



ANNUAL STATEMENT

For the Year Ended December 31, 2018  
of the Condition and Affairs of the

Falls Lake National Insurance Company

NAIC Group Code.....	3494, 3494	NAIC Company Code.....	31925	Employer's ID Number.....	42-1019055
	(Current Period) (Prior Period)				
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)				
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)				
Internet Web Site Address	www.fallslakeins.com				
Statutory Statement Contact	Timothy S. MacAleese (Name)				
	accounting@fallslakeins.com (E-Mail Address)				

OFFICERS

Name	Title	Name	Title
1. Terence M. McCafferty #	President/CEO	2. Eric F. Liland #	Secretary
3. Timothy S. MacAleese #	Chief Financial Officer	4. Michael E. Crow	Treasurer

OTHER

Sarah C. Doran	Chairman of the Board	Dennis R. Johnson #	Chief Underwriting Officer
David B. Zoffer #	Senior VP and General Counsel		

DIRECTORS OR TRUSTEES

Sarah C. Doran	Terence M. McCafferty #	Michael E. Crow	Courtenay G. Warren #
Jennifer E. Kish #	Timothy S. MacAleese #	Bhupinder S. Sodhi #	Dennis R. Johnson #

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)	(Signature)	(Signature)
Terence M. McCafferty	Eric F. Liland	Timothy S. MacAleese
1. (Printed Name)	2. (Printed Name)	3. (Printed Name)
President/CEO	Secretary	Chief Financial Officer
(Title)	(Title)	(Title)

Subscribed and sworn to before me

This \_\_\_\_\_ day of \_\_\_\_\_ 2019

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).....	10,052,839		10,052,839	13,531,574
2. Stocks (Schedule D):				
2.1 Preferred stocks.....	1,526,637		1,526,637	1,621,639
2.2 Common stocks.....	79,292,288		79,292,288	40,453,677
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 (\$.....6,075,644, Schedule E-Part 1), cash equivalents (\$.....2,389,163, Schedule E-Part 2) and short-term investments (\$.....0, Schedule DA).....	8,464,805		8,464,805	8,061,168
6. Contract loans (including \$.....0 premium notes).....			0	
7. Derivatives (Schedule DB).....			0	
8. Other invested assets (Schedule BA).....			0	
9. Receivables for securities.....			0	2,500,000
10. Securities lending reinvested collateral assets (Schedule DL).....			0	
11. Aggregate write-ins for invested assets.....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	99,336,569	0	99,336,569	66,168,058
13. Title plants less \$.....0 charged off (for Title insurers only).....			0	
14. Investment income due and accrued.....	74,396		74,396	95,747
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	39,518,090	406,558	39,111,532	25,560,222
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	9,319,169	13,414	9,305,755	7,394,880
15.3 Accrued retrospective premiums (\$.....0) and contracts subject to redetermination (\$.....0).....			0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	22,586,272		22,586,272	15,223,788
16.2 Funds held by or deposited with reinsured companies.....	234,589,963		234,589,963	207,128,400
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.....	224,067		224,067	
18.2 Net deferred tax asset.....	1,083,096	354,608	728,488	221,333
19. Guaranty funds receivable or on deposit.....			0	
20. Electronic data processing equipment and software.....			0	
21. Furniture and equipment, including health care delivery assets (\$.....0).....			0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0	
23. Receivables from parent, subsidiaries and affiliates.....			0	202,492
24. Health care (\$.....0) and other amounts receivable.....			0	
25. Aggregate write-ins for other-than-invested assets.....	10,000	10,000	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	406,741,621	784,580	405,957,041	321,994,920
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
28. TOTAL (Lines 26 and 27).....	406,741,621	784,580	405,957,041	321,994,920

DETAILS OF WRITE-INS

1101. Other investment receivable.....			0	
1102. ....			0	
1103. ....			0	
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above).....	0	0	0	0
2501. 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	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	10,000	10,000	0	0

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8).....	12,722,505	11,130,417
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....	16,684,616	13,810,223
3. Loss adjustment expenses (Part 2A, Line 35, Column 9).....	7,639,418	6,822,203
4. Commissions payable, contingent commissions and other similar charges.....	4,936,421	1,881,892
5. Other expenses (excluding taxes, licenses and fees).....	1,156,912	565,222
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	4,138,516	2,123,478
7.1 Current federal and foreign income taxes (including \$.....0 on realized capital gains (losses)).....		240,665
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 \$.....71,295,353 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).....	3,802,754	3,416,538
10. Advance premium.....		
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....		
12. Ceded reinsurance premiums payable (net of ceding commissions).....	42,462,958	30,820,635
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 20).....	217,515,354	192,805,753
14. Amounts withheld or retained by company for account of others.....	(3,284)	85,566
15. Remittances and items not allocated.....	667,162	68,392
16. Provision for reinsurance (including \$.....0 certified) (Schedule F, Part 3, Column 78).....		39,170
17. Net adjustments in assets and liabilities due to foreign exchange rates.....		
18. Drafts outstanding.....		
19. Payable to parent, subsidiaries and affiliates.....	160,557	
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.....	41,668	106,395
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....	311,925,557	263,916,549
27. Protected cell liabilities.....		
28. Total liabilities (Lines 26 and 27).....	311,925,557	263,916,549
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.....	78,558,551	43,558,551
35. Unassigned funds (surplus).....	11,272,933	10,319,820
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).....	94,031,484	58,078,371
38. TOTAL (Page 2, Line 28, Col. 3).....	405,957,041	321,994,920

