,517	.....4,864	.....1,653	.....4,137	.....3,162	.....568	.....397	.....222	.....64	.....11	.....1,303	.....XXX.....
7. 2012.....	.....8,357	.....6,822	.....1,535	.....4,931	.....4,280	.....702	.....495	.....237	.....75	.....8	.....1,019	.....XXX.....
8. 2013.....	.....5,936	.....4,503	.....1,433	.....1,232	.....865	.....531	.....361	.....208	.....55	.....9	.....690	.....XXX.....
9. 2014.....	.....8,503	.....6,475	.....2,028	.....1,439	.....1,131	.....368	.....266	.....331	.....108	.....30	.....633	.....XXX.....
10. 2015.....	.....11,117	.....8,567	.....2,550	.....1,491	.....1,195	.....209	.....164	.....426	.....125	.....157	.....642	.....XXX.....
11. 2016.....	.....14,598	.....11,399	.....3,200	.....673	.....535	.....69	.....53	.....470	.....105	.....176	.....519	.....XXX.....
12. Totals.....	.....XXX.....	.....XXX.....	.....XXX.....	.....25,932	.....18,709	.....5,697	.....3,404	.....3,444	.....1,042	.....432	.....11,918	.....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  Direct and Assumed	22  Ceded			
	13 Direct and Assumed	14  Ceded	15 Direct and Assumed	16  Ceded	17 Direct and Assumed	18  Ceded	19 Direct and Assumed	20  Ceded					
1. Prior.....	.....49	.....	.....150	.....37	.....54	.....	.....43	.....4	.....22	.....	.....	.....276	.....XXX.....
2. 2007.....	.....16	.....	.....117	.....31	.....2	.....	.....33	.....4	.....11	.....	.....	.....144	.....XXX.....
3. 2008.....	.....22	.....16	.....151	.....117	.....5	.....4	.....43	.....31	.....17	.....1	.....	.....69	.....XXX.....
4. 2009.....	.....66	.....47	.....113	.....87	.....10	.....7	.....34	.....25	.....17	.....3	.....	.....71	.....XXX.....
5. 2010.....	.....74	.....52	.....159	.....119	.....29	.....21	.....51	.....36	.....28	.....6	.....	.....108	.....XXX.....
6. 2011.....	.....64	.....45	.....293	.....225	.....21	.....15	.....93	.....68	.....35	.....3	.....	.....151	.....XXX.....
7. 2012.....	.....259	.....191	.....350	.....270	.....84	.....66	.....141	.....109	.....58	.....8	.....	.....248	.....XXX.....
8. 2013.....	.....344	.....243	.....703	.....565	.....67	.....47	.....218	.....161	.....92	.....10	.....	.....399	.....XXX.....
9. 2014.....	.....561	.....436	.....1,617	.....1,307	.....112	.....81	.....499	.....377	.....169	.....15	.....	.....743	.....XXX.....
10. 2015.....	.....1,468	.....1,193	.....2,393	.....1,864	.....147	.....107	.....733	.....539	.....390	.....18	.....	.....1,409	.....XXX.....
11. 2016.....	.....2,039	.....1,576	.....4,729	.....3,801	.....185	.....140	.....1,295	.....971	.....648	.....29	.....0	.....2,379	.....XXX.....
12. Totals...	.....4,962	.....3,799	.....10,775	.....8,423	.....716	.....486	.....3,183	.....2,325	.....1,487	.....92	.....0	.....5,996	.....XXX.....

