



ANNUAL STATEMENT

For the Year Ended December 31, 2017
of the Condition and Affairs of the

Falls Lake National Insurance Company

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

NAIC Company Code..... 31925

Employer's ID Number..... 42-1019055

Organized under the Laws of OH

State of Domicile or Port of Entry OH

Country of Domicile US

Incorporated/Organized..... February 6, 1974

Commenced Business..... February 21, 1974

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. Sarah C. Doran #	Chairman

OTHER

DIRECTORS OR TRUSTEES

Sarah C. Doran #	Steven J. Hartman	Michael E. Crow	Thomas R. Fauerbach
Joseph R. Raia			

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)

Michael E. Crow

3. (Printed Name)

Treasurer

(Title)

Subscribed and sworn to before me

This _____ day of _____ 2018

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).....	8,832,829		8,832,829	12,378,123
2. Stocks (Schedule D):				
2.1 Preferred stocks.....	1,621,639		1,621,639	1,930,223
2.2 Common stocks.....	45,765,324		45,765,324	44,029,423
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 (\$.....7,254,718, Schedule E-Part 1), cash equivalents (\$.....232,213, Schedule E-Part 2) and short-term investments (\$.....249,931, Schedule DA).....	7,736,862		7,736,862	9,026,026
6. Contract loans (including \$.....0 premium notes).....			.0	
7. Derivatives (Schedule DB).....			.0	
8. Other invested assets (Schedule BA).....			.0	
9. Receivables for securities.....	2,500,000		2,500,000	
10. Securities lending reinvested collateral assets (Schedule DL).....			.0	
11. Aggregate write-ins for invested assets.....	10,000	10,000	.0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	66,466,654	10,000	66,456,654	67,363,795
13. Title plants less \$.....0 charged off (for Title insurers only).....			.0	
14. Investment income due and accrued.....	81,028		81,028	83,455
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	25,263,317	362,520	24,900,797	28,905,611
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	7,394,880		7,394,880	8,535,663
15.3 Accrued retrospective premiums (\$.....0) and contracts subject to redetermination (\$.....0).....			.0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	15,657,528		15,657,528	30,010,764
16.2 Funds held by or deposited with reinsured companies.....	207,128,400		207,128,400	233,681,283
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.....	881,171	791,740	89,431	709,327
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.....	202,492		202,492	42,963
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).....	323,075,470	1,164,260	321,911,210	369,332,861
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.0	
28. TOTAL (Lines 26 and 27).....	323,075,470	1,164,260	321,911,210	369,332,861

DETAILS OF WRITE-INS

1101. Other investment receivable.....	10,000	10,000	.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).....	10,000	10,000	.0	0
2501. Claim Funds on Deposit.....			.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).....	7,791,290	8,201,957
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....	13,810,223	28,176,307
3. Loss adjustment expenses (Part 2A, Line 35, Column 9).....	4,775,544	5,789,913
4. Commissions payable, contingent commissions and other similar charges.....	1,881,892	1,895,305
5. Other expenses (excluding taxes, licenses and fees).....	554,401	773,217
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	2,123,478	2,232,822
7.1 Current federal and foreign income taxes (including \$.....0 on realized capital gains (losses)).....	167,777	68,032
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 \$.....57,214,090 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).....	2,392,131	2,775,205
10. Advance premium.....		
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....		
12. Ceded reinsurance premiums payable (net of ceding commissions).....	30,820,635	36,914,282
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19).....	199,215,945	223,238,012
14. Amounts withheld or retained by company for account of others.....	85,566	75,000
15. Remittances and items not allocated.....	68,392	1,524,658
16. Provision for reinsurance (including \$.....0 certified) (Schedule F, Part 8).....	39,170	612,527
17. Net adjustments in assets and liabilities due to foreign exchange rates.....		
18. Drafts outstanding.....		
19. Payable to parent, subsidiaries and affiliates.....		91,719
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.....	106,395	257,975
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....	263,832,839	312,626,931
27. Protected cell liabilities.....		
28. Total liabilities (Lines 26 and 27).....	263,832,839	312,626,931
29. Aggregate write-ins for special surplus funds.....	0	0
30. Common capital stock.....	4,200,000	4,200,000
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.....	43,558,551	43,558,551
35. Unassigned funds (surplus).....	10,319,820	8,947,379
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).....	58,078,371	56,705,930
38. TOTAL (Page 2, Line 28, Col. 3).....	321,911,210	369,332,861

DETAILS OF WRITE-INS

2501. Policyholder deposits.....	75,093	233,609
2502. Excise Tax Payable.....	28,936	24,366
2503. Deferred Ceding Commission.....	2,366	
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).....	106,395	257,975
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 National Insurance Company
STATEMENT OF INCOME

UNDERWRITING INCOME			1	2
			Current Year	Prior Year
1.	Premiums earned (Part 1, Line 35, Column 4).....		6,150,288	7,463,792
DEDUCTIONS:				
2.	Losses incurred (Part 2, Line 35, Column 7).....		2,442,630	3,000,399
3.	Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....		1,676,748	3,354,073
4.	Other underwriting expenses incurred (Part 3, Line 25, Column 2).....		1,525,091	1,326,914
5.	Aggregate write-ins for underwriting deductions.....		0	0
6.	Total underwriting deductions (Lines 2 through 5).....		5,644,469	7,681,386
7.	Net income of protected cells.....			
8.	Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....		505,819	(217,594)
INVESTMENT INCOME				
9.	Net investment income earned (Exhibit of Net Investment Income, Line 17).....		330,234	339,735
10.	Net realized capital gains (losses) less capital gains tax of \$.....(8,076) (Exhibit of Capital Gains (Losses)).....		(14,998)	1,252
11.	Net investment gain (loss) (Lines 9 + 10).....		315,236	340,987
OTHER INCOME				
12.	Net gain (loss) from agents' or premium balances charged off (amount recovered \$.....9 amount charged off \$.....0).....		9	84
13.	Finance and service charges not included in premiums.....		8,305	8,082
14.	Aggregate write-ins for miscellaneous income.....		0	0
15.	Total other income (Lines 12 through 14).....		8,314	8,166
16.	Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....		829,369	131,559
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).....		829,369	131,559
19.	Federal and foreign income taxes incurred.....		113,656	(527,975)
20.	Net income (Line 18 minus Line 19) (to Line 22).....		715,713	659,534
CAPITAL AND SURPLUS ACCOUNT				
21.	Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....		56,705,930	57,179,538
22.	Net income (from Line 20).....		715,713	659,534
23.	Net transfers (to) from Protected Cell accounts.....			
24.	Change in net unrealized capital gains or (losses) less capital gains tax of \$.....29,449.....		800,874	(156,176)
25.	Change in net unrealized foreign exchange capital gain (loss).....			
26.	Change in net deferred income tax.....		(674,181)	(470,595)
27.	Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3).....		(43,322)	106,156
28.	Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....		573,357	(612,527)
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).....		1,372,441	(473,608)
39.	Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37).....		58,078,371	56,705,930
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

Falls Lake National Insurance Company
CASH FLOW

		1	2
		Current Year	Prior Year
CASH FROM OPERATIONS			
1.	Premiums collected net of reinsurance.....	4,692,108	4,098,421
2.	Net investment income.....	382,589	356,853
3.	Miscellaneous income.....	8,314	8,166
4.	Total (Lines 1 through 3).....	5,083,011	4,463,440
5.	Benefit and loss related payments.....	(23,686,738)	51,183,076
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7.	Commissions, expenses paid and aggregate write-ins for deductions.....	4,557,496	6,110,261
8.	Dividends paid to policyholders.....		
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses).....	5,835	(587,531)
10.	Total (Lines 5 through 9).....	(19,123,407)	56,705,806
11.	Net cash from operations (Line 4 minus Line 10).....	24,206,418	(52,242,366)
CASH FROM INVESTMENTS			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds.....	4,216,908	3,401,146
12.2	Stocks.....	387,500	
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.....	(39)	(567)
12.7	Miscellaneous proceeds.....		825
12.8	Total investment proceeds (Lines 12.1 to 12.7).....	4,604,369	3,401,404
13.	Cost of investments acquired (long-term only):		
13.1	Bonds.....	729,360	5,156,233
13.2	Stocks.....	1,000,000	
13.3	Mortgage loans.....		
13.4	Real estate.....		
13.5	Other invested assets.....		
13.6	Miscellaneous applications.....	2,510,000	
13.7	Total investments acquired (Lines 13.1 to 13.6).....	4,239,360	5,156,233
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).....	365,009	(1,754,829)
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).....	(25,860,595)	53,556,353
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(25,860,595)	53,556,353
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).....	(1,289,168)	(440,842)
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year.....	9,026,029	9,466,871
19.2	End of year (Line 18 plus Line 19.1).....	7,736,862	9,026,029

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

20.0001		
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Falls Lake National Insurance Company
UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

Line of Business		1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums December 31 Prior Year- per Col. 3, Last Year's Part 1	3 Unearned Premiums December 31 Current Year- per Col. 5, Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1.	Fire.....	4,963	4,060	4,333	4,690
2.	Allied lines.....	24,272	26,549	22,888	27,933
3.	Farmowners multiple peril.....	0		0	0
4.	Homeowners multiple peril.....	0		0	0
5.	Commercial multiple peril.....	2,391	3,510	486	5,415
6.	Mortgage guaranty.....	0		0	0
8.	Ocean marine.....	0		0	0
9.	Inland marine.....	4,440	3,399	2,362	5,477
10.	Financial guaranty.....	0		0	0
11.1	Medical professional liability - occurrence.....	11,344	3,454	3,972	10,826
11.2	Medical professional liability - claims-made.....	221,012	71,253	85,659	206,606
12.	Earthquake.....	8,832	5,538	7,711	6,659
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.....	1,162,086	304,763	183,896	1,282,953
17.1	Other liability - occurrence.....	2,826,744	1,160,714	1,221,331	2,766,127
17.2	Other liability - claims-made.....	425,694	166,653	179,375	412,972
17.3	Excess workers' compensation.....	0		0	0
18.1	Products liability - occurrence.....	960,556	466,876	485,915	941,517
18.2	Products liability - claims-made.....	218,826	97,400	108,378	207,848
19.1, 19.2	Private passenger auto liability.....	0		0	0
19.3, 19.4	Commercial auto liability.....	(127,018)	451,269	73,478	250,773
21.	Auto physical damage.....	23,070	9,740	10,483	22,327
22.	Aircraft (all perils).....	0		0	0
23.	Fidelity.....	(1)		0	(1)
24.	Surety.....	0		0	0
26.	Burglary and theft.....	3	12	1	14
27.	Boiler and machinery.....	0	15	15	0
28.	Credit.....	0		0	0
29.	International.....	0		1,848	(1,848)
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.....	5,767,214	2,775,205	2,392,131	6,150,288

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.....	4,333				4,333
2.	Allied lines.....	22,888				22,888
3.	Farmowners multiple peril.....					0
4.	Homeowners multiple peril.....					0
5.	Commercial multiple peril.....	486				486
6.	Mortgage guaranty.....					0
8.	Ocean marine.....					0
9.	Inland marine.....	2,362				2,362
10.	Financial guaranty.....					0
11.1	Medical professional liability - occurrence.....	3,972				3,972
11.2	Medical professional liability - claims-made.....	85,659				85,659
12.	Earthquake.....	7,711				7,711
13.	Group accident and health.....					0
14.	Credit accident and health (group and individual).....					0
15.	Other accident and health.....					0
16.	Workers' compensation.....	183,896				183,896
17.1	Other liability - occurrence.....	1,221,331				1,221,331
17.2	Other liability - claims-made.....	179,375				179,375
17.3	Excess workers' compensation.....					0
18.1	Products liability - occurrence.....	485,915				485,915
18.2	Products liability - claims-made.....	108,378				108,378
19.1, 19.2	Private passenger auto liability.....					0
19.3, 19.4	Commercial auto liability.....	73,478				73,478
21.	Auto physical damage.....	10,483				10,483
22.	Aircraft (all perils).....					0
23.	Fidelity.....					0
24.	Surety.....					0
26.	Burglary and theft.....	1				1
27.	Boiler and machinery.....	15				15
28.	Credit.....					0
29.	International.....	1,848				1,848
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.....	2,392,131	0	0	0	2,392,131
36.	Accrued retrospective premiums based on experience.....					
37.	Earned but unbilled premiums.....					0
38.	Balance (sum of Lines 35 through 37).....					2,392,131