DETAILS OF WRITE-INS

2501. Policyholder deposits.....		75,093
2502. Excise Tax Payable.....		28,936
2503. Deferred Ceding Commission.....	41,668	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).....	41,668	106,395
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

			1	2
UNDERWRITING INCOME			Current Year	Prior Year
1.	Premiums earned (Part 1, Line 35, Column 4).....		9,170,492	8,786,125
DEDUCTIONS:				
2.	Losses incurred (Part 2, Line 35, Column 7).....		4,237,139	3,489,473
3.	Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....		2,575,196	2,395,352
4.	Other underwriting expenses incurred (Part 3, Line 25, Column 2).....		1,861,960	2,178,714
5.	Aggregate write-ins for underwriting deductions.....		0	0
6.	Total underwriting deductions (Lines 2 through 5).....		8,674,295	8,063,539
7.	Net income of protected cells.....			
8.	Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....		496,197	722,586
INVESTMENT INCOME				
9.	Net investment income earned (Exhibit of Net Investment Income, Line 17).....		428,618	377,375
10.	Net realized capital gains (losses) less capital gains tax of \$.....(12,378) (Exhibit of Capital Gains (Losses)).....		(46,564)	(15,064)
11.	Net investment gain (loss) (Lines 9 + 10).....		382,054	362,311
OTHER INCOME				
12.	Net gain (loss) from agents' or premium balances charged off (amount recovered \$.....(12,620) amount charged off \$.....0).....		(12,620)	9
13.	Finance and service charges not included in premiums.....		459,826	8,305
14.	Aggregate write-ins for miscellaneous income.....		(401,418)	0
15.	Total other income (Lines 12 through 14).....		45,788	8,314
16.	Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....		924,039	1,093,211
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).....		924,039	1,093,211
19.	Federal and foreign income taxes incurred.....		203,409	178,184
20.	Net income (Line 18 minus Line 19) (to Line 22).....		720,630	915,027
CAPITAL AND SURPLUS ACCOUNT				
21.	Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....		58,078,371	56,705,930
22.	Net income (from Line 20).....		720,630	915,027
23.	Net transfers (to) from Protected Cell accounts.....			
24.	Change in net unrealized capital gains or (losses) less capital gains tax of \$.....(19,950).....		(236,440)	652,881
25.	Change in net unrealized foreign exchange capital gain (loss).....			
26.	Change in net deferred income tax.....		35,096	(799,941)
27.	Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3).....		394,657	31,117
28.	Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....		39,170	573,357
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.....		35,000,000	
33.2	Transferred to capital (Stock Dividend).....			
33.3.	Transferred from capital.....			
34.	Net remittances from or (to) Home Office.....			
35.	Dividends to stockholders.....			
36.	Change in treasury stock (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).....		35,953,112	1,372,441
39.	Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37).....		94,031,484	58,078,371
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.	Miscellaneous fees.....		(401,418)	
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).....		(401,418)	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 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	5,679,394	7,340,738
2. Net investment income.....	502,316	423,131
3. Miscellaneous income.....	45,788	8,314
4. Total (Lines 1 through 3).....	6,227,499	7,772,183
5. Benefit and loss related payments.....	34,594,705	(22,015,413)
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	(2,042,328)	6,364,305
8. Dividends paid to policyholders.....		
9. Federal and foreign income taxes paid (recovered) net of \$.....(12,378) tax on capital gains (losses).....	655,764	(83,893)
10. Total (Lines 5 through 9).....	33,208,141	(15,735,001)
11. Net cash from operations (Line 4 minus Line 10).....	(26,980,642)	23,507,184
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	7,598,936	4,216,908
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.....	(18)	(141)
12.7 Miscellaneous proceeds.....	2,500,000	
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	10,098,918	4,604,267
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	4,232,484	1,629,265
13.2 Stocks.....	39,000,000	
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).....	43,232,484	4,139,265
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).....	(33,133,566)	465,002
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.....	35,000,000	
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).....	25,517,845	(25,085,687)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	60,517,845	(25,085,687)
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).....	403,637	(1,113,501)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	8,061,168	9,174,669
19.2 End of year (Line 18 plus Line 19.1).....	8,464,805	8,061,168
Note: Supplemental disclosures of cash flow information for non-cash transactions:		
20.0001 .....		