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34	Net Balance Sheet Reserves after Discount	
	26 Direct and Assumed	27  Ceded	28  Net	29 Direct and Assumed	30  Ceded	31  Net	32  Loss	33  Loss Expense	Inter-Company Pooling Participation Percentage	35  Losses Unpaid	36 Loss Expenses Unpaid
1. Prior..	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....	.....	.....XXX.....	.....161	.....115
2. 2007.	.....6,076	.....2,250	.....3,826	.....50.2	.....50.8	.....49.8	.....	.....	.....3.00	.....102	.....42
3. 2008.	.....4,650	.....3,222	.....1,428	.....54.5	.....51.2	.....63.7	.....	.....	.....3.00	.....41	.....29
4. 2009.	.....3,541	.....2,402	.....1,139	.....48.5	.....44.9	.....58.4	.....	.....	.....3.00	.....44	.....26
5. 2010.	.....3,415	.....2,445	.....970	.....59.7	.....57.1	.....67.4	.....	.....	.....3.00	.....62	.....45
6. 2011.	.....5,432	.....3,977	.....1,455	.....83.4	.....81.8	.....88.0	.....	.....	.....3.00	.....88	.....64
7. 2012.	.....6,761	.....5,494	.....1,268	.....80.9	.....80.5	.....82.6	.....	.....	.....3.00	.....149	.....100
8. 2013.	.....3,396	.....2,307	.....1,089	.....57.2	.....51.2	.....76.0	.....	.....	.....3.00	.....240	.....159
9. 2014.	.....5,096	.....3,720	.....1,376	.....59.9	.....57.5	.....67.8	.....	.....	.....3.00	.....435	.....308
10. 2015.	.....7,256	.....5,205	.....2,051	.....65.3	.....60.8	.....80.4	.....	.....	.....3.00	.....803	.....606
11. 2016.	.....10,109	.....7,211	.....2,898	.....69.2	.....63.3	.....90.6	.....	.....	.....3.00	.....1,390	.....988
12. Totals	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....0	.....0	.....XXX.....	.....3,515	.....2,481

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	2	3	4	5	6	7	8	9	10	11	12
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	One Year	Two Year
1. Prior.....	.....4,272	.....4,130	.....3,964	.....3,851	.....3,588	.....3,492	.....3,337	.....3,277	.....3,315	.....3,360	.....46	.....83
2. 2007.....	.....4,340	.....4,232	.....4,277	.....4,149	.....3,916	.....3,775	.....3,572	.....3,426	.....3,394	.....3,387	.....(7)	.....(39)
3. 2008.....	.....XXX	.....1,368	.....1,344	.....1,326	.....1,290	.....1,265	.....1,217	.....1,179	.....1,176	.....1,161	.....(15)	.....(18)
4. 2009.....	.....XXX	.....XXX	.....1,244	.....1,199	.....1,152	.....1,090	.....989	.....932	.....945	.....949	.....4	.....17
5. 2010.....	.....XXX	.....XXX	.....XXX	.....918	.....946	.....935	.....889	.....840	.....826	.....780	.....(46)	.....(60)
6. 2011.....	.....XXX	.....XXX	.....XXX	.....XXX	.....1,310	.....1,416	.....1,365	.....1,283	.....1,275	.....1,265	.....(10)	.....(18)
7. 2012.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....1,093	.....1,122	.....1,085	.....1,059	.....1,056	.....(4)	.....(30)
8. 2013.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....906	.....905	.....840	.....853	.....13	.....(52)
9. 2014.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....1,257	.....1,106	.....998	.....(108)	.....(259)
10. 2015.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....1,471	.....1,378	.....(93)	.....XXX