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

Falls Lake National Insurance Company
UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

Line of Business		1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written (Cols. 1 + 2 + 3 - 4 - 5)
			2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1.	Fire.....	25,004	70,654	869	66,560	25,004	4,963
2.	Allied lines.....	30,864	346,399	1,129	323,256	30,864	24,272
3.	Farmowners multiple peril.....						0
4.	Homeowners multiple peril.....						0
5.	Commercial multiple peril.....	12,682,934	1,166	146,908	108,661	12,719,956	2,391
6.	Mortgage guaranty.....						0
8.	Ocean marine.....						0
9.	Inland marine.....	1,488,373	4,683	25,467	196,104	1,317,979	4,440
10.	Financial guaranty.....						0
11.1	Medical professional liability - occurrence.....		162,061		150,717		11,344
11.2	Medical professional liability - claims-made.....		3,157,310		2,936,298		221,012
12.	Earthquake.....		126,183		117,351		8,832
13.	Group accident and health.....						0
14.	Credit accident and health (group and individual).....						0
15.	Other accident and health.....						0
16.	Workers' compensation.....	5,566,664	16,246,832	(21,026)	16,266,017	4,364,367	1,162,086
17.1	Other liability - occurrence.....	12,861,130	39,940,660	27,494	38,585,198	11,417,342	2,826,744
17.2	Other liability - claims-made.....	1,880,487	5,940,321		5,984,707	1,410,407	425,694
17.3	Excess workers' compensation.....						0
18.1	Products liability - occurrence.....	317,389	13,718,791	11,429	12,769,679	317,374	960,556
18.2	Products liability - claims-made.....		3,126,080		2,907,254		218,826
19.1, 19.2	Private passenger auto liability.....						0
19.3, 19.4	Commercial auto liability.....	22,781,921	(3,060,648)	137,287	1,219,911	18,765,667	(127,018)
21.	Auto physical damage.....	6,173,618	23,376	54,187	1,021,054	5,207,057	23,070
22.	Aircraft (all perils).....						0
23.	Fidelity.....			(1)			(1)
24.	Surety.....						0
26.	Burglary and theft.....	5,168		195	192	5,168	3
27.	Boiler and machinery.....	135,166				135,166	0
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.....	63,948,718	79,803,868	383,938	82,652,959	55,716,351	5,767,214

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 [X] No []
If yes: 1. The amount of such installment premiums \$.....2,608,697.
2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$.....5,325,559.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

Line of Business		Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
		1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1.	Fire.....				.0	1,634	2,655	(1,021)	(21.8)
2.	Allied lines.....		594,811	553,175	41,636	80,009	44,803	76,842	275.1
3.	Farmowners multiple peril.....				.0	.0		.0	0.0
4.	Homeowners multiple peril.....				.0	.0		.0	0.0
5.	Commercial multiple peril.....	9,646,091	150,574	9,649,167	147,498	2,733	4,349	145,882	2,693.9
6.	Mortgage guaranty.....				.0	.0		.0	0.0
8.	Ocean marine.....				.0	.0		.0	0.0
9.	Inland marine.....	20,512	1,026	20,798	740	1,569	911	1,398	25.5
10.	Financial guaranty.....				.0	.0		.0	0.0
11.1	Medical professional liability - occurrence.....				.0	17,881	15,298	2,583	23.9
11.2	Medical professional liability - claims-made.....		1,237,819	1,151,172	86,647	228,872	187,328	128,191	62.0
12.	Earthquake.....				.0	2,249		2,249	33.8
13.	Group accident and health.....				.0	.0		.0	0.0
14.	Credit accident and health (group and individual).....				.0	.0		.0	0.0
15.	Other accident and health.....				.0	.0		.0	0.0
16.	Workers' compensation.....	3,328,855	4,406,504	6,212,913	1,522,446	1,193,524	936,983	1,778,987	138.7
17.1	Other liability - occurrence.....	1,998,459	9,536,142	10,799,843	734,758	3,804,095	3,522,477	1,016,376	36.7
17.2	Other liability - claims-made.....		1,917,709	1,783,469	134,240	333,551	395,030	72,761	17.6
17.3	Excess workers' compensation.....				.0	.0		.0	0.0
18.1	Products liability - occurrence.....		4,439,978	4,129,180	310,798	1,692,250	1,596,331	406,717	43.2
18.2	Products liability - claims-made.....		315,779	293,674	22,105	136,119	156,958	1,266	0.6
19.1, 19.2	Private passenger auto liability.....	(1,986)		(1,986)	.0	1,384		1,384	0.0
19.3, 19.4	Commercial auto liability.....	14,114,916	17,044,382	27,829,574	3,329,724	288,691	1,337,268	2,281,147	909.6
21.	Auto physical damage.....	3,637,360	110,117	3,450,193	297,284	6,728	4,378	299,634	1,342.0
22.	Aircraft (all perils).....				.0	.0		.0	0.0
23.	Fidelity.....				.0	.0		.0	0.0
24.	Surety.....				.0	.0		.0	0.0
26.	Burglary and theft.....				.0	2	1	1	7.1
27.	Boiler and machinery.....	21,062		21,062	.0	(1)	(2,813)	2,812	2,343,333.3
28.	Credit.....				.0	.0		.0	0.0
29.	International.....			3,774,579	(3,774,579)	.0		(3,774,579)	204,252.1
30.	Warranty.....				.0	.0		.0	0.0
31.	Reinsurance - nonproportional assumed property.....	XXX			.0	.0		.0	0.0
32.	Reinsurance - nonproportional assumed liability.....	XXX			.0	.0		.0	0.0
33.	Reinsurance - nonproportional assumed financial lines.....	XXX			.0	.0		.0	0.0
34.	Aggregate write-ins for other lines of business.....	.0	.0	.0	.0	.0	.0	.0	0.0
35.	TOTALS.....	32,765,269	39,754,841	69,666,813	2,853,297	7,791,290	8,201,957	2,442,630	39.7
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.....		(20)	(19)	(1)	5,173	23,478	27,016	1,634	2,618
2.	Allied lines.....		11,110	10,332	778	9,030	1,132,072	1,061,871	80,009	41,453
3.	Farmowners multiple peril.....				0				0	
4.	Homeowners multiple peril.....				0				0	
5.	Commercial multiple peril.....	4,127,928	18,805	4,145,388	1,345	5,504,334	47,078	5,550,024	2,733	203
6.	Mortgage guaranty.....				0				0	
8.	Ocean marine.....				0				0	
9.	Inland marine.....				0	406,072	18,638	423,141	1,569	1,876
10.	Financial guaranty.....				0				0	
11.1	Medical professional liability - occurrence.....		48,480	45,087	3,393		206,962	192,474	17,881	12,397
11.2	Medical professional liability - claims-made.....		2,309,364	2,147,708	161,656		960,219	893,003	228,872	113,977
12.	Earthquake.....				0		32,107	29,858	2,249	3,123
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.....	5,037,129	7,362,975	11,839,956	560,148	4,834,996	8,492,011	12,693,631	1,193,524	377,609
17.1	Other liability - occurrence.....	5,327,024	16,339,248	20,520,800	1,145,472	6,111,828	37,869,257	41,322,462	3,804,095	2,346,531
17.2	Other liability - claims-made.....	250,000	1,302,768	1,459,737	93,031	786,512	3,364,355	3,910,347	333,551	248,816
17.3	Excess workers' compensation.....				0				0	
18.1	Products liability - occurrence.....	50,000	4,864,076	4,573,590	340,486	46,846	19,312,100	18,007,182	1,692,250	1,379,255
18.2	Products liability - claims-made.....		451,622	420,009	31,613		1,492,953	1,388,447	136,119	162,789
19.1, 19.2	Private passenger auto liability.....				0		19,774	18,390	1,384	154
19.3, 19.4	Commercial auto liability.....	24,300,778	869,471	24,991,086	179,163	14,098,375	777,523	14,766,370	288,691	84,086
21.	Auto physical damage.....	445,843	13,198	457,194	1,847	1,844,007	6,767	1,845,893	6,728	657
22.	Aircraft (all perils).....				0				0	
23.	Fidelity.....				0				0	
24.	Surety.....				0				0	
26.	Burglary and theft.....				0	2,136	113	2,247	2	
27.	Boiler and machinery.....				0	41,825		41,826	(1)	
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.....	39,538,702	33,591,097	70,610,868	2,518,931	33,691,134	73,755,407	102,174,182	7,791,290	4,775,544
DETAILS OF WRITE-INS										
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	0
3499.	Totals (Lines 3401 through 3403 plus 3498) (Line 34 above).....	0	0	0	0	0	0	0	0	0

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

Falls Lake National 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.....	5,702,982			5,702,982
1.2 Reinsurance assumed.....	4,113			4,113
1.3 Reinsurance ceded.....	4,307,804			4,307,804
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	1,399,291	0	0	1,399,291
2. Commission and brokerage:				
2.1 Direct, excluding contingent.....		7,302,549		7,302,549
2.2 Reinsurance assumed, excluding contingent.....		60,949		60,949
2.3 Reinsurance ceded, excluding contingent.....		9,725,169		9,725,169
2.4 Contingent - direct.....		180,272		180,272
2.5 Contingent - reinsurance assumed.....		228		228
2.6 Contingent - reinsurance ceded.....		76		76
2.7 Policy and membership fees.....		122,320		122,320
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7).....	0	(2,058,927)	0	(2,058,927)
3. Allowances to manager and agents.....		7,067		7,067
4. Advertising.....		11,866		11,866
5. Boards, bureaus and associations.....	2,320	115,761		118,081
6. Surveys and underwriting reports.....	123	(142,449)		(142,326)
7. Audit of assureds' records.....		44,070		44,070
8. Salary and related items:				
8.1 Salaries.....	185,799	1,783,285		1,969,084
8.2 Payroll taxes.....	12,587	132,785		145,372
9. Employee relations and welfare.....	26,860	277,223		304,083
10. Insurance.....	3,034	26,939		29,973
11. Directors' fees.....			0	0
12. Travel and travel items.....	4,807	72,823		77,630
13. Rent and rent items.....	12,986	139,655		152,641
14. Equipment.....	4,685	75,688		80,373
15. Cost or depreciation of EDP equipment and software.....	4,104	100,390		104,494
16. Printing and stationery.....	3,509	42,114		45,623
17. Postage, telephone and telegraph, exchange and express.....	3,556	51,031		54,587
18. Legal and auditing.....	561	36,815		37,376
19. Totals (Lines 3 to 18).....	264,931	2,775,063	0	3,039,994
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....6,486.....		572,935		572,935
20.2 Insurance department licenses and fees.....		42,248		42,248
20.3 Gross guaranty association assessments.....		26,800		26,800
20.4 All other (excluding federal and foreign income and real estate).....		35,972		35,972
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....	0	677,955	0	677,955
21. Real estate expenses.....				0
22. Real estate taxes.....				0
23. Reimbursements by uninsured plans.....				0
24. Aggregate write-ins for miscellaneous expenses.....	12,526	131,000	23,708	167,234
25. Total expenses incurred.....	1,676,748	1,525,091	23,708	(a) 3,225,547
26. Less unpaid expenses - current year.....	4,775,544	4,556,742	3,029	9,335,315
27. Add unpaid expenses - prior year.....	5,789,913	4,898,030	3,314	10,691,257
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).....	2,691,117	1,866,379	23,993	4,581,489