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.....	5,806	6,189	5,768	6,228
2.	Allied lines.....	23,429	32,698	25,749	30,378
3.	Farmowners multiple peril.....	0		0	0
4.	Homeowners multiple peril.....	0		0	0
5.	Commercial multiple peril.....	664	694	(21)	1,380
6.	Mortgage guaranty.....	0		0	0
8.	Ocean marine.....	0		0	0
9.	Inland marine.....	1,859	3,374	1,225	4,008
10.	Financial guaranty.....	0		0	0
11.1	Medical professional liability - occurrence.....	14,855	5,675	5,203	15,327
11.2	Medical professional liability - claims-made.....	448,095	122,370	120,934	449,531
12.	Earthquake.....	5,883	11,016	8,312	8,587
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.....	1,501,539	262,708	313,693	1,450,554
17.1	Other liability - occurrence.....	4,768,927	1,744,759	2,142,320	4,371,366
17.2	Other liability - claims-made.....	728,221	256,250	256,290	728,181
17.3	Excess workers' compensation.....	0		0	0
18.1	Products liability - occurrence.....	1,345,438	694,164	691,261	1,348,341
18.2	Products liability - claims-made.....	270,716	154,826	122,585	302,957
19.1, 19.2	Private passenger auto liability.....	62,419		29,384	33,035
19.3, 19.4	Commercial auto liability.....	350,967	104,968	71,895	384,040
21.	Auto physical damage.....	27,889	14,976	8,135	34,730
22.	Aircraft (all perils).....	0		0	0
23.	Fidelity.....	0		0	0
24.	Surety.....	0		0	0
26.	Burglary and theft.....	0	1	0	1
27.	Boiler and machinery.....	0	21	21	(0)
28.	Credit.....	0		0	0
29.	International.....	0	1,848	0	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.....	9,556,709	3,416,537	3,802,754	9,170,492

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.....	5,768				5,768
2.	Allied lines.....	25,749				25,749
3.	Farmowners multiple peril.....					0
4.	Homeowners multiple peril.....					0
5.	Commercial multiple peril.....	(21)				(21)
6.	Mortgage guaranty.....					0
8.	Ocean marine.....					0
9.	Inland marine.....	1,225				1,225
10.	Financial guaranty.....					0
11.1	Medical professional liability - occurrence.....	5,203				5,203
11.2	Medical professional liability - claims-made.....	120,934				120,934
12.	Earthquake.....	8,312				8,312
13.	Group accident and health.....					0
14.	Credit accident and health (group and individual).....					0
15.	Other accident and health.....					0
16.	Workers' compensation.....	313,693				313,693
17.1	Other liability - occurrence.....	2,142,320				2,142,320
17.2	Other liability - claims-made.....	256,290				256,290
17.3	Excess workers' compensation.....					0
18.1	Products liability - occurrence.....	691,261				691,261
18.2	Products liability - claims-made.....	122,585				122,585
19.1, 19.2	Private passenger auto liability.....	29,384				29,384
19.3, 19.4	Commercial auto liability.....	71,895				71,895
21.	Auto physical damage.....	8,135				8,135
22.	Aircraft (all perils).....					0
23.	Fidelity.....					0
24.	Surety.....					0
26.	Burglary and theft.....					0
27.	Boiler and machinery.....	21				21
28.	Credit.....					0
29.	International.....					0
30.	Warranty.....					0
31.	Reinsurance - nonproportional assumed property.....					0
32.	Reinsurance - nonproportional assumed liability.....					0
33.	Reinsurance - nonproportional assumed financial lines.....					0
34.	Aggregate write-ins for other lines of business.....	0	0	0	0	0
35.	TOTALS.....	3,802,754	0	0	0	3,802,754
36.	Accrued retrospective premiums based on experience.....					
37.	Earned but unbilled premiums.....					0
38.	Balance (sum of Lines 35 through 37).....					3,802,754

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.....	4,200	58,072	(26)	52,240	4,200	5,806
2.	Allied lines.....	5,725	234,305	(36)	210,840	5,725	23,429
3.	Farmowners multiple peril.....						0
4.	Homeowners multiple peril.....						0
5.	Commercial multiple peril.....	16,493,317	4,170	8,244	11,750	16,493,317	664
6.	Mortgage guaranty.....						0
8.	Ocean marine.....						0
9.	Inland marine.....	510,010	3,732	(1,067)	51,407	459,409	1,859
10.	Financial guaranty.....						0
11.1	Medical professional liability - occurrence.....		148,547		133,692		14,855
11.2	Medical professional liability - claims-made.....		4,480,954		4,032,859		448,095
12.	Earthquake.....		58,826		52,943		5,883
13.	Group accident and health.....						0
14.	Credit accident and health (group and individual).....						0
15.	Other accident and health.....						0
16.	Workers' compensation.....	10,763,582	14,397,236	848,815	14,956,194	9,551,900	1,501,539
17.1	Other liability - occurrence.....	13,366,620	47,420,637	4,705	43,547,135	12,475,900	4,768,927
17.2	Other liability - claims-made.....	496,515	7,253,350		6,621,343	400,301	728,221
17.3	Excess workers' compensation.....						0
18.1	Products liability - occurrence.....	172,417	13,452,984	3,826	12,112,219	171,570	1,345,438
18.2	Products liability - claims-made.....		2,707,163		2,436,447		270,716
19.1, 19.2	Private passenger auto liability.....	22,440,900			2,018,201	20,360,280	62,419
19.3, 19.4	Commercial auto liability.....	24,537,875	2,734,238	(4,826)	4,968,058	21,948,262	350,967
21.	Auto physical damage.....	6,885,218	23,895	(1,643)	845,995	6,033,586	27,889
22.	Aircraft (all perils).....						0
23.	Fidelity.....						0
24.	Surety.....						0
26.	Burglary and theft.....			(7)	(7)		0
27.	Boiler and machinery.....	157,500				157,500	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.....	95,833,879	92,978,109	857,986	92,051,315	88,061,950	9,556,709

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 \$.....3,503,536.  
2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$.....7,522,480.