11. 2016.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....1,913	.....XXX	.....XXX
12. Totals.....											.....(220)	.....(376)

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	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016		
1. Prior.....	.....000	.....963	.....1,849	.....2,331	.....2,530	.....2,746	.....2,842	.....2,914	.....2,982	.....3,107	.....XXX	.....XXX
2. 2007.....	.....395	.....1,320	.....2,029	.....2,469	.....2,872	.....3,048	.....3,131	.....3,182	.....3,221	.....3,254	.....XXX	.....XXX
3. 2008.....	.....XXX	.....243	.....504	.....708	.....869	.....979	.....1,030	.....1,069	.....1,103	.....1,107	.....XXX	.....XXX
4. 2009.....	.....XXX	.....XXX	.....335	.....519	.....643	.....738	.....798	.....828	.....867	.....892	.....XXX	.....XXX
5. 2010.....	.....XXX	.....XXX	.....XXX	.....192	.....389	.....511	.....607	.....667	.....692	.....694	.....XXX	.....XXX
6. 2011.....	.....XXX	.....XXX	.....XXX	.....XXX	.....366	.....696	.....923	.....1,028	.....1,111	.....1,146	.....XXX	.....XXX
7. 2012.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....129	.....478	.....627	.....755	.....857	.....XXX	.....XXX
8. 2013.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....56	.....186	.....356	.....537	.....XXX	.....XXX
9. 2014.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....94	.....269	.....410	.....XXX	.....XXX
10. 2015.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....103	.....342	.....XXX	.....XXX
11. 2016.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....154	.....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	2	3	4	5	6	7	8	9	10
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
1. Prior.....	.....3,156	.....2,342	.....1,570	.....1,243	.....854	.....631	.....374	.....248	.....166	.....151
2. 2007.....	.....2,996	.....2,170	.....1,623	.....1,186	.....850	.....590	.....361	.....196	.....139	.....115
3. 2008.....	.....XXX	.....860	.....595	.....428	.....299	.....202	.....120	.....78	.....60	.....46
4. 2009.....	.....XXX	.....XXX	.....729	.....525	.....395	.....262	.....151	.....67	.....50	.....35
5. 2010.....	.....XXX	.....XXX	.....XXX	.....549	.....409	.....311	.....178	.....104	.....69	.....54
6. 2011.....	.....XXX	.....XXX	.....XXX	.....XXX	.....648	.....441	.....298	.....173	.....115	.....94
7. 2012.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....603	.....439	.....295	.....181	.....112
8. 2013.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....673	.....564	.....331	.....195
9. 2014.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....961	.....662	.....432
10. 2015.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....1,086	.....723
11. 2016.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....1,252

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

Allocated by States and Territories

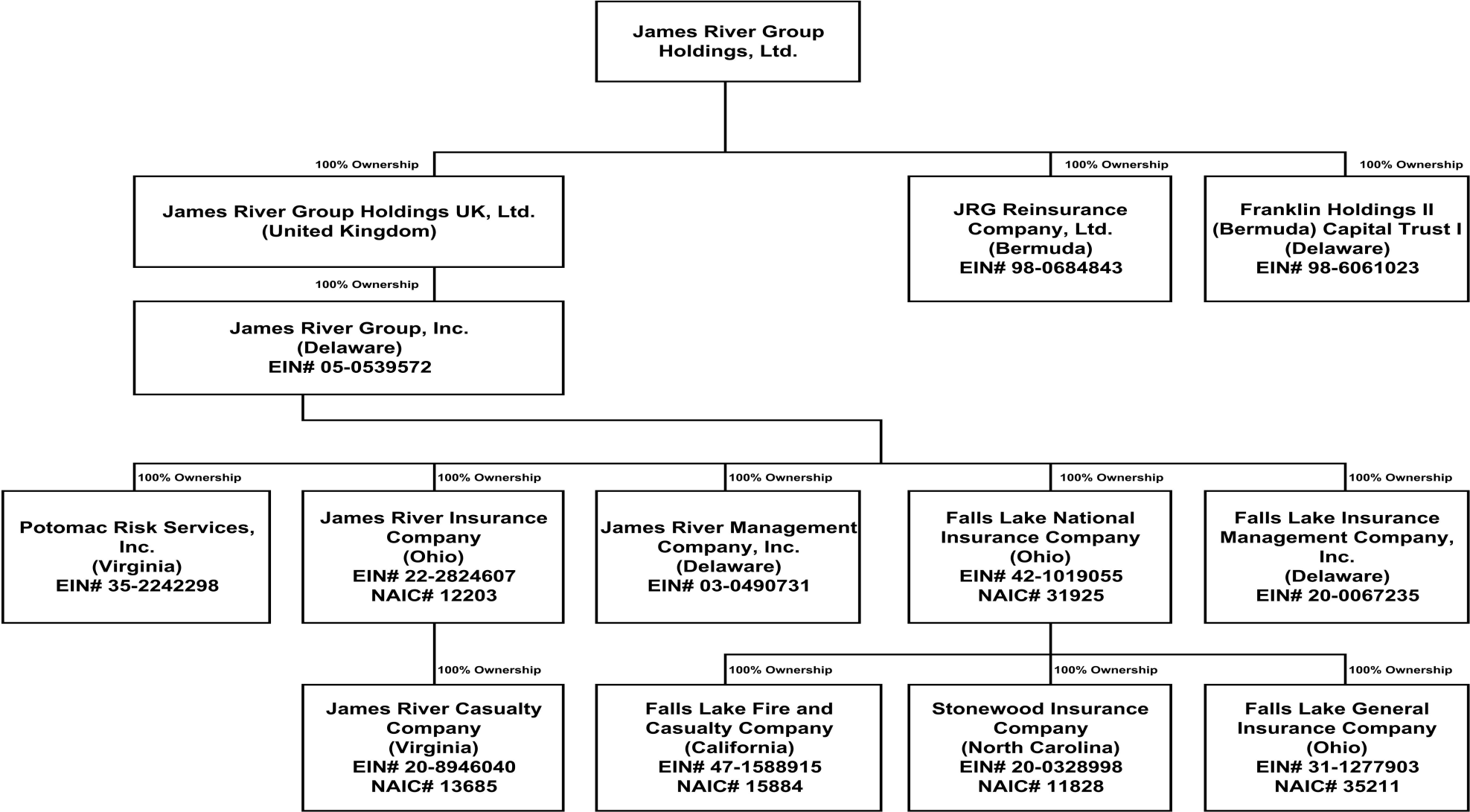
States, Etc.		1 Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance 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....								