DETAILS OF WRITE-INS				
2401. Outside Consulting.....	10,955	111,414		122,369
2402. Claims search fees.....		2,453		2,453
2403. Shared reimbursements.....	(237)	383		146
2498. Summary of remaining write-ins for Line 24 from overflow page.....	1,808	16,750	23,708	42,266
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above).....	12,526	131,000	23,708	167,234

(a) Includes management fees of \$.....5,754,544 to affiliates and \$.....9,398 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....45,446	.....45,196
1.1 Bonds exempt from U.S. tax.....	(a).....100,783	.....104,169
1.2 Other bonds (unaffiliated).....	(a).....96,329	.....90,786
1.3 Bonds of affiliates.....	(a).....	.....
2.1 Preferred stocks (unaffiliated).....	(b).....110,268	.....110,268
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).....3,523	.....3,523
7. Derivative instruments.....	(f).....	.....
8. Other invested assets.....	.....	.....
9. Aggregate write-ins for investment income.....	.....0	.....0
10. Total gross investment income.....	.....356,348	.....353,942
11. Investment expenses.....	.....	(g).....23,708
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).....	.....	.....23,708
17. Net investment income (Line 10 minus Line 16).....	.....	.....330,234

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 \$.....9,217 accrual of discount less \$.....59,430 amortization of premium and less \$....5,216 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 \$.....991 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 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. government bonds.....	.....(481)	.....	.....(481)	.....	.....
1.1 Bonds exempt from U.S. tax.....	.....	.....	.....0	.....	.....
1.2 Other bonds (unaffiliated).....	.....(7,049)	.....	.....(7,049)	.....	.....
1.3 Bonds of affiliates.....	.....	.....	.....0	.....	.....
2.1 Preferred stocks (unaffiliated).....	.....(15,505)	.....	.....(15,505)	.....94,422	.....
2.11 Preferred stocks of affiliates.....	.....	.....	.....0	.....	.....
2.2 Common stocks (unaffiliated).....	.....	.....	.....0	.....	.....
2.21 Common stocks of affiliates.....	.....	.....	.....0	.....735,901	.....
3. Mortgage loans.....	.....	.....	.....0	.....	.....
4. Real estate.....	.....	.....	.....0	.....	.....
5. Contract loans.....	.....	.....	.....0	.....	.....
6. Cash, cash equivalents and short-term investments.....	.....(39)	.....	.....(39)	.....	.....
7. Derivative instruments.....	.....	.....	.....0	.....	.....
8. Other invested assets.....	.....	.....	.....0	.....	.....
9. Aggregate write-ins for capital gains (losses).....	.....0	.....0	.....0	.....0	.....0
10. Total capital gains (losses).....	.....(23,074)	.....0	.....(23,074)	.....830,323	.....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	.....0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above).....	.....0	.....0	.....0	.....0	.....0

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....			0
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.....	362,520	32,279	(330,241)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....		203,185	203,185
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.....	791,740	875,474	83,734
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.....	10,000	10,000	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	1,164,260	1,120,938	(43,322)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0
28. TOTALS (Lines 26 and 27).....	1,164,260	1,120,938	(43,322)

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. Claim funds on deposit.....	10,000	10,000	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).....	10,000	10,000	0

NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies and Going Concern

- A. Accounting Practices
The financial statements of Falls Lake National 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 #	2017	2016
NET INCOME					
(1) Falls Lake National Insurance Company Company state basis (Page 4, Line 20, Columns 1 & 2)	XXX	XXX	XXX	\$ 715,713	\$ 659,534
(2) State Prescribed Practice that are an increase/(decrease) from NAIC SAP					
				\$	\$
(3) State Permitted Practice that are an increase/(decrease) from NAIC SAP					
				\$	\$
(4) NAIC SAP (1 – 2 – 3 = 4)	XXX	XXX	XXX	\$ 715,713	\$ 659,534
SURPLUS					
(5) Falls Lake National Insurance Company Company state basis (Page 3, line 37, Columns 1 & 2)	XXX	XXX	XXX	\$ 58,078,371	\$ 56,705,930
(6) State Prescribed Practice that are an increase/(decrease) from NAIC SAP					
				\$	\$
(7) State Permitted Practice that are an increase/(decrease) from NAIC SAP					
				\$	\$
(8) NAIC SAP (5 – 6 – 7 = 8)	XXX	XXX	XXX	\$ 58,078,371	\$ 56,705,930

- 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.
- (1) Basis for Short-Term Investments
Short-term investments are stated at amortized cost.
- (2) Basis for Bonds and Amortization Schedule
Bonds are stated at amortized cost using the interest method.
- (3) Basis for Common Stocks
Common stocks are stated at market except that investments in stocks of uncombined subsidiaries and affiliates in which the Company has an interest of 20% or more are carried on the equity basis.
- (4) Basis for Preferred Stocks
Highly-rated preferred stocks are stated at fair value. Preferred stocks are stated at fair value. Preferred stocks with NAIC ratings of "3" and below are stated at the lower of cost and fair value.
- (5) Basis for Mortgage Loans
The Company does not have any mortgage loans on real estate.
- (6) Basis for Loan-Backed Securities and Adjustment Methodology
The Company does not have any loan-backed securities.
- (7) Accounting Policies for Investments in Subsidiaries, Controlled and Affiliated Entities
The Company carries its investments in wholly-owned insurance subsidiaries at statutory equity in accordance with SSAP No. 97, Investments in Subsidiary, Controlled and Affiliated Entities.
- (8) Accounting Policies for Investments in Joint Ventures, Partnerships and Limited Liability Entities
The Company does not have any minor ownership interests in joint ventures.
- (9) Accounting Policies for Derivatives
The Company does not have any derivatives investments.
- (10) Anticipated Investment Income Used in Premium Deficiency Calculation
The Company anticipates investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 53, Property-Casualty Contracts-Premiums.

NOTES TO FINANCIAL STATEMENTS

- (11) Management's Policies and Methodologies for Estimating Liabilities for Losses and Loss/Claim Adjustment Expenses for A&H Contracts

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.
- (12) Changes in the Capitalization Policy and Predefined Thresholds from Prior Period

he Company has not modified its capitalization policy from the prior period.
- (13) Method Used to Estimate Pharmaceutical Rebate Receivables

The Company does not have pharmaceutical rebate receivables.
- D. Going Concern

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

Note 2 – Accounting Changes and Correction 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 2017.
- B. Statutory Merger

The Company was not involved in any statutory mergers during 2017.
- C. Impairment Loss

The Company did not recognize any impairment loss during 2017.

Note 4 – Discontinued Operations

The Company did not have any discontinued operations during 2017.

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 2017.
- C. Reverse Mortgages

The Company does not have investments in reverse mortgages
- D. Loan-Backed Securities

(1) Description of Sources Used to Determined Prepayment Assumptions

Not Applicable

(2) Not Applicable

(3) Recognized OTTI securities

Not Applicable

(4) All impaired securities (fair value is less than cost or amortized cost) for which an other-than-temporary impairment has not been recognized in earnings as a realized loss (including securities with a recognized other-than-temporary impairment for non-interest related declines when a non-recognized interest related impairment remains):

a. The aggregate amount of unrealized losses:	1. Less than 12 Months	\$	734
	2. 12 Months or Longer	\$	13,342
b. The aggregate related fair value of securities with unrealized losses:	1. Less than 12 Months	\$	310,167
	2. 12 Months or Longer	\$	1,223,394
- (5) Information Investor Considered in Reaching Conclusion that Impairments are Not Other-Than-Temporary

The Company's management regularly reviews the value of investments. If the value of an investment falls below its cost basis, the decline is analyzed to determine whether it is an other-than-temporary decline in value. To make this determination, the following are considered:

(a) How long and by how much the fair value has been below its cost;

(b) The financial condition and near-term prospects of the issuer of the security, including any specific events that may affect its operations;

(c) Management's intent to hold the security long enough for it to recover its value;

NOTES TO FINANCIAL STATEMENTS

- (d) Any downgrades of the security by a rating agency; and
- (e) Any nonpayment of scheduled interest payments.

Based on that analysis, management makes a judgment as to whether the loss is other-than-temporary. If the loss is other-than-temporary, the impairment is recognized as a realized capital loss in the Statement of Income in the period the determination is made.

- E. Dollar Repurchase Agreements and/or Securities Lending Transactions
The Company does not participate in dollar repurchase agreements or securities lending activities.
- F. Repurchase Agreements Transactions Accounted for as Secured Borrowing
The Company does not participate in repurchase agreements or securities lending activities.
- G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing
Repurchase Transactions – Cash Provider – Overview of Secured Borrowing Transactions

The Company does not participate in reverse repurchase agreements or securities lending activities.
- H. Repurchase Agreements Transactions Accounted for as a Sale
Repurchase Transaction – Cash Taker – Overview of Sale Transactions

The Company does not participate in repurchase agreements or securities lending activities.
- I. Reverse Repurchase Agreements Transactions Accounted for as a Sale
Repurchase Transaction – Cash Provider – Overview of Sale Transactions

The Company does not participate in reverse repurchase agreements or securities lending activities.

- J. Real Estate

The Company does not own any real estate investments.

- K. Low-Income Housing Tax Credits (LIHTC)

The Company does not have any low-income housing tax credits.

- L. Restricted Assets

(1) Restricted Assets (Including Pledged)

Restricted Asset Category	Gross (Admitted & Nonadmitted)					Current Year					
	Current Year					6	7	8	9	Percentage	
	1	2	3	4	5					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	6,389,587				6,389,587	6,077,335	312,252		6,389,587	2.0%	2.0%
o. Total Restricted Assets	\$ 6,389,587	\$	\$	\$	\$ 6,389,587	\$ 6,077,335	\$ 312,252	\$	\$ 6,389,587	2.0%	2.0%

- M. Working Capital Finance Investments

The Company does not have working capital finance investments.
- N. Offsetting and Netting of Assets and Liabilities

The company does not participate in those investing acitivities that require offsetting and netting of assets and liabilities.
- O. Structured Notes

The Company does not have structured notes.
- P. 5* Securities

The Company does not have any 5* securities.
- Q. Short Sales

Not applicable
- R. Prepayment Penalty and Acceleration Fees

Not applicable

Note 6 – Joint Ventures, Partnerships and Limited Liability Companies

- A. Investments in Joint Ventures, Partnerships and Limited Liability Companies that Exceed 10% of Ownership
The Company has no investments in joint ventures, partnerships or limited liability companies.
- B. Investments in Impaired Joint Ventures, Partnerships and Limited Liability Companies
The Company has no investments in joint ventures, partnerships or limited liability companies.

NOTES TO FINANCIAL STATEMENTS

Note 7 – Investment Income

- A. The bases, by category of investment income, for excluding (nonadmitting) any investment income due and accrued: The Company non-admits investment income due and accrued if amounts are over 90 days past due.
- B. The total amount excluded:
No amounts were excluded from surplus at December 31, 2017.

Note 8 – Derivative Instruments

The Company does not hold or issue derivative instruments.

Note 9 – Income Taxes

- A. Deferred Tax Assets/(Liabilities)
On December 22, 2017, H.R.1, "An Act to Provide for Reconciliation Pursuant to Titles II and V of the Concurrent Resolution on the Budget for Fiscal Year 2018" (the "Act"), was enacted by the U.S. federal government. The Act provides for significant changes to corporate taxation including the decrease of the corporate tax rate to 21%. The Company has accounted for the material impacts of the Act by remeasuring its deferred tax assets/(liabilities) at the 21% enacted tax rate.