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.....		(1,000)	(900)	(100)	3,305	2,335	870	14.0
2.	Allied lines.....		2,715	2,444	271	22,062	114,298	(91,965)	(302.7)
3.	Farmowners multiple peril.....				0	0		0	0.0
4.	Homeowners multiple peril.....				0	0		0	0.0
5.	Commercial multiple peril.....	5,709,408	125,716	5,831,610	3,514	10,719	3,905	10,328	748.6
6.	Mortgage guaranty.....				0	0		0	0.0
8.	Ocean marine.....				0	0		0	0.0
9.	Inland marine.....	58,316	1,677	59,787	206	2,293	2,241	258	6.4
10.	Financial guaranty.....				0	0		0	0.0
11.1	Medical professional liability - occurrence.....		10,313	9,282	1,031	25,669	25,544	1,156	7.5
11.2	Medical professional liability - claims-made.....		2,227,468	2,004,721	222,747	476,645	326,959	372,433	82.8
12.	Earthquake.....				0	0	3,212	(3,212)	(37.4)
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.....	5,345,468	4,665,158	9,520,160	490,466	1,749,768	1,705,035	535,199	36.9
17.1	Other liability - occurrence.....	(343,987)	12,370,003	10,783,384	1,242,632	6,280,053	5,434,421	2,088,264	47.8
17.2	Other liability - claims-made.....	107,450	752,953	784,045	76,358	598,638	476,502	198,494	27.3
17.3	Excess workers' compensation.....				0	0		0	0.0
18.1	Products liability - occurrence.....		4,123,554	3,711,199	412,355	2,758,512	2,417,500	753,367	55.9
18.2	Products liability - claims-made.....		90,303	81,273	9,030	180,810	194,456	(4,616)	(1.5)
19.1, 19.2	Private passenger auto liability.....	250,107	45,551	294,903	755	17,693	1,977	16,471	49.9
19.3, 19.4	Commercial auto liability.....	19,919,664	541,236	20,293,230	167,670	578,329	412,417	333,582	86.9
21.	Auto physical damage.....	3,150,414	35,062	3,167,365	18,111	18,008	9,612	26,507	76.3
22.	Aircraft (all perils).....				0	0		0	0.0
23.	Fidelity.....				0	0		0	0.0
24.	Surety.....				0	0		0	0.0
26.	Burglary and theft.....				0	0	3	(3)	(243.1)
27.	Boiler and machinery.....	972		972	0		(1)	1	(5,000.0)
28.	Credit.....				0	0		0	0.0
29.	International.....				0	0		0	0.0
30.	Warranty.....				0	0		0	0.0
31.	Reinsurance - nonproportional assumed property.....	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.....	34,197,812	24,990,709	56,543,475	2,645,046	12,722,505	11,130,416	4,237,134	46.2
DETAILS OF WRITE-INS									
3401.	.....				0	0		0	0.0
3402.	.....				0	0		0	0.0
3403.	.....				0	0		0	0.0
3498.	Summary of remaining write-ins for Line 34 from overflow page.....	0	0	0	0	0	0	0	XXX
3499.	Totals (Lines 3401 through 3403 plus 3498) (Line 34 above).....	0	0	0	0	0	0	0	0.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business		Reported Losses				Incurred But Not Reported			8	9
		1	2	3	4	5	6	7	Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Net Unpaid Loss Adjustment Expenses
		Direct	Reinsurance Assumed	Deduct Reinsurance Recoverable	Net Losses Excluding Incurred but not Reported (Cols. 1 + 2 - 3)	Direct	Reinsurance Assumed	Reinsurance Ceded		
1.	Fire.....		76	68	8	761	32,977	30,441	3,305	6,111
2.	Allied lines.....		11,080	9,972	1,108	1,413	209,529	189,988	22,062	25,809
3.	Farmowners multiple peril.....				0				0	
4.	Homeowners multiple peril.....				0				0	
5.	Commercial multiple peril.....	8,808,836	66,341	8,870,952	4,225	10,580,545	97,618	10,671,669	10,719	1,099
6.	Mortgage guaranty.....				0				0	
8.	Ocean marine.....				0				0	
9.	Inland marine.....				0	354,513	5,988	358,208	2,293	1,842
10.	Financial guaranty.....				0				0	
11.1	Medical professional liability - occurrence.....	50,700	45,630	5,070	5,070		205,983	185,384	25,669	18,065
11.2	Medical professional liability - claims-made.....	3,655,083	3,289,575	365,508	365,508		1,111,365	1,000,228	476,645	213,017
12.	Earthquake.....				0				0	
13.	Group accident and health.....				0				(a) 0	
14.	Credit accident and health (group and individual).....				0				0	
15.	Other accident and health.....				0				(a) 0	
16.	Workers' compensation.....	3,896,574	6,180,085	9,574,214	502,445	5,085,504	10,602,297	14,440,478	1,749,768	554,211
17.1	Other liability - occurrence.....	4,808,084	23,142,701	25,614,249	2,336,536	10,899,253	39,026,722	45,982,458	6,280,053	3,684,729
17.2	Other liability - claims-made.....	260,000	2,702,629	2,689,741	272,888	1,286,962	3,154,981	4,116,193	598,638	352,587
17.3	Excess workers' compensation.....				0				0	
18.1	Products liability - occurrence.....		7,836,174	7,052,557	783,617	28,280	19,748,845	17,802,230	2,758,512	2,265,152
18.2	Products liability - claims-made.....		392,133	352,919	39,214		1,415,960	1,274,364	180,810	204,229
19.1, 19.2	Private passenger auto liability.....	809,245	140,374	806,818	142,801	5,018,667	54,198	5,197,973	17,693	2,360
19.3, 19.4	Commercial auto liability.....	26,534,055	1,471,451	27,699,196	306,310	25,356,858	1,404,007	26,488,846	578,329	308,158
21.	Auto physical damage.....	492,022	3,775	493,294	2,503	3,068,490	14,400	3,067,385	18,008	2,049
22.	Aircraft (all perils).....				0				0	
23.	Fidelity.....				0				0	
24.	Surety.....				0				0	
26.	Burglary and theft.....				0				0	
27.	Boiler and machinery.....	13,000		13,000	0	99,445		99,445	0	
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.....	45,621,816	45,652,602	86,512,185	4,762,233	61,780,691	77,084,870	130,905,289	12,722,505	7,639,418
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.....	9,197,801			9,197,801
1.2 Reinsurance assumed.....	5,738			5,738
1.3 Reinsurance ceded.....	7,705,684			7,705,684
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	1,497,854	0	0	1,497,854
2. Commission and brokerage:				
2.1 Direct, excluding contingent.....		12,137,413		12,137,413
2.2 Reinsurance assumed, excluding contingent.....		110,650		110,650
2.3 Reinsurance ceded, excluding contingent.....		16,835,126		16,835,126
2.4 Contingent - direct.....		200,535		200,535
2.5 Contingent - reinsurance assumed.....		(147)		(147)
2.6 Contingent - reinsurance ceded.....		(73)		(73)
2.7 Policy and membership fees.....		143,296		143,296
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7).....	0	(4,243,305)	0	(4,243,305)
3. Allowances to manager and agents.....	80	6,855		6,935
4. Advertising.....		6,216		6,216
5. Boards, bureaus and associations.....	15,935	228,457		244,392
6. Surveys and underwriting reports.....	576	(182,632)		(182,055)
7. Audit of assureds' records.....		54,077		54,077
8. Salary and related items:				
8.1 Salaries.....	692,486	3,013,207		3,705,694
8.2 Payroll taxes.....	50,236	195,073		245,309
9. Employee relations and welfare.....	133,591	537,408		670,999
10. Insurance.....	10,633	40,896		51,529
11. Directors' fees.....			0	0
12. Travel and travel items.....	16,562	112,257		128,819
13. Rent and rent items.....	52,085	206,882		258,967
14. Equipment.....	27,472	103,884		131,356
15. Cost or depreciation of EDP equipment and software.....	11,625	134,163		145,788
16. Printing and stationery.....	16,131	52,123		68,254
17. Postage, telephone and telegraph, exchange and express.....	14,123	68,548		82,670
18. Legal and auditing.....	1,479	58,403		59,882
19. Totals (Lines 3 to 18).....	1,043,014	4,635,817	0	5,678,831
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....9,307.....		988,598		988,598
20.2 Insurance department licenses and fees.....		76,636		76,636
20.3 Gross guaranty association assessments.....		31,518		31,518
20.4 All other (excluding federal and foreign income and real estate).....		99,435		99,435
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....	0	1,196,186	0	1,196,186
21. Real estate expenses.....				0
22. Real estate taxes.....				0
23. Reimbursements by uninsured plans.....				0
24. Aggregate write-ins for miscellaneous expenses.....	34,328	273,262	32,225	339,814
25. Total expenses incurred.....	2,575,197	1,861,960	32,225	(a) 4,469,381
26. Less unpaid expenses - current year.....	7,639,418	10,228,759	3,090	17,871,267
27. Add unpaid expenses - prior year.....	6,822,203	4,566,673	4,101	11,392,977
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).....	1,757,982	(3,800,126)	33,236	(2,008,908)