2.	Alaska.....AK	...N....								
3.	Arizona.....AZ	...N....								
4.	Arkansas.....AR	...N....								
5.	California.....CA	...N....								
6.	Colorado.....CO	...N....								
7.	Connecticut.....CT	...N....								
8.	Delaware.....DE	...N....								
9.	District of Columbia.....DC	...N....								
10.	Florida.....FL	...N....								
11.	Georgia.....GA	...L....				.....(1,027)	.....(1,027)			
12.	Hawaii.....HI	...N....								
13.	Idaho.....ID	...N....								
14.	Illinois.....IL	...N....								
15.	Indiana.....IN	...N....								
16.	Iowa.....IA	...N....								
17.	Kansas.....KS	...N....								
18.	Kentucky.....KY	...N....								
19.	Louisiana.....LA	...N....								
20.	Maine.....ME	...N....								
21.	Maryland.....MD	...N....								
22.	Massachusetts.....MA	...N....								
23.	Michigan.....MI	...N....								
24.	Minnesota.....MN	...N....								
25.	Mississippi.....MS	...N....								
26.	Missouri.....MO	...N....								
27.	Montana.....MT	...N....								
28.	Nebraska.....NE	...N....								
29.	Nevada.....NV	...N....								
30.	New Hampshire.....NH	...N....								
31.	New Jersey.....NJ	...N....								
32.	New Mexico.....NM	...N....								
33.	New York.....NY	...L....								
34.	North Carolina.....NC	...N....								
35.	North Dakota.....ND	...N....								
36.	Ohio.....OH	...L....								
37.	Oklahoma.....OK	...L....								
38.	Oregon.....OR	...N....								
39.	Pennsylvania.....PA	...N....								
40.	Rhode Island.....RI	...N....								
41.	South Carolina.....SC	...N....								
42.	South Dakota.....SD	...N....								
43.	Tennessee.....TN	...N....								
44.	Texas.....TX	...N....								
45.	Utah.....UT	...N....								
46.	Vermont.....VT	...N....								
47.	Virginia.....VA	...N....								
48.	Washington.....WA	...N....								
49.	West Virginia.....WV	...N....								
50.	Wisconsin.....WI	...N....								
51.	Wyoming.....WY	...N....								
52.	American Samoa.....AS	...N....								
53.	Guam.....GU	...N....								
54.	Puerto Rico.....PR	...N....								
55.	US Virgin Islands.....VI	...N....								
56.	Northern Mariana Islands...MP	...N....								
57.	Canada.....CAN	...N....								
58.	Aggregate Other Alien.....OT	XXX	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0
59.	Totals.....	(a)....4	.....0	.....0	.....0	.....(1,027)	.....(1,027)	.....0	.....0	.....0

DETAILS OF WRITE-INS

58001. ....	XXX								
58002. ....	XXX								
58003. ....	XXX								
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



2016 ALPHABETICAL INDEX -- PROPERTY & CASUALTY ANNUAL STATEMENT BLANK

Assets	2	Schedule P-Part 2G-Special Liability (Ocean Marine, Aircraft (All Perils), Boiler & Machinery)	58
Cash Flow	5	Schedule P-Part 2H-Section 1-Other Liability-Occurrence	58
Exhibit of Capital Gains (Losses)	12	Schedule P-Part 2H-Section 2-Other Liability-Claims-Made	58
Exhibit of Net Investment Income	12	Schedule P-Part 2I-Spec. Prop. (Fire, Allied Lines, Inland Marine, Earthquake, Burglary, Theft)	59
Exhibit of Nonadmitted Assets	13	Schedule P-Part 2J-Auto Physical Damage	59