1. Components of Net Deferred Tax Asset/(Liability)

	2017			2016			Change		
	1 Ordinary	2 Capital	3 (Col 1+2) Total	4 Ordinary	5 Capital	6 (Col 4+5) Total	7 (Col 1-4) Ordinary	8 (Col 2-5) Capital	9 (Col 7+8) Total
a. Gross deferred tax assets	\$ 985,276	\$	\$ 985,276	\$ 1,568,379	\$ 24,050	\$ 1,592,429	\$ (583,103)	\$ (24,050)	\$ (607,153)
b. Statutory valuation allowance adjustment									
c. Adjusted gross deferred tax assets (1a-1b)	\$ 985,276	\$	\$ 985,276	\$ 1,568,379	\$ 24,050	\$ 1,592,429	\$ (583,103)	\$ (24,050)	\$ (607,153)
d. Deferred tax assets nonadmitted	791,740		791,740	851,424	24,050	875,474	(59,684)	(24,050)	(83,734)
e. Subtotal net admitted deferred tax asset (1c-1d)	\$ 193,536	\$	\$ 193,536	\$ 716,955	\$	\$ 716,955	\$ (523,419)	\$	(523,419)
f. Deferred tax liabilities	98,706	5,399	104,105	7,628		7,628	91,078	5,399	96,477
g. Net admitted deferred tax assets/(net deferred tax liability) (1e-1f)	\$ 94,830	\$ (5,399)	\$ 89,431	\$ 709,327	\$	\$ 709,327	\$ (614,497)	\$ (5,399)	\$ (619,896)

2. Admission Calculation Components SSAP No. 101

	2017			2016			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	89,431		89,431				89,431		89,431
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:				709,327		709,327	(709,327)		(709,327)
Adjusted gross deferred tax assets expected to be realized following the balance sheet date				709,327		709,327	(709,327)		(709,327)
Adjusted gross deferred tax assets allowed per limitation threshold			5,846,686			8,701,293			(2,854,607)
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	104,105		104,105	7,628		7,628	96,477		96,477
d. Deferred tax assets admitted as the result of application of SSAP 101.	193,536		193,536	716,955		716,955	(523,419)		(523,419)

NOTES TO FINANCIAL STATEMENTS

		2017			2016			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
Total (2(a)+2(b)+2(c))									

3. Other Admissibility Criteria

		2017	2016
a.	Ratio percentage used to determine recovery period and threshold limitation amount	293.0%	393.9%
b.	Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	58,466,861	58,008,620

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.

	12/31/2017		12/31/2016		Change	
	1	2	3	4	5	6
	Ordinary	Capital	Ordinary	Capital	(Col. 1-3) Ordinary	(Col. 2-4) Capital
1. Adjusted gross DTAs amount from Note 9A1(c)	985,276		1,568,379	24,050	(583,103)	(24,050)
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)	193,536		716,955		(523,419)	
4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies	%	%	%	%	%	%

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

B. Deferred Tax Liabilities Not Recognized

1. The types of temporary differences for which a DTL has not been recognized and the types of events that would cause those temporary differences to become taxable are:
Not applicable
2. The cumulative amount of each type of temporary difference is:
Not applicable
3. The amount of the unrecognized DTL for temporary differences related to investments in foreign subsidiaries and foreign corporate joint ventures that are essentially permanent in duration, if determination of that liability is practicable, or a statement that determination is not practicable are:
Not applicable
4. The amount of the DTL for temporary differences other than those in item (3) above that is not recognized is:
Not applicable

C. Current and Deferred Income Taxes

1. Current Income Tax

	1	2	3
	2017	2016	(Col 1-2) Change
a. Federal	112,629	(508,584)	621,213
b. Foreign			
c. Subtotal	112,629	(508,584)	621,213
d. Federal income tax on net capital gains	(8,076)	674	(8,750)
e. Utilization of capital loss carry-forwards			
f. Other	1,027	(19,391)	20,418
g. Federal and Foreign income taxes incurred	105,580	(527,301)	632,881

2. Deferred Tax Assets

	1	2	3
			(Col 1-2)

NOTES TO FINANCIAL STATEMENTS

	2017	2016	Change
a. Ordinary:			
1. Discounting of unpaid losses	279,436	336,778	(57,342)
2. Unearned premium reserve	100,469	194,264	(93,795)
3. Policyholder reserves			
4. Investments			
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 (items <5% of total ordinary tax assets)	605,371	1,037,337	(431,966)
Other (items >=5% of total ordinary tax assets)			
14.			
99. Subtotal	985,276	1,568,379	(583,103)
b. Statutory valuation allowance adjustment			
c. Nonadmitted	791,740	851,424	(59,684)
d. Admitted ordinary deferred tax assets (2a99-2b-2c)	193,536	716,955	(523,419)
e. Capital:			
1. Investments		24,050	(24,050)
2. Net capital loss carry-forward			
3. Real estate			
4. Other (items <5% of total capital tax assets)			
Other (items >=5% of total capital tax assets)			
5.			
99. Subtotal		24,050	(24,050)
f. Statutory valuation allowance adjustment			
g. Nonadmitted		24,050	(24,050)
h. Admitted capital deferred tax assets (2e99-2f-2g)			
i. Admitted deferred tax assets (2d+2h)	193,536	716,955	(523,419)

3. Deferred Tax Liabilities

	1 2017	2 2016	3 (Col 1-2) Change
a. Ordinary:			
1. Investments	5,561	7,628	(2,067)
2. Fixed assets			
3. Deferred and uncollected premium			
4. Policyholder reserves			
5. Other (items <5% of total ordinary tax liabilities)			
Other (items >=5% of total ordinary tax liabilities)			
6. LRD Transitional Adjustment	93,145		93,145
99. Subtotal	98,706	7,628	91,078
b. Capital:			
1. Investments	5,399		5,399
2. Real estate			
3. Other (Items <5% of total capital tax liabilities)			
Other (items >=5% of total capital tax liabilities)			
4.			
99. Subtotal	5,399		5,399
c. Deferred tax liabilities (3a99+3b99)	104,105	7,628	96,477
4. Net Deferred Tax Assets (2i – 3c)	89,431	709,327	(619,896)

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	287,453	35.0%
Proration of tax exempt investment income	9,521	1.2%
Tax exempt income deduction	(36,459)	(4.0)%
Dividends received deduction	(27,016)	(3.3)%
Disallowed travel and entertainment		%
Other permanent differences	1,591	0.2%
Temporary Differences:		
Total ordinary DTAs	(47,972)	(5.8)%
Total ordinary DTLs		%
Total capital DTAs		%
Total capital DTLs		%
Other:		
Statutory valuation allowance adjustment		%

NOTES TO FINANCIAL STATEMENTS

	Amount	Effective Tax Rate (%)
Accrual adjustment – prior year	592,643	72.2%
Other		%
Totals	779,761	95.5%
Federal and foreign income taxes incurred	105,580	12.9%
Realized capital gains (losses) tax	674,181	82.1%
Change in net deferred income taxes		%
Total statutory income taxes	\$ 779,761	95.0%

- E. Operating Loss Carryforwards and Income Taxes Available for Recoupment
1. At December 31, 2017, the Company did not have any unused operating loss carryforwards available to offset against future taxable income.

2. The following is income tax expense for current year and proceeding years that is available for recoupment in the event of future net losses:

Year	Amounts
2017	105,580
2016	

3. The Company did not have any protective tax deposits under Section 6603 of the Internal Revenue Code.
- F. Consolidated Federal Income Tax Return
1. The Company’s federal income tax return is consolidated with the following entities:
James River Group, Inc.
James River Management Company, Inc.
James River Insurance Company
Falls Lake Insurance Management Company, Inc.
James River Casualty Company
Potomac Risk Services, Inc.
Stonewood Insurance Company
Falls Lake General Insurance Company
Falls Lake Fire and Casualty Company

2. The manner in which the Board of Directors sets forth for allocating the consolidated federal income tax:
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 the Relationship Involved
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 James River Group, Inc. 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. Transactions
As part of the process to establish a licensed insurance subsidiary in California, on December 18, 2015, the Company capitalized Falls Lake Fire and Casualty Company, a California corporation. In the transaction, Falls Lake Fire and Casualty Company sold the Company 26,000 shares of its \$100 per share par value capital stock at the price of \$577 per share. Gross proceeds received by Falls Lake Fire and Casualty Company were \$15,002,000. At the time the funds were transferred, Falls Lake Fire and Casualty Company had been granted a permit and was authorized by the California Department of Insurance to receive funds. Subsequently, on January 11, 2016, Falls Lake Fire and Casualty Company was issued a Certificate of Authority, effective January 1, 2016.

On March 31, 2017, the Company contributed additional Paid in Surplus of \$1,000,000 to its wholly-owned subsidiary, Falls Lake General Insurance Company, an Ohio Corporation.
- C. Dollar Amounts of Transactions
The company did not have any intercompany arrangements as of December 31, 2017, except as discussed in Notes 9F, 10F. and 26.
- D. Amounts Due From or To Related Parties
At December 31, 2017, the Company reported \$202,492 due from Falls Lake Insurance Management Company, Inc., under the terms of the Intercompany Management Services Agreement. This agreement requires that intercompany balances be settled within 30 days. On January 18, 2018, the Company received the amount due of \$202,492.

The Company is a party to an intercompany reinsurance pooling arrangement with its Untited States affiliated insurance carriers. Please see Note 26 for additional details.
- E. Guarantees or Undertakings
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. Material Management or Service Contracts and Cost-Sharing Arrangements
The Company and Falls Lake Insurance Management Comapny, Inc. are parties to a Managment 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.

NOTES TO FINANCIAL STATEMENTS

- G.

Nature of the Control Relationship

All outstanding shares of the Company ar owned by James River Group, Inc. See Schedule Y, Part 1, Organizational Chart.
- H.

Amount Deducted from the Value of Upstream Intermediate Entity or Ultimate Parent Owned

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

Investments in SCA that Exceed 10% of Admitted Assets

(1)

On January 3, 2012, James River Group, Inc. contributed to the Company all the issued and outstanding common stock of Stonewood Insurance (NAIC #11828) and Infinity General Insurance Company (NAIC #35211) (renamed Stonewood General Insurance Company on January 27, 2012 and Falls Lake General Insurance Company on August 1, 2014). The Company values its investments in its wholly-owned insurance subsidiaries using the statutory equity method in accordance with SSAP No. 97, Investments in Subsidiary, Controlled and Affiliated Entities, A Replacement of SSAP No. 88.

On March 31, 2017, the Company contributed additional Paid in Surplus of \$1,000,000 to its wholly-owned subsidiary, Falls Lake General Insurance Company, an Ohio Corporation.

(2) Not Applicable

(3)

Company	Assets	Liabilities	Surplus	Net Income
Stonewood Insurance Company	\$105,033,873	\$79,861,748	\$25,172,125	\$ 483,105
Falls Lake General Insurance Company	\$ 12,229,792	\$ 6,918,145	\$ 5,311,647	\$ 199,314
Falls Lake Fire and Casualty Company	\$ 88,083,676	\$72,726,553	\$15,357,120	\$ 558,213

(4) Not Applicable

(5) Not Applicable
- J.

Investments in Impaired SCAs

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 Downstream Noninsurance Holding Company

The Company has no investment in a downstream noninsurance holding comapny.
- M.

All SCA Investments

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

Investment in Insurance SCAs

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, 2017.
- B.

FHLB (Federal Home Loan Bank) Agreements

The Company does not have any FHLB (Federal Home Loan Bank) loan agreements at December 31, 2017.

Note 12 – Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

- A.

Defined Benefit Plan

The Company does not have a defined benefit pension plan.
- B.

Investment Policies and Strategies

The Company does not have a defined benefit pension plan.
- C.