DETAILS OF WRITE-INS				
2401. Outside Consulting.....	24,017	216,761		240,777
2402. Shared reimbursements.....	(224)	(5,789)		(6,013)
2403. Other.....	10,535	62,290		72,825
2498. Summary of remaining write-ins for Line 24 from overflow page.....	0	0	32,225	32,225
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above).....	34,328	273,262	32,225	339,814

(a) Includes management fees of \$.....7,592,957 to affiliates and \$.....12,350 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. government bonds.....	(a).....105,353	.....91,799
1.1	Bonds exempt from U.S. tax.....	(a).....104,243	.....104,243
1.2	Other bonds (unaffiliated).....	(a).....110,094	.....102,285
1.3	Bonds of affiliates.....	(a).....	.....
2.1	Preferred stocks (unaffiliated).....	(b).....92,354	.....92,353
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).....49,940	.....49,940
7.	Derivative instruments.....	(f).....	.....
8.	Other invested assets.....	.....9,495	.....9,495
9.	Aggregate write-ins for investment income.....	.....10,728	.....10,728
10.	Total gross investment income.....	.....482,206	.....460,843
11.	Investment expenses.....	.....	(g).....32,225
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).....	.....	.....32,225
17.	Net investment income (Line 10 minus Line 16).....	.....	.....428,618