Exhibit of Premiums and Losses (State Page)	19	Schedule P-Part 2K-Fidelity, Surety	59
Five-Year Historical Data	17	Schedule P-Part 2L-Other (Including Credit, Accident and Health)	59
General Interrogatories	15	Schedule P-Part 2M-International	59
Jurat Page	1	Schedule P-Part 2N-Reinsurance – Nonproportional Assumed Property	60
Liabilities, Surplus and Other Funds	3	Schedule P-Part 2O-Reinsurance – Nonproportional Assumed Liability	60
Notes To Financial Statements	14	Schedule P-Part 2P-Reinsurance – Nonproportional Assumed Financial Lines	60
Overflow Page For Write-ins	100	Schedule P-Part 2R-Section 1-Products Liability-Occurrence	61
Schedule A-Part 1	E01	Schedule P-Part 2R-Section 2-Products Liability-Claims-Made	61
Schedule A-Part 2	E02	Schedule P-Part 2S-Financial Guaranty/Mortgage Guaranty	61
Schedule A-Part 3	E03	Schedule P-Part 2T-Warranty	61
Schedule A-Verification Between Years	SI02	Schedule P-Part 3A-Homeowners/Farmowners	62
Schedule B-Part 1	E04	Schedule P-Part 3B-Private Passenger Auto Liability/Medical	62
Schedule B-Part 2	E05	Schedule P-Part 3C-Commercial Auto/Truck Liability/Medical	62
Schedule B-Part 3	E06	Schedule P-Part 3D-Workers' Compensation (Excluding Excess Workers Compensation)	62
Schedule B-Verification Between Years	SI02	Schedule P-Part 3E-Commercial Multiple Peril	62
Schedule BA-Part 1	E07	Schedule P-Part 3F-Section 1 –Medical Professional Liability-Occurrence	63
Schedule BA-Part 2	E08	Schedule P-Part 3F-Section 2-Medical Professional Liability-Claims-Made	63
Schedule BA-Part 3	E09	Schedule P-Part 3G-Special Liability (Ocean Marine, Aircraft (All Perils), Boiler & Machinery)	63
Schedule BA-Verification Between Years	SI03	Schedule P-Part 3H-Section 1-Other Liability-Occurrence	63
Schedule D-Part 1	E10	Schedule P-Part 3H-Section 2-Other Liability-Claims-Made	63
Schedule D-Part 1A-Section 1	SI05	Schedule P-Part 3I-Spec. Prop. (Fire, Allied Lines, Inland Marine, Earthquake, Burglary, Theft)	64
Schedule D-Part 1A-Section 2	SI08	Schedule P-Part 3J-Auto Physical Damage	64
Schedule D-Part 2-Section 1	E11	Schedule P-Part 3K-Fidelity/Surety	64
Schedule D-Part 2-Section 2	E12	Schedule P-Part 3L-Other (Including Credit, Accident and Health)	64
Schedule D-Part 3	E13	Schedule P-Part 3M-International	64
Schedule D-Part 4	E14	Schedule P-Part 3N-Reinsurance – Nonproportional Assumed Property	65
Schedule D-Part 5	E15	Schedule P-Part 3O-Reinsurance – Nonproportional Assumed Liability	65
Schedule D-Part 6-Section 1	E16	Schedule P-Part 3P-Reinsurance – Nonproportional Assumed Financial Lines	65
Schedule D-Part 6-Section 2	E16	Schedule P-Part 3R-Section 1-Products Liability-Occurrence	66
Schedule D-Summary By Country	SI04	Schedule P-Part 3R-Section 2-Products Liability-Claims-Made	66
Schedule D-Verification Between Years	SI03	Schedule P-Part 3S-Financial Guaranty/Mortgage Guaranty	66
Schedule DA-Part 1	E17	Schedule P-Part 3T-Warranty	66
Schedule DA-Verification Between Years	SI10	Schedule P-Part 4A-Homeowners/Farmowners	67
Schedule DB-Part A-Section 1	E18	Schedule P-Part 4B-Private Passenger Auto Liability/Medical	67