Fair Value of Plan Assets

The Company does not have a defined benefit pension plan.
- D.

Basis Used to Determine Expected Long-Term Rate-of-Return

The Company does not have a defined benefit pension plan.
- E.

Defined Contribution Plans

The Company does not have a defined contribution retirement plan.
- F.

Multiemployer Plans

The Company does not participate in a multiemployer plan.

NOTES TO FINANCIAL STATEMENTS

- 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 \$165,513 for 2017. 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)

Number of Share and Par or State Value of Each Class

The Company has 300,000 shares of common stock authorized, of which 300,000 shares are issued and outstanding with a par value of \$14 per share.
- (2)

Dividend Rate, Liquidation Value and Redemption Schedule of Preferred Stock Issues

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 2018 based on capital and surplus is \$5,855,629.
- (4)

Dates and Amounts of Dividends Paid

The Company did not pay dividends during 2017.
- (5)

Profits that may be Paid as Ordinary Dividends to Stockholders

Within the limitations of (3) above, there are no specific restrictions placed on the portion of the Company’s profits that may be paid as ordinary dividends to stockholders.
- (6)

Restrictions Plans on Unassigned Funds (Surplus)

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)

Amount of Advances to Surplus not Repaid

The Company does not have any advances to surplus not repaid.
- (8)

Amount of Stock Held for Special Purposes

The Company does not hold stock for special purposes.
- (9)

Reasons for Changes in Balance of Special Surplus Funds from Prior Period

The Company does not have special surplus funds.
- (10)

The Portion of Unassigned Funds (Surplus) Represented or Reduced by Unrealized Gains and Losses is: \$6,577,857, pre-tax.
- (11)

The Reporting Entity Issued the Following Surplus Debentures or Similar Obligations

The Company does not have surplus notes or similar obligations.
- (12)

The impact of any restatement due to prior quasi-reorganizations is as follows

The Company has not entered into any quasi-reorganization.
- (13)

Effective Date of Quasi-Reorganization for a Period of Ten Years Following Reorganization

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, 2017.
- 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

NOTES TO FINANCIAL STATEMENTS

were written, or, in the case of loss based assessments, at the time the losses are incurred. The Company had an accrual of \$55,283 for guaranty fund assessments as of December 31, 2017.

C. Gain Contingencies
The Company has no gain contingencies at December 31, 2017.

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 2017.

Falls Lake National Insurance Company Company paid the following amounts in the reporting period to settle claims related extra contractual obligations or bad faith claims stemming from lawsuits:

	Direct
Claims related ECO and bad faith losses paid during the reporting period	\$0

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 the contingetnt 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, 2017.

B. Lessor 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 2017.

B. Transfer and Servicing of Financial Assets

The Company did not transfer or service any financial assets or extinguish liabilities during 2017.

C. Wash Sales

The Company did not enter into any wash sale transactions during 2017.

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 2017.

Note 19 – Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

Name and Address of Managing General Agent or Third Party Administrator	FEIN Number	Exclusive Contract	Types of Business Written	Types of Authority Granted	Total Direct Premiums Written/ Produced By
AE Underwriters Agency Inc., 444 Madison Ave., Suite 501, New York, NY 10022	46-3127467	NO	Commercial Package, WC	U,B,P,CA,C	11,848,955
Rocky Mountain Insurance Services LLC, 5051 Journal Center Blvd NE, Albuquerque, NM 87109	84-1440132	YES	Property, CMP General Liability, Commercial Auto	U,B,P,CA,C	10,068,840
Atlas General Insurance Services, LLC, 4365 Executive Drive, Ste. 400, San Diego, CA 92121	90-0409088	YES	Workers' Compensation	U, B, P	3,968,987
Total	XXX	XXX	XXX	XXX	25,886,782

NOTES TO FINANCIAL STATEMENTS

Note 20 – Fair Value Measurements

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

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

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

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

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

To measure fair value, the Company obtains quoted market prices for its investment securities. If a quoted market price is not available, the Company uses prices of similar securities. Values for U.S. Treasury and publicly traded equity securities are generally based on Level 1 inputs which use the market approach valuation technique. The values for all other bonds and preferred securities (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 2017 and 2016. There were no transfers between Level 1 and Level 2 or between Level 2 and Level 3 during 2017.

(1) Fair Value Measurements at Reporting Date

	Level 1	Level 2	Level 3	Total	Net Asset Value (NAV) Included in Level 2
Assets at Fair Value					
Bonds are reported at amortized cost	\$	\$	\$	\$	\$
Preferred Stock	\$	\$ 1,421,914	\$	\$ 1,421,914	\$ 1,421,914
Short-term investments are carried at amortized cost	\$	\$	\$	\$	\$
Cash Equivalents are carried at amortized cost	\$	\$	\$	\$	\$
Total	\$	\$ 1,421,914	\$	\$ 1,421,914	\$ 1,421,914
Liabilities at Fair Value					
Not applicable	\$	\$	\$	\$	\$
Total	\$	\$	\$	\$	\$

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

	Beginning Balance at 1/1/2017	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	Settle-ments	Ending Balance at 12/31/2017
a. Assets										
Not applicable	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Total	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
b. Liabilities										
Not applicable	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Total	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

(3) Policies when Transfers Between Levels are Recognized
The Company has a policy to recognize transfers between levels at the beginning of the reporting period.

(4) Description of Valuation Techniques and Inputs Used in Fair Value Measurement
See narrative above for Level 2 valuation techniques. The Company does not have any Level 3 assets.

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

B. Fair Value Reporting under SSAP 100 and Other Accounting Pronouncements

Not Applicable

C. Fair Value Level

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)	Net Asset Value (NAV) Included in Level 2
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NOTES TO FINANCIAL STATEMENTS

Bonds are reported at amortized cost	\$ 8,971,937	\$	\$ 1,553,460	\$ 7,418,477	\$	\$	\$ 7,418,477
Preferred Stock	\$ 1,630,789	\$	\$	\$ 1,630,789	\$	\$	\$ 1,630,789
Short-term investments are carried at amortized cost	\$ 249,917	\$	\$	\$ 249,917	\$	\$	\$ 249,917
Cash Equivalents are carried at amortized cost	\$ 232,213	\$	\$ 232,213	\$	\$	\$	\$

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 (events or transactions) reported during 2017.

B. Troubled Debt Restructuring Debtors
The Company did not have any troubled debt restructurings during 2017.

C. Other Disclosures
The Company did not have any troubled debt restructurings during 2017.

D. Business Interruption Insurance Recoveries
The Company did not have any events giving rise to business interruption insurance recoveries during 2017.

E. State Transferable and Non-Transferable Tax Credits

The Company does not have any state transferable tax credits available at December 31, 2017.

F. Subprime Mortgage Related Risk Exposure

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

G. Insurance-Linked Securities (ILS) Contracts

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, 2017. Subsequent events have been considered through February 23, 2018 for the statutory statement issued February 28, 2018.

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)	58,078,371	
F.	Total adjusted capital (Five-Year Historical Line 28 minus 22B above)	58,078,371	
G.	Authorized control level (Five-Year Historical Line 29)	19,963,098	
H.	Would reporting the ACA assessment as of December 31, 2017 have triggered an RBC action level (YES/NO)?	Yes []	No [X]

Note 23 – Reinsurance

A. Unsecured Reinsurance Recoverables

At December 31, 2017, the Company had the following unsecured aggregate reinsurance recoverables for losses and loss adjustment expenses, paid and unpaid, including IBNR, and unearned premium that exceeded 3% of the Company's policyholders' surplus:

	NAIC Group Code	FEIN	Unsecured Recoverables
Swiss Reinsurance America Corporation	25364	13-1675535	\$ 19,994,000
Munich Reins Amer Inc.	10227	13-4924125	\$ 9,771,000
Cincinnati Ins Co	10677	31-0542366	\$ 1,832,000

B. Reinsurance Recoverable in Dispute -- None

C. Reinsurance Assumed and Ceded

(1) Maximum Amount of Return Commission

Assumed Reinsurance	Ceded Reinsurance	Net
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NOTES TO FINANCIAL STATEMENTS

	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
a. Affiliates	\$ 33,061,189	\$ 6,903,820	\$ 34,288,082	\$ 8,519,524	\$ (1,226,893)	\$ (1,615,704)
b. All Other	168,669	72,796	22,926,007	6,457,098	(22,757,338)	(6,384,302)
c. Total	\$ 33,229,858	\$ 6,976,616	\$ 57,214,089	\$ 14,976,622	\$ (23,984,231)	\$ (8,000,006)
d. Direct Unearned Premium Reserves						\$ 26,376,363

- (2) Additional or Return Commission
- There were no direct or ceded contingent commission accruals recorded as of December 31, 2017..
- (3) Types of Risks Attributed to Protected Cell -- 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 following table provides an analysis of the change in loss and loss adjustment expense reserves net of reinsurance recoverables for the indicated periods:

	12/31/2017	12/31/2016
Reserves, Net of Reinsurance Recoverables at		
Beginning of Year	\$ 13,991,871	\$ 21,126,224
Add: Provision of Claims Occurring During:		
Current Year	4,748,342	6,762,491
Prior Years	(628,967)	(408,019)
Incurred Losses/Expenses	4,119,375	6,354,472
Deduct: Payments for Claims Occurring During:		
Current Year	423.393	1,211,957
Prior Years	5,121,021	12,276,868
Reserves, net of Reins Recoverables at End of Period	\$ 12,566,832	\$ 13,991,871

Reserves for incurred losses and LAE attributable to insured events of prior years, decreased by approximately \$629,000 in 2017, resulting primarily from the other liability line 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 retained from the intercompany reinsurance pooling agreement.

Note 26 – Intercompany Pooling Arrangements

A.-D.

The insurance entities within the James River Group are participants in an intercompany reinsurance pooling agreement (the pooling) which was effective January 1, 2013 and included business in-force and subsequent to that date. The pooling is net of all other reinsurance coverage carried by the participants. The pooling provides proportionate sharing of premiums earned, losses and loss adjustment expenses incurred and underwriting expenses incurred.

On August 1, 2016 Falls Lake Fire and Casualty Company received approval from the California Department of Insurance to be a party to the pooling agreement, effective January 1, 2016 on an in-force, new and renewal basis. The current participating companies have received approval of the revised agreement with their States of domicile (OH, NC and VA).

Current and prior participants and their percentages of the pool are as follows:

Company	NAIC #	Current Participation
Falls Lake National Insurance Company (Lead Company)	31925	7%
James River Insurance Company	12203	61%
Stonewood Insurance Company	11828	14%
James River Casualty Company	13685	9%
Falls Lake General Insurance Company	35211	3%
Falls Lake Fire and Casualty Company	15884	6%

Effective January 1, 2017, the intercompany reinsurance pooling agreement was revised to exclude the James River Insurance Company's commercial auto line of business. The current participating companies have received approval of the revised agreement with their States of domicile (NC, OH, VA, and CA). This agreement supercedes the previous pooling agreement effective January 1, 2016. There were no other changes made to the pooling agreement, and all participation percentages remain as reported as of December 31, 2016.

NOTES TO FINANCIAL STATEMENTS

- E. Explanation of Discrepancies Between Entries of Pooled Business
Not applicable
- F. Description of Intercompany Sharing
Not applicable
- G. Amounts Due To/From Lead Entity and all Affiliated Entities Participating in the Intercompany Pool
As a result of the pooling the net amount due from the other participants is \$1,276,932 as of December 31, 2017.

Note 27 – Structured Settlements

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

Note 28 – Health Care Receivables

The Company does not have health care receivables.

Note 29 – Participating Policies

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

Note 30 – Premium Deficiency Reserves

1. Liability carried for premium deficiency reserve: \$0
2. Date of most recent evaluation of this liability: January 15, 2018
3. Was anticipated investment income utilized in the calculation? Yes [☐] No [☒]

Note 31 – High Deductibles

The Company does not issue high deductible policies.