DETAILS OF WRITE-INS

0901.	Investment income from assigned risk pools.....	.....10,728	.....10,728
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).....	.....10,728	.....10,728
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 \$.....9,529 accrual of discount less \$.....62,888 amortization of premium and less \$.....12,001 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 \$.....9,920 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
- (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. government bonds.....	.....(37,791)	.....	.....(37,791)	.....	.....
1.1	Bonds exempt from U.S. tax.....	.....	.....	.....0	.....	.....
1.2	Other bonds (unaffiliated).....	.....(21,133)	.....	.....(21,133)	.....	.....
1.3	Bonds of affiliates.....	.....	.....	.....0	.....	.....
2.1	Preferred stocks (unaffiliated).....	.....	.....	.....0	.....(95,002)	.....
2.11	Preferred stocks of affiliates.....	.....	.....	.....0	.....	.....
2.2	Common stocks (unaffiliated).....	.....	.....	.....0	.....	.....
2.21	Common stocks of affiliates.....	.....	.....	.....0	.....(161,389)	.....
3.	Mortgage loans.....	.....	.....	.....0	.....	.....
4.	Real estate.....	.....	.....	.....0	.....	.....
5.	Contract loans.....	.....	.....	.....0	.....	.....
6.	Cash, cash equivalents and short-term investments.....	.....(18)	.....	.....(18)	.....0	.....
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).....	.....(58,942)	.....0	.....(58,942)	.....(256,391)	.....0

DETAILS OF WRITE-INS

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

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.....	406,558	362,520	(44,038)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	13,414		(13,414)
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.....	354,608	806,717	452,109
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).....	784,580	1,179,237	394,657
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0
28. TOTALS (Lines 26 and 27).....	784,580	1,179,237	394,657

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 #	2018	2017
NET INCOME					
(1) Company state basis (Page 4, Line 20, Columns 1 & 2)	XXX	XXX	XXX	\$ 720,630	\$ 915,027
(2) State Prescribed Practices that are an increase/(decrease) from NAIC SAP					
				\$	\$
(3) State Permitted Practices that are an increase/(decrease) from NAIC SAP					
				\$	\$
(4) NAIC SAP (1 – 2 – 3 = 4)	XXX	XXX	XXX	\$ 720,630	\$ 915,027
SURPLUS					
(5) Company state basis (Page 3, Line 37, Columns 1 & 2)	XXX	XXX	XXX	\$ 94,031,484	\$ 58,078,371
(6) State Prescribed Practices that are an increase/(decrease) from NAIC SAP					
				\$	\$
(7) State Permitted Practices that are an increase/(decrease) from NAIC SAP					
				\$	\$
(8) NAIC SAP (5 – 6 – 7 = 8)	XXX	XXX	XXX	\$ 94,031,484	\$ 58,078,371

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 liab
- (12)

Changes in the Capitalization Policy and Predefined Thresholds from Prior Period  
The 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 2018.
- B.

Statutory Merger  
Falls Lake National Insurance Company (the Parent) merged with Falls Lake General Insurance Company (the subsidiary) effective November 15, 2018. The Parent was the sole surviving company. The transaction was accounted for under the statutory merger method. No stock was issued in the transaction. The financial statements have been restated as of January 1, 2017 to reflect combined financial statements.
- C.

Impairment Loss  
The Company did not recognize any impairment loss during 2018.

Note 4 – Discontinued Operations

The Company did not have any discontinued operations during 2018.

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 2018.
- 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)

Other-Than-Temporary Impairments  
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	\$
	2. 12 Months or Longer	\$ 50,498
b. The aggregate related fair value of securities with unrealized losses:	1. Less than 12 Months	\$
	2. 12 Months or Longer	\$ 1,298,456

(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:

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

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

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

NOTES TO FINANCIAL STATEMENTS

Any downgrades of the security by a rating agency; and

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)

L. Restricted Assets

Restricted Asset Category	Gross (Admitted & Nonadmitted) Restricted					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)					Gross (Admitted & Nonadmitted) Restricted to Total Assets (c)	Admitted Restricted to Total Admitted Assets (d)
j. On deposit with states	8,210,524				8,210,524	6,389,587	1,820,937		8,210,524	2.0%	2.0%
o. Total Restricted Assets	\$ 8,210,524	\$	\$	\$	\$ 8,210,524	\$ 6,389,587	\$ 1,820,937	\$	\$ 8,210,524	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 activities that require offsetting and netting of assets and liabilities.

O. Structured Notes

The Company does not have structured notes.