Schedule DB-Part A-Section 2	E19	Schedule P-Part 4C-Commercial Auto/Truck Liability/Medical	67
Schedule DB-Part A-Verification Between Years	SI11	Schedule P-Part 4D-Workers' Compensation (Excluding Excess Workers Compensation)	67
Schedule DB-Part B-Section 1	E20	Schedule P-Part 4E-Commercial Multiple Peril	67
Schedule DB-Part B-Section 2	E21	Schedule P-Part 4F-Section 1-Medical Professional Liability-Occurrence	68
Schedule DB-Part B-Verification Between Years	SI11	Schedule P-Part 4F-Section 2-Medical Professional Liability-Claims-Made	68
Schedule DB-Part C-Section 1	SI12	Schedule P-Part 4G-Special Liability (Ocean Marine, Aircraft (All Perils), Boiler & Machinery)	68
Schedule DB-Part C-Section 2	SI13	Schedule P-Part 4H-Section 1-Other Liability-Occurrence	68
Schedule DB-Part D-Section 1	E22	Schedule P-Part 4H-Section 2-Other Liability-Claims-Made	68
Schedule DB-Part D-Section 2	E23	Schedule P-Part 4I-Spec. Prop. (Fire, Allied Lines, Inland Marine, Earthquake, Burglary & Theft)	69
Schedule DB-Verification	SI14	Schedule P-Part 4J-Auto Physical Damage	69
Schedule DL-Part 1	E24	Schedule P-Part 4K-Fidelity/Surety	69
Schedule DL-Part 2	E25	Schedule P-Part 4L-Other (Including Credit, Accident and Health)	69
Schedule E-Part 1-Cash	E26	Schedule P-Part 4M-International	69
Schedule E-Part 2-Cash Equivalents	E27	Schedule P-Part 4N-Reinsurance – Nonproportional Assumed Property	70
Schedule E-Part 3-Special Deposits	E28	Schedule P-Part 4O-Reinsurance – Nonproportional Assumed Liability	70
Schedule E-Verification Between Years	SI15	Schedule P-Part 4P-Reinsurance – Nonproportional Assumed Financial Lines	70
Schedule F-Part 1	20	Schedule P-Part 4R-Section 1-Products Liability-Occurrence	71
Schedule F-Part 2	21	Schedule P-Part 4R-Section 2-Products Liability-Claims-Made	71
Schedule F-Part 3	22	Schedule P-Part 4S-Financial Guaranty/Mortgage Guaranty	71
Schedule F-Part 4	23	Schedule P-Part 4T-Warranty	71
Schedule F-Part 5	24	Schedule P-Part 5A-Homeowners/Farmowners	72
Schedule F-Part 6-Section 1	25	Schedule P-Part 5B-Private Passenger Auto Liability/Medical	73
Schedule F-Part 6-Section 2	26	Schedule P-Part 5C-Commercial Auto/Truck Liability/Medical	74
Schedule F-Part 7	27	Schedule P-Part 5D-Workers' Compensation (Excluding Excess Workers Compensation)	75
Schedule F-Part 8	28	Schedule P-Part 5E-Commercial Multiple Peril	76
Schedule F-Part 9	29	Schedule P-Part 5F-Medical Professional Liability-Claims-Made	78
Schedule H-Accident and Health Exhibit-Part 1	30	Schedule P-Part 5F-Medical Professional Liability-Occurrence	77
Schedule H-Part 2, Part 3 and Part 4	31	Schedule P-Part 5H-Other Liability-Claims-Made	80
Schedule H-Part 5-Health Claims	32	Schedule P-Part 5H-Other Liability-Occurrence	79
Schedule P-Part 1-Summary	33	Schedule P-Part 5R-Products Liability-Claims-Made	82
Schedule P-Part 1A-Homeowners/Farmowners	35	Schedule P-Part 5R-Products Liability-Occurrence	81
Schedule P-Part 1B-Private Passenger Auto Liability/Medical	36	Schedule P-Part 5T-Warranty	83
Schedule P-Part 1C-Commercial Auto/Truck Liability/Medical	37	Schedule P-Part 6C-Commercial Auto/Truck Liability/Medical	84