Note 32 – Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses

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

Note 33 – Asbestos/Environmental Reserves

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

(1) Direct

	2013	2014	2015	2016	2017
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

	2013	2014	2015	2016	2017
a. Beginning reserves (including Case, Bulk + IBNR Loss & LAE)	\$	\$ 681,795	\$ 457,729	\$ 226,517	\$ 61,326
b. Incurred losses and loss adjustment expense	700,973	(117,266)	150,298	(128,400)	134,040
c. Calendar year payments for losses and loss adjustment expenses	19,178	106,800	381,510	36,791	25,070
d. Ending reserves (including Case, Bulk + IBNR Loss & LAE)	\$ 681,795	\$ 457,729	\$ 226,517	\$ 61,326	\$ 170,296

(3) Net of Ceded Reinsurance

	2013	2014	2015	2016	2017
a. Beginning reserves (including Case, Bulk + IBNR Loss & LAE)	\$	\$ 88,633	\$ 59,505	\$ 29,447	\$ 4,293
b. Incurred losses and loss adjustment expense	91,126	(15,244)	19,538	(8,988)	9,383
c. Calendar year payments for losses and loss adjustment expenses	2,493	13,884	49,596	16,166	1,755
d. Ending reserves (including Case, Bulk + IBNR Loss & LAE)	\$ 88,633	\$ 59,505	\$ 29,447	\$ 4,293	\$ 11,921

- B. State the amount of the ending reserves for Bulk and IBNR included in A (Loss and LAE) - None

NOTES TO FINANCIAL STATEMENTS

- C.

State the amount of the ending reserves for loss adjustment expenses included in A (Case, Bulk and IBNR) - None
- D.

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

Financial Guaranty Insurance Contracts

The Company does not write financial guarantee insurance contracts
- B.

Schedule of Insured Financial Obligations at the End of the Period:

The Company does not write financial guarantee insurance contracts.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?
If yes, complete Schedule Y, Parts 1, 1A and 2.

Yes [X]No []

1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes [X]No []N/A []

1.3

State regulating?
Ohio

2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes []No [X]

2.2

If yes, date of change:

3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2014

3.2

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

12/31/2014

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 [X]No []

4.12

renewals?

Yes [X]No []

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 NAIC Company Code	3 State of Domicile
Name of Entity		
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

100.0%

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 Nationality	2 Type of Entity
Bermuda	Corporation

8.1

Is the company a subsidiary of a bank holding company regulated with the Federal Reserve Board?

Yes []No [X]

8.2

If response to 8.1 is yes, please identify the name of the bank holding company.
Not Applicable

8.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes []No [X]

8.4

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

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

9.

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

10.1

Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation?

Yes []No [X]

10.2

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

10.3

Has the insurer been granted any exemptions related to other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation?

Yes []No [X]

10.4

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

10.5

Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws?

Yes [X]No []N/A []

10.6

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

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

11.

What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Sean P. McDermott, FCAS, MAAA, Willis Towers Watson, Centre Square East, 1500 Market Street, Philadelphia, PA 19102
- 12.1

Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes ☐ No ☒

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

\$

0

21.22

Borrowed from others

\$

0

21.23

Leased from others

\$

0

21.24

Other

\$

0

22.1

Does this statement include payments for assessments as described in the *Annual Statement Instructions* other than guaranty fund or guaranty association assessments?

Yes ☐ No ☒

22.2

If answer is yes:

22.21

Amount paid as losses or risk adjustment

\$

0

22.22

Amount paid as expenses

\$

0

22.23

Other amounts paid

\$

0

23.1

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

Yes ☒ No ☐

23.2

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

\$

0

INVESTMENT

15.1

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

24.01

Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date (other than securities lending programs addressed in 24.03)?

Yes ☒ 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 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.

\$0

24.06

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

\$0

24.07

Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?

Yes ☐ No ☐ N/A ☒

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

\$6,389,587

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.

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:

\$0

28.

Excluding items in Schedule E-Part 3-Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC *Financial Condition Examiners Handbook*?

Yes ☒ No ☐

28.01

For 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

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 ☒

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

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 [X]

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 [X]

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	\$ 9,082,760	\$ 9,221,867	\$ 139,107
30.2	Preferred Stocks	\$ 1,621,639	\$ 1,630,789	\$ 9,150
30.3	Totals	\$ 10,704,399	\$ 10,852,656	\$ 148,257

- 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 ICE Data Services, ICE BofAML indices, Reuters, Bloomberg, Markit iBoxx, or PricingDirect. 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. Cash equivalents are valued at amortized cost, including Government (exempt) money market mutual funds.
- 31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?
- Yes [] No [X]
- 31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source?
- Yes [] No []
- 31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a 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 [X] No []
- 32.2 If no, list exceptions:
Not Applicable
33. By self-designating 5*GI securities, the reporting entity is certifying the following elements for each self-designation 5*GI security:
a. Documentation necessary to permit a full credit analysis of the security does not exist.
b. Issuer or obligor is current on all contracted interest and principal payments.
c. The insurer has an actual expectation of ultimate payment of all contracted interest and principal.
Has the reporting entity self-designated 5*GI securities?
- Yes [] No [X]

OTHER

34.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any?

\$ 383,768

34.2 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
ISO Services, Inc.	\$ 115,062

35.1 Amount of payments for legal expenses, if any?

\$ 22,737

35.2 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
Vorys, Sater, Seymour and Pease LLP	\$ 6,809

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

\$ 0

36.2 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

Current Year

2

Prior Year

2.1

Premium Numerator

\$

0

2.2

Premium Denominator

\$

6,150,288

2.3

Premium Ratio (2.1/2.2)

0.0%

2.4

Reserve Numerator

\$

0

2.5

Reserve Denominator

\$

28,769,188

2.6

Reserve Ratio (2.4/2.5)

0.0%

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?
Direct business written is protected up to \$29.4 million per occurrence xs of \$600,000 through non-affiliated reinsurance. The \$600,000 retention is further protected through a non-affiliated 50% Quota Share reinsurance agreement and then further to a 70% net account Quota Share with JRG Reinsurance, Ltd., an affiliate.

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 workers' compensation, the Company relies upon Catastrophe modeling expertise from its reinsurance brokers. For all other business the PML is estimated by use of catastrophic modeling software from AIR Worldwide Touchstone 3.1.

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 uninsured 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>0</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: (a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term; (b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer; (c) Aggregate stop loss reinsurance coverage; (d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party; (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or (f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity?	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: (a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract.	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: (a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income; (b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and (c) A brief discussion of management’s principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.		
9.4	Except for transactions meeting the requirements of paragraph 31 of SSAP No. 62R, <i>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: (a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles (“SAP”) and as a deposit under generally accepted accounting principles (“GAAP”); or (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP?	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: (a) The entity does not utilize reinsurance; or (b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or (c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement.	Yes [<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"/>] N/A [<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: 12.11 Unpaid losses 12.12 Unpaid underwriting expenses (including loss adjustment expenses)	\$	<div>0</div> <div>0</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>0</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 checked="" type="checkbox"/> X]	No [<input type="checkbox"/>] N/A [<input type="checkbox"/>]
12.4	If yes, provide the range of interest rates charged under such notes during the period covered by this statement: 12.41 From 12.42 To	<div>%</div> <div>8.0%</div>	
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 checked="" type="checkbox"/> X]	No [<input type="checkbox"/>]
12.6	If yes, state the amount thereof at December 31 of current year: 12.61 Letters of Credit 12.62 Collateral and other funds	\$	<div>0</div> <div>75,000</div>
13.1	Largest net aggregate amount insured in any one risk (excluding workers’ compensation):	\$	<div>105,000</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 2017	2 2016	3 2015	4 2014	5 2013
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
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).....	122,794,182	160,375,820	126,569,328	89,237,619	69,286,726
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	8,376,169	8,463,091	5,200,817	4,289,666	2,131,003
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	12,966,174	14,866,510	8,402,551	4,593,419	
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	(1)	(8)	383	608	
5. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
6. Total (Line 35).....	144,136,524	183,705,412	140,173,079	98,121,312	71,417,729
Net Premiums Written (Page 8, Part 1B, Col. 6)					
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).....	5,699,244	5,805,441	11,499,001	9,373,451	8,965,406
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	65,580	22,879	134,399	176,958	277,031
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	2,391	2,470	6,224	22,104	
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	(1)			5	
11. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
12. Total (Line 35).....	5,767,214	5,830,790	11,639,624	9,572,518	9,242,437
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8).....	505,819	(217,594)	689,023	736,459	1,254,788
14. Net investment gain (loss) (Line 11).....	315,236	340,987	274,018	66,804	70,172
15. Total other income (Line 15).....	8,314	8,166	943	320	11
16. Dividends to policyholders (Line 17).....					
17. Federal and foreign income taxes incurred (Line 19).....	113,656	(527,975)	268,140	172,672	1,349,034
18. Net income (Line 20).....	715,713	659,534	695,844	630,911	(24,063)
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3).....	321,911,210	369,332,861	299,501,394	264,331,258	227,209,331
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 15.1).....	24,900,797	28,905,611	17,730,567	17,964,065	9,452,145
20.2 Deferred and not yet due (Line 15.2).....	7,394,880	8,535,663	8,824,980	9,185,861	168,406
20.3 Accrued retrospective premiums (Line 15.3).....					
21. Total liabilities excluding protected cell business (Page 3, Line 26).....	263,832,839	312,626,931	242,321,856	214,775,845	179,468,246
22. Losses (Page 3, Line 1).....	7,791,290	8,201,957	12,764,722	11,706,425	11,538,467
23. Loss adjustment expenses (Page 3, Line 3).....	4,775,544	5,789,913	8,361,502	7,682,312	7,183,655
24. Unearned premiums (Page 3, Line 9).....	2,392,131	2,775,205	4,408,207	3,818,601	3,034,032
25. Capital paid up (Page 3, Lines 30 & 31).....	4,200,000	4,200,000	4,200,000	4,200,000	4,200,000
26. Surplus as regards policyholders (Page 3, Line 37).....	58,078,371	56,705,930	57,179,538	49,555,413	47,741,085
Cash Flow (Page 5)					
27. Net cash from operations (Line 11).....	24,206,418	(52,242,366)	(5,200,077)	(8,323,174)	(146,772,072)
Risk-Based Capital Analysis					
28. Total adjusted capital.....	58,078,371	56,705,930	57,179,538	49,555,413	47,741,085
29. Authorized control level risk-based capital.....	19,963,098	14,730,772	6,788,587	5,223,037	4,979,241
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1).....	13.3	18.4	16.1	13.8	14.8
31. Stocks (Lines 2.1 & 2.2).....	71.3	68.2	69.6	81.7	83.9
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).....	11.6	13.4	14.3	4.6	1.3
35. Contract loans (Line 6).....					
36. Derivatives (Line 7).....					
37. Other invested assets (Line 8).....					
38. Receivables for securities (Line 9).....	3.8				
39. Securities lending reinvested collateral assets (Line 10).....					
40. Aggregate write-ins for invested assets (Line 11).....			0.0		
41. Cash, cash equivalents and invested assets (Line 12).....	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
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).....	45,765,324	44,029,423	44,113,559	40,323,931	38,432,852
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.....	45,765,324	44,029,423	44,113,559	40,323,931	38,432,852
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).....	78.8	77.6	77.1	81.4	80.5