P. 5GI 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, 2018.

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)

	2018			2017			Change		
	1	2	3	4	5	6	7	8	9
	Ordinary	Capital	(Col 1+2) Total	Ordinary	Capital	(Col 4+5) Total	(Col 1-4) Ordinary	(Col 2-5) Capital	(Col 7+8) Total
a. Gross deferred tax assets	\$ 1,192,626	\$ 14,552	\$ 1,207,178	\$ 1,173,259	\$	\$ 1,173,259	\$ 19,367	\$ 14,552	\$ 33,919
b. Statutory valuation allowance adjustment									
c. Adjusted gross deferred tax assets (1a-1b)	\$ 1,192,626	\$ 14,552	\$ 1,207,178	\$ 1,173,259	\$	\$ 1,173,259	\$ 19,367	\$ 14,552	\$ 33,919
d. Deferred tax assets nonadmitted	340,056	14,552	354,608	806,717		806,717	(466,661)	14,552	(452,109)
e. Subtotal net admitted deferred tax asset (1c-1d)	\$ 852,570	\$	\$ 852,570	\$ 366,542	\$	\$ 366,542	\$ 486,028	\$	486,028
f. Deferred tax liabilities	124,082		124,082	139,810	5,399	145,209	(15,728)	(5,399)	(21,127)
g. Net admitted deferred tax assets/(net deferred tax liability) (1e-1f)	\$ 728,488	\$	\$ 728,488	\$ 226,732	\$ (5,399)	\$ 221,333	\$ 501,756	\$ 5,399	\$ 507,155

2. Admission Calculation Components SSAP No. 101

	2018			2017			Change		
	1	2	3	4	5	6	7	8	9
	Ordinary	Capital	(Col 1+2) Total	Ordinary	Capital	(Col 4+5) Total	(Col 1-4) Ordinary	(Col 2-5) Capital	(Col 7+8) Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks	\$	\$	\$	\$ 152,530	\$	\$ 152,530	\$ (152,530)	\$	\$ (152,530)
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)	728,488		728,488	68,839		68,839	659,649		659,649
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	728,488		728,488	68,839		68,839	659,649		659,649
2. Adjusted gross deferred tax assets allowed per limitation threshold			14,104,722			6,623,648			7,481,074
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	124,082		124,082	145,209		145,209	(21,127)		(21,127)
d. Deferred tax assets admitted as the result of application	\$ 852,570	\$	\$ 852,570	\$ 366,578	\$	\$ 366,578	\$ 485,992	\$	\$ 485,992

NOTES TO FINANCIAL STATEMENTS

		2018			2017			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
of SSAP 101. Total (2(a)+2(b)+2(c))									

3. Other Admissibility Criteria

	2018	2017
a. Ratio percentage used to determine recovery period and threshold limitation amount	513.6%	293.0%
b. Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	\$ 94,031,484	\$ 58,466,861

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.

	2018		2017		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)	\$ 1,192,626	\$ 14,552	\$ 1,173,259	\$	\$ 19,367	\$ 14,552
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)	\$ 852,570	\$	\$ 366,542	\$	\$ 486,028	\$
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
	2018	2017	(Col 1-2) Change
a. Federal	\$ 203,409	\$ 175,728	\$ 27,681
b. Foreign	\$	\$	\$
c. Subtotal	\$ 203,409	\$ 175,728	\$ 27,681
d. Federal income tax on net capital gains	\$ (12,378)	\$ (8,112)	\$ (4,266)
e. Utilization of capital loss carry-forwards	\$	\$	\$
f. Other	\$	\$ 2,455	\$ (2,455)
g. Federal and Foreign income taxes incurred	\$ 191,031	\$ 170,071	\$ 20,960

NOTES TO FINANCIAL STATEMENTS

2. Deferred Tax Assets

	1	2	3
	2018	2017	(Col 1-2) Change
a. Ordinary:			
1. Discounting of unpaid losses	\$ 439,352	\$ 399,194	\$ 40,158
2. Unearned premium reserve	159,716	143,495	16,221
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% and >5% of total ordinary tax assets)	593,558	630,570	(37,012)
Other (items listed individually >5%of total ordinary tax assets)			
Amortization	421,639		421,639
Non-admitted	90,294		90,294
Other	81,625		81,625
99. Subtotal	1,192,626	1,173,259	19,367
b. Statutory valuation allowance adjustment			
c. Nonadmitted	340,056	806,717	(466,661)
d. Admitted ordinary deferred tax assets (2a99-2b-2c)	852,570	366,542	486,028
e. Capital:			
1. Investments	\$ 14,552	\$	\$ 14,552
2. Net capital loss carry-forward			
3. Real estate			
4. Other (items <=5% and >5% of total capital tax assets)			
Other (items listed individually >5% of total capital tax assets)			
99. Subtotal	\$ 14,552	\$	\$ 14,552
f. Statutory valuation allowance adjustment			
g. Nonadmitted	14,552		14,552
h. Admitted capital deferred tax assets (2e99-2f-2g)			
i. Admitted deferred tax assets (2d+2h)	\$ 852,570	\$ 366,542	\$ 486,028

3. Deferred Tax Liabilities

	1	2	3
	2018	2017	(Col 1-2) Change
a. Ordinary:			
1. Investments	\$ 1,811	\$ 6,746	\$ (4,935)
2. Fixed assets			
3. Deferred and uncollected premium			
4. Policyholder reserves	117,561		117,561
5. Other (items <=5% and >5% of total ordinary tax liabilities)	4,710	133,064	(128,354)
Other (items listed individually >5% of total ordinary tax liabilities)			
99. Subtotal	124,082	139,810	(15,728)
b. Capital:			
1. Investments		5,399	(5,399)
2. Real estate			
3. Other (Items <=5% and >5% of total capital tax liabilities)			
Other (items listed individually >5% of total capital tax liabilities)			
99. Subtotal		5,399	(5,399)
c. Deferred tax liabilities (3a99+3b99)	\$ 124,082	\$ 145,209	\$ (21,127)

4. Net Deferred Tax Assets (2i – 3c)

\$ 728,488	\$ 221,333	\$ 507,155
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NOTES TO FINANCIAL STATEMENTS

D.