Schedule P-Part 1D-Workers' Compensation (Excluding Excess Workers Compensation)	38	Schedule P-Part 6D-Workers' Compensation (Excluding Excess Workers Compensation)	84
Schedule P-Part 1E-Commercial Multiple Peril	39	Schedule P-Part 6E-Commercial Multiple Peril	85
Schedule P-Part 1F-Section 1-Medical Professional Liability-Occurrence	40	Schedule P-Part 6H-Other Liability-Claims-Made	86
Schedule P-Part 1F-Section 2-Medical Professional Liability-Claims-Made	41	Schedule P-Part 6H-Other Liability-Occurrence	85
Schedule P-Part 1G-Special Liability (Ocean, Marine, Aircraft (All Perils), Boiler & Machinery)	42	Schedule P-Part 6M-International	86
Schedule P-Part 1H-Section 1-Other Liability-Occurrence	43	Schedule P-Part 6N-Reinsurance – Nonproportional Assumed Property	87
Schedule P-Part 1H-Section 2-Other Liability-Claims-Made	44	Schedule P-Part 6O-Reinsurance – Nonproportional Assumed Liability	87
Schedule P-Part 1I-Spec. Prop. (Fire, Allied Lines, Inland Marine, Earthquake, Burglary & Theft)	45	Schedule P-Part 6R-Products Liability-Claims-Made	88
Schedule P-Part 1J-Auto Physical Damage	46	Schedule P-Part 6R-Products Liability-Occurrence	88
Schedule P-Part 1K-Fidelity/Surety	47	Schedule P-Part 7A-Primary Loss Sensitive Contracts	89
Schedule P-Part 1L-Other (Including Credit, Accident and Health)	48	Schedule P-Part 7B-Reinsurance Loss Sensitive Contracts	91
Schedule P-Part 1M-International	49	Schedule P Interrogatories	93
Schedule P-Part 1N-Reinsurance – Nonproportional Assumed Property	50	Schedule T-Exhibit of Premiums Written	94
Schedule P-Part 1O-Reinsurance – Nonproportional Assumed Liability	51	Schedule T-Part 2-Interstate Compact	95
Schedule P-Part 1P-Reinsurance – Nonproportional Assumed Financial Lines	52	Schedule Y-Information Concerning Activities of Insurer Members of a Holding Company Group	96
Schedule P-Part 1R-Section 1-Products Liability-Occurrence	53	Schedule Y-Detail of Insurance Holding Company System	97
Schedule P-Part 1R-Section 2-Products Liability-Claims-Made	54	Schedule Y-Part 2-Summary of Insurer's Transactions With Any Affiliates	98
Schedule P-Part 1S-Financial Guaranty/Mortgage Guaranty	55	Statement of Income	4
Schedule P-Part 1T-Warranty	56	Summary Investment Schedule	SI01
Schedule P-Part 2, Part 3 and Part 4 - Summary	34	Supplemental Exhibits and Schedules Interrogatories	99
Schedule P-Part 2A-Homeowners/Farmowners	57	Underwriting and Investment Exhibit Part 1	6
Schedule P-Part 2B-Private Passenger Auto Liability/Medical	57	Underwriting and Investment Exhibit Part 1A	7
Schedule P-Part 2C-Commercial Auto/Truck Liability/Medical	57	Underwriting and Investment Exhibit Part 1B	8
Schedule P-Part 2D-Workers' Compensation (Excluding Excess Workers Compensation)	57	Underwriting and Investment Exhibit Part 2	9
Schedule P-Part 2E-Commercial Multiple Peril	57	Underwriting and Investment Exhibit Part 2A	10
Schedule P-Part 2F-Section 1-Medical Professional Liability-Occurrence	58	Underwriting and Investment Exhibit Part 3	11
Schedule P-Part 2F-Section 2-Medical Professional Liability-Claims-Made	58		