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

	1	2	3	4	5
	2017	2016	2015	2014	2013
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24).....	800,874	(156,176)	1,315,007	1,891,079	4,774,647
52. Dividends to stockholders (Line 35).....					
53. Change in surplus as regards policyholders for the year (Line 38).....	1,372,441	(473,608)	7,624,125	1,814,328	5,664,139
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
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).....	58,338,557	39,501,121	24,018,530	16,382,267	(81,925,894)
55. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	4,363,826	3,132,591	2,530,525	809,918	370,388
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	9,817,727	2,196,108	1,401,366	77,747	
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).....	72,520,110	44,829,820	27,950,421	17,269,932	(81,555,506)
Net Losses Paid (Page 9, Part 2, Col. 4)					
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).....	6,140,718	7,505,735	2,655,225	2,057,815	(10,673,196)
61. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	339,660	52,114	29,829	12,862	49,559
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	147,498	5,315	3,298	528	
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	(3,774,579)				
64. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
65. Total (Line 35).....	2,853,297	7,563,164	2,688,352	2,071,205	(10,623,637)
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
66. Premiums earned (Line 1).....	100.0	100.0	100.0	100.0	100.0
67. Losses incurred (Line 2).....	39.7	40.2	33.9	25.5	14.7
68. Loss expenses incurred (Line 3).....	27.3	44.9	31.3	30.9	22.0
69. Other underwriting expenses incurred (Line 4).....	24.8	17.8	28.6	35.2	43.7
70. Net underwriting gain (loss) (Line 8).....	8.2	(2.9)	6.2	8.4	20.2
Other Percentages					
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).....	26.3	22.6	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).....	67.0	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).....	9.9	10.3	20.4	19.3	19.4
One Year Loss Development (\$000 omitted)					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11).....	(89)	(513)	(1,078)	(2,028)	(2,496)
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).....	(0.2)	(0.9)	(2.2)	(4.2)	(5.9)
Two Year Loss Development (\$000 omitted)					
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).....	(505)	(877)	(2,455)	(4,521)	(3,615)
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).....	(0.9)	(1.8)	(5.1)	(10.7)	(44.5)

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

Yes[] No[]

If no, please explain:

SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P - PART 1 - SUMMARY

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12 Number of Claims Reported- Direct and Assumed
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior.....	.....XXX.....	.....XXX.....	.....XXX.....	.....112.....	.....	.....450.....	.....	.....44.....	.....	.....0.....	.....607.....	.....XXX.....
2. 2008.....	.....19,915.....	.....14,687.....	.....5,229.....	.....7,512.....	.....5,479.....	.....1,893.....	.....1,333.....	.....933.....	.....341.....	.....20.....	.....3,185.....	.....XXX.....
3. 2009.....	.....17,025.....	.....12,472.....	.....4,553.....	.....6,008.....	.....4,241.....	.....1,319.....	.....929.....	.....649.....	.....232.....	.....27.....	.....2,573.....	.....XXX.....
4. 2010.....	.....13,355.....	.....9,997.....	.....3,358.....	.....5,176.....	.....3,955.....	.....1,468.....	.....1,026.....	.....732.....	.....318.....	.....27.....	.....2,076.....	.....XXX.....
5. 2011.....	.....15,206.....	.....11,349.....	.....3,857.....	.....9,777.....	.....7,464.....	.....1,446.....	.....1,012.....	.....535.....	.....159.....	.....32.....	.....3,123.....	.....XXX.....
6. 2012.....	.....19,501.....	.....15,919.....	.....3,581.....	.....11,833.....	.....10,217.....	.....1,873.....	.....1,334.....	.....582.....	.....189.....	.....18.....	.....2,547.....	.....XXX.....
7. 2013.....	.....13,732.....	.....10,425.....	.....3,307.....	.....3,856.....	.....2,795.....	.....1,500.....	.....1,026.....	.....525.....	.....147.....	.....21.....	.....1,913.....	.....XXX.....
8. 2014.....	.....17,537.....	.....13,376.....	.....4,161.....	.....3,519.....	.....2,811.....	.....1,310.....	.....933.....	.....593.....	.....216.....	.....30.....	.....1,462.....	.....XXX.....
9. 2015.....	.....21,254.....	.....16,372.....	.....4,882.....	.....3,949.....	.....3,195.....	.....1,044.....	.....774.....	.....570.....	.....200.....	.....45.....	.....1,394.....	.....XXX.....
10. 2016.....	.....27,022.....	.....21,669.....	.....5,353.....	.....3,852.....	.....3,280.....	.....660.....	.....516.....	.....643.....	.....322.....	.....35.....	.....1,036.....	.....XXX.....
11. 2017.....	.....42,174.....	.....36,024.....	.....6,150.....	.....2,476.....	.....2,255.....	.....306.....	.....262.....	.....776.....	.....618.....	.....23.....	.....423.....	.....XXX.....
12. Totals.....	.....XXX.....	.....XXX.....	.....XXX.....	.....58,068.....	.....45,691.....	.....13,268.....	.....9,144.....	.....6,582.....	.....2,744.....	.....279.....	.....20,340.....	.....XXX.....

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding-Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21	22			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded						Direct and Assumed	Ceded
1. Prior.....	.....151.....	.....	.....395.....	.....105.....	.....145.....	.....	.....112.....	.....12.....	.....46.....	.....	.....	.....733.....	.....XXX.....
2. 2008.....	.....45.....	.....31.....	.....239.....	.....182.....	.....29.....	.....20.....	.....71.....	.....51.....	.....24.....	.....2.....	.....	.....121.....	.....XXX.....
3. 2009.....	.....63.....	.....44.....	.....196.....	.....147.....	.....18.....	.....13.....	.....63.....	.....45.....	.....26.....	.....4.....	.....	.....112.....	.....XXX.....
4. 2010.....	.....167.....	.....117.....	.....243.....	.....183.....	.....37.....	.....26.....	.....79.....	.....57.....	.....53.....	.....17.....	.....	.....179.....	.....XXX.....
5. 2011.....	.....126.....	.....88.....	.....440.....	.....335.....	.....57.....	.....40.....	.....145.....	.....105.....	.....55.....	.....7.....	.....	.....248.....	.....XXX.....
6. 2012.....	.....657.....	.....510.....	.....559.....	.....430.....	.....123.....	.....90.....	.....189.....	.....138.....	.....94.....	.....17.....	.....	.....438.....	.....XXX.....
7. 2013.....	.....543.....	.....387.....	.....969.....	.....767.....	.....86.....	.....60.....	.....314.....	.....232.....	.....124.....	.....17.....	.....	.....574.....	.....XXX.....
8. 2014.....	.....1,019.....	.....774.....	.....1,618.....	.....1,277.....	.....262.....	.....186.....	.....531.....	.....392.....	.....198.....	.....20.....	.....	.....979.....	.....XXX.....
9. 2015.....	.....1,793.....	.....1,348.....	.....3,493.....	.....2,776.....	.....395.....	.....285.....	.....1,033.....	.....767.....	.....373.....	.....34.....	.....	.....1,877.....	.....XXX.....
10. 2016.....	.....3,790.....	.....3,185.....	.....6,349.....	.....5,082.....	.....616.....	.....483.....	.....1,753.....	.....1,309.....	.....588.....	.....57.....	.....	.....2,981.....	.....XXX.....
11. 2017.....	.....6,030.....	.....5,380.....	.....13,990.....	.....11,934.....	.....844.....	.....714.....	.....3,278.....	.....2,569.....	.....858.....	.....77.....	.....	.....4,325.....	.....XXX.....
12. Totals...	.....14,384.....	.....11,865.....	.....28,489.....	.....23,217.....	.....2,614.....	.....1,917.....	.....7,568.....	.....5,676.....	.....2,439.....	.....253.....	.....0.....	.....12,567.....	.....XXX.....

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves after Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior..	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....	.....	.....XXX.....	.....440.....	.....292.....
2. 2008.	.....10,745.....	.....7,439.....	.....3,306.....	.....54.0.....	.....50.7.....	.....63.2.....	.....	.....	.....7.00.....	.....70.....	.....51.....
3. 2009.	.....8,341.....	.....5,655.....	.....2,685.....	.....49.0.....	.....45.3.....	.....59.0.....	.....	.....	.....7.00.....	.....67.....	.....45.....
4. 2010.	.....7,954.....	.....5,699.....	.....2,255.....	.....59.6.....	.....57.0.....	.....67.2.....	.....	.....	.....7.00.....	.....111.....	.....69.....
5. 2011.	.....12,580.....	.....9,209.....	.....3,371.....	.....82.7.....	.....81.1.....	.....87.4.....	.....	.....	.....7.00.....	.....142.....	.....105.....
6. 2012.	.....15,911.....	.....12,926.....	.....2,985.....	.....81.6.....	.....81.2.....	.....83.4.....	.....	.....	.....7.00.....	.....276.....	.....162.....
7. 2013.	.....7,918.....	.....5,430.....	.....2,487.....	.....57.7.....	.....52.1.....	.....75.2.....	.....	.....	.....7.00.....	.....358.....	.....216.....
8. 2014.	.....9,050.....	.....6,609.....	.....2,441.....	.....51.6.....	.....49.4.....	.....58.7.....	.....	.....	.....7.00.....	.....586.....	.....393.....
9. 2015.	.....12,649.....	.....9,378.....	.....3,271.....	.....59.5.....	.....57.3.....	.....67.0.....	.....	.....	.....7.00.....	.....1,163.....	.....715.....
10. 2016.	.....18,251.....	.....14,235.....	.....4,016.....	.....67.5.....	.....65.7.....	.....75.0.....	.....	.....	.....7.00.....	.....1,872.....	.....1,108.....
11. 2017.	.....28,558.....	.....23,809.....	.....4,749.....	.....67.7.....	.....66.1.....	.....77.2.....	.....	.....	.....7.00.....	.....2,705.....	.....1,620.....
12. Totals	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....0.....	.....0.....	.....XXX.....	.....7,791.....	.....4,775.....

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
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	One Year	Two Year
1. Prior.....	.....14,186	.....13,904	.....13,341	.....12,185	.....11,630	.....10,796	.....10,315	.....10,327	.....10,418	.....10,764	.....346	.....437
2. 2008.....	.....3,192	.....3,136	.....3,094	.....3,010	.....2,953	.....2,839	.....2,751	.....2,743	.....2,709	.....2,692	.....(17)	.....(51)
3. 2009.....	.....XXX	.....2,903	.....2,798	.....2,688	.....2,544	.....2,307	.....2,174	.....2,204	.....2,214	.....2,247	.....34	.....43
4. 2010.....	.....XXX	.....XXX	.....2,143	.....2,208	.....2,182	.....2,074	.....1,959	.....1,928	.....1,820	.....1,806	.....(14)	.....(122)
5. 2011.....	.....XXX	.....XXX	.....XXX	.....3,056	.....3,303	.....3,184	.....2,994	.....2,976	.....2,953	.....2,947	.....(6)	.....(29)
6. 2012.....	.....XXX	.....XXX	.....XXX	.....XXX	.....2,549	.....2,617	.....2,533	.....2,472	.....2,463	.....2,515	.....52	.....43
7. 2013.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....2,089	.....2,086	.....1,930	.....1,963	.....2,002	.....39	.....72
8. 2014.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....2,573	.....2,366	.....2,041	.....1,886	.....(155)	.....(481)
9. 2015.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....2,980	.....2,774	.....2,564	.....(210)	.....(417)
10. 2016.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....3,324	.....3,165	.....(158)	.....XXX
11. 2017.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....3,810	.....XXX	.....XXX
12. Totals.....											.....(89)	.....(505)