	Amount	Effective Tax Rate (%)
<b>Permanent Differences:</b>		
Provision computed at statutory rate	\$ 191,449	21.0%
Proration of tax exempt investment income	7,897	0.9%
Tax exempt income deduction	(21,891)	(2.4)%
Dividends received deduction	(9,697)	(1.1)%
Disallowed travel and entertainment		%
Other permanent differences	7,759	0.9%
<b>Temporary Differences:</b>		
Total ordinary DTAs	(12,065)	(1.3)%
Total ordinary DTLs		%
Total capital DTAs		%
Total capital DTLs		%
<b>Other:</b>		
Statutory valuation allowance adjustment		%
Accrual adjustment – prior year		%
Other	(7,516)	(0.8)%
Totals	155,936	18.5%
Federal and foreign income taxes incurred	203,409	23.8%
Realized capital gains (losses) tax	(12,378)	(2.0)%
Change in net deferred income taxes	(35,095)	(3.3)%
Total statutory income taxes	\$ 155,936	18.5%

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
2018	\$191,031
2017	\$168,643

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.  
Carolina Re Ltd.  
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.

H.

Repatriation Transition Tax (RTT)  
Not applicable

I.

Alternative Minimum Tax (AMT)  
None

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.
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NOTES TO FINANCIAL STATEMENTS

- B.

Transactions

Effective March 31, 2018 the Company contributed \$24,000,000 of additional Paid in Surplus to its direct subsidiary, Falls Lake Fire and Casualty Insurance Company in accordance with SSAP No. 72, Surplus and Quasi-Reorganizations, paragraph 8. Approval for the transaction was both made to and approved by the California and Ohio Departments of Insurance. The funds were transferred to Falls Lake Fire and Casualty Insurance Company on May 9, 2018.

On November 29, 2018, the Company contributed \$15,000,000 of additional Paid in Surplus to its direct subsidiary, Falls Lake Fire and Casualty Insurance Company, in accordance with SSAP No. 72, Surplus and Quasi-Reorganizations, paragraph 8. Approval for the transaction was both made to and approved by the California and Ohio Departments of Insurance. The funds were transferred to Falls Lake Fire and Casualty Insurance Company on November 29, 2018.
- C.

Dollar Amounts of Transactions

The company did not have any intercompany arrangements as of December 31, 2018, except as discussed in Notes 9F, 10F. and 26.
- D.

Amounts Due From or To Related Parties

At December 31, 2018, the Company reported \$160,557 due to 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 15, 2019, the Company received the amount due of \$160,557.

The Company is a party to an intercompany reinsurance pooling arrangement with its United 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.
- 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

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.)

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.

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.
- (2)

Not Applicable
- (3)

Company	Assets	Liabilities	Surplus	Net Income
Stonewood Insurance Company	\$112,829,024	\$84,152,602	\$28,676,422	\$ 2,964,186
Falls Lake Fire and Casualty Company	\$ 126,620,305	\$76,004,439	\$50,615,866	\$ 683,127
- (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.

NOTES TO FINANCIAL STATEMENTS

**Note 11 – Debt**

- A. Debt, Including Capital Notes
- The Company does not have debt outstanding at December 31, 2018.
- B. FHLB (Federal Home Loan Bank) Agreements
- The Company does not have any FHLB (Federal Home Loan Bank) loan agreements at December 31, 2018.

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

- A. Defined Benefit Plan
- The Company does not have a defined benefit pension plan.
- B. Investment Policies and Strategies
- The Company does not have a defined benefit pension plan.
- C. Fair Value of Plan Assets
- The Company does not have a defined benefit pension plan.
- D. Basis Used to Determine Expected Long-Term Rate-of-Return
- The Company does not have a defined benefit pension plan.
- E. Defined Contribution Plans
- The Company does not have a defined contribution retirement plan.
- F. Multiemployer Plans
- The Company does not participate in a multiemployer plan.
- G. Consolidated/Holding Company Plans
- The Company has no employees. However, Falls Lake Insurance Management Company, Inc. sponsors a 401(k) plan for its employees. The terms of the 401(k) plan allow employees to contribute the maximum allowed by the U.S. Government. One hundred percent (100%) of this contribution, up to a maximum of 6% of salary, is matched by Falls Lake Insurance Management Company, Inc. All expenses associated with the plan are allocated to the Company, in accordance with the terms of the Management Services Agreement. The Company's share of this 401(k) plan expense was \$177,914 for 2018. 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, Shareholder's 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 2019 based on capital and surplus is \$9,403,148.
- (4) Dates and Amounts of Dividends Paid
- The Company did not pay dividends during 2018.
- (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.

**NOTES TO FINANCIAL STATEMENTS**

- (10)

The Portion of Unassigned Funds (Surplus) Represented