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
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017		
1. Prior.....	.....000	.....3,721	.....5,874	.....7,279	.....8,193	.....8,612	.....8,900	.....9,148	.....9,515	.....10,078	.....XXX	.....XXX
2. 2008.....	.....567	.....1,175	.....1,651	.....2,027	.....2,284	.....2,402	.....2,495	.....2,573	.....2,583	.....2,593	.....XXX	.....XXX
3. 2009.....	.....XXX	.....781	.....1,212	.....1,501	.....1,723	.....1,861	.....1,932	.....2,023	.....2,081	.....2,157	.....XXX	.....XXX
4. 2010.....	.....XXX	.....XXX	.....447	.....908	.....1,193	.....1,416	.....1,556	.....1,614	.....1,620	.....1,662	.....XXX	.....XXX
5. 2011.....	.....XXX	.....XXX	.....XXX	.....854	.....1,625	.....2,153	.....2,398	.....2,592	.....2,674	.....2,747	.....XXX	.....XXX
6. 2012.....	.....XXX	.....XXX	.....XXX	.....XXX	.....300	.....1,115	.....1,462	.....1,761	.....2,000	.....2,154	.....XXX	.....XXX
7. 2013.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....130	.....411	.....805	.....1,226	.....1,535	.....XXX	.....XXX
8. 2014.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....137	.....510	.....756	.....1,085	.....XXX	.....XXX
9. 2015.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....203	.....623	.....1,025	.....XXX	.....XXX
10. 2016.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....170	.....715	.....XXX	.....XXX
11. 2017.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....266	.....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
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
1. Prior.....	.....10,527	.....7,450	.....5,669	.....3,975	.....2,850	.....1,715	.....1,035	.....711	.....621	.....390
2. 2008.....	.....2,007	.....1,388	.....998	.....697	.....472	.....280	.....183	.....140	.....107	.....77
3. 2009.....	.....XXX	.....1,701	.....1,226	.....922	.....611	.....353	.....156	.....117	.....81	.....67
4. 2010.....	.....XXX	.....XXX	.....1,280	.....955	.....725	.....415	.....242	.....162	.....127	.....82
5. 2011.....	.....XXX	.....XXX	.....XXX	.....1,511	.....1,030	.....694	.....404	.....267	.....219	.....145
6. 2012.....	.....XXX	.....XXX	.....XXX	.....XXX	.....1,408	.....1,025	.....689	.....422	.....262	.....180
7. 2013.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....1,559	.....1,315	.....769	.....454	.....285
8. 2014.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....1,996	.....1,495	.....933	.....480
9. 2015.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....2,233	.....1,589	.....982
10. 2016.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....2,562	.....1,712
11. 2017.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....2,766

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

Allocated by States and Territories

		1		Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4	5	6	7	8	9
		Active Status		2	3	Dividends Paid or Credited to Policyholders on Direct Business	Direct Losses Paid (Deducting Salvage)	Direct Losses Incurred	Direct Losses Unpaid	Finance and Service Charges not Included in Premiums	Direct Premiums Written for Federal Purchasing Groups (Incl. in Col. 2)
States, Etc.				Direct Premiums Written	Direct Premiums Earned						
1.	Alabama.....AL	L		246,686	151,991		41,758	76,884	93,399		
2.	Alaska.....AK	L									
3.	Arizona.....AZ	L		1,502,902	1,432,764		392,801	569,705	1,190,430	7,647	
4.	Arkansas.....AR	L		78,344	322,930		7,735	79,393	418,281		
5.	California.....CA	N									
6.	Colorado.....CO	L		714,788	749,666		472,068	233,535	364,179		
7.	Connecticut.....CT	L									
8.	Delaware.....DE	L		90,915	75,314		3,181	15,714	12,560		
9.	District of Columbia.....DC	L		33,221	52,605		5,808	2,609	29,374	90	
10.	Florida.....FL	L		3,681,492	3,270,626		2,848,144	4,286,610	4,529,469		
11.	Georgia.....GA	L		1,725,450	1,824,295		1,388,755	1,588,868	563,335	4,366	
12.	Hawaii.....HI	L									
13.	Idaho.....ID	L		590,981	697,278		505,875	1,103,509	1,136,574	750	
14.	Illinois.....IL	L		850,356	1,379,927		393,785	83,439	1,442,901	90	
15.	Indiana.....IN	L		220,934	175,220		437,118	(489,044)	643,557		
16.	Iowa.....IA	L		31,982	9,829		31,766	128,691	205,278		
17.	Kansas.....KS	L		15,997	19,255		892	(28,381)	9,707	120	
18.	Kentucky.....KY	L		326,408	633,118		325,896	1,211,986	1,877,741		
19.	Louisiana.....LA	L		1,271,091	1,224,348		328,744	430,523	836,663		
20.	Maine.....ME	N									
21.	Maryland.....MD	L		519,543	918,256		217,003	373,381	671,834		
22.	Massachusetts.....MA	L		1,010,328	842,015		78,172	201,522	339,436	10	
23.	Michigan.....MI	L		1,297,375	893,227		67,270	426,687	359,787		
24.	Minnesota.....MN	L		(1,686)	16,615		100	(8,733)	18,744		
25.	Mississippi.....MS	L		235,150	188,003		177,260	331,170	285,937		
26.	Missouri.....MO	L		(3,414)	(13,447)		46,298	(40,325)	93,307		
27.	Montana.....MT	L		3,600	37,214		5,013	(15,701)	4,921		
28.	Nebraska.....NE	L		(4,795)	(5,603)		64,130	144,356	229,947		
29.	Nevada.....NV	L		1,140,196	1,069,886		563,897	1,740,721	2,444,699	4,003	
30.	New Hampshire.....NH	L		65,915	61,295		78,648	140,531	62,002		
31.	New Jersey.....NJ	L		9,080,876	8,885,733		2,829,985	6,508,832	7,072,126	1,929	
32.	New Mexico.....NM	L		4,385,020	9,212,215		4,414,518	4,022,243	7,798,398		
33.	New York.....NY	L		19,006,019	18,632,411		2,964,318	13,386,502	20,337,576	34,538	
34.	North Carolina.....NC	L		775,385	681,781		428,922	769,971	432,617	969	
35.	North Dakota.....ND	L		58,918	174,189		268,780	154,601	52,204		
36.	Ohio.....OH	L		477,569	311,658		178,314	206,883	497,876		
37.	Oklahoma.....OK	L		2,021	1,338		43,668	(15,247)	70,866		
38.	Oregon.....OR	L		(53,715)	352,419		115,009	240,478	405,204		
39.	Pennsylvania.....PA	L		3,642,290	3,136,809		1,071,056	2,919,917	2,997,421	211	
40.	Rhode Island.....RI	L		1,238,785	1,034,815		31,240	133,297	454,283		
41.	South Carolina.....SC	L		422,246	454,106		102,786	153,411	197,548	490	
42.	South Dakota.....SD	L		35,799	35,799			12,847	12,847		
43.	Tennessee.....TN	L		519,904	460,854		361,096	1,176,151	1,342,185	300	
44.	Texas.....TX	L		7,466,172	12,904,651		11,216,365	8,940,327	13,158,271	35,986	
45.	Utah.....UT	L		414,562	757,194		81,790	46,215	247,222		
46.	Vermont.....VT	L		42,082	24,719			14,520	14,679		
47.	Virginia.....VA	L		551,512	486,037		115,269	7,439	196,831		
48.	Washington.....WA	L		(21,275)	148,990		57,040	184,735	144,816		
49.	West Virginia.....WV	L		86,090	49,281			(44,286)	(44,271)		
50.	Wisconsin.....WI	L		174,699	138,432		2,994	(20,320)	(22,925)		
51.	Wyoming.....WY	L									
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) ...49		63,948,718	73,910,058	0	32,765,267	51,386,166	73,229,836	91,499	0

DETAILS OF WRITE-INS

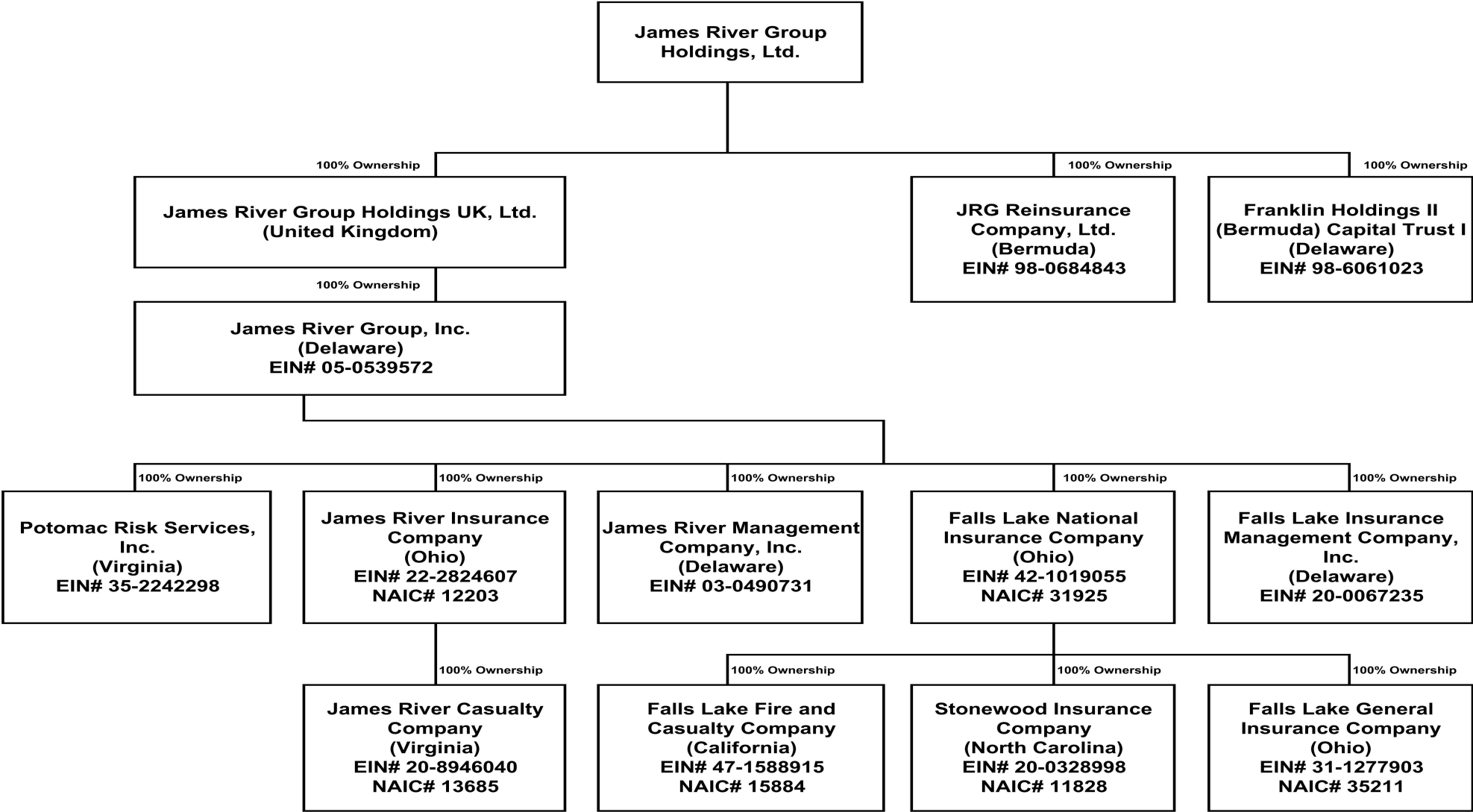
58001.	XXX									
58002.	XXX									
58003.	XXX									
58998. Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0	0
58999. Totals (Lines 58001 thru 58003+ Line 58998) (Line 58 above)	XXX	0	0	0	0	0	0	0	0	0

(L) - Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) - Registered - Non-domiciled RRGs; (Q) - Qualified - Qualified or Accredited Reinsurer; (E) - Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state (other than their state of domicile see DSLI); (D) - DSLI - Domestic Surplus Lines Insurer (DSLI) - Reporting entities authorized to write Surplus Lines in the state of domicile; (N) - None of the above - Not allowed to write business in the state.

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

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

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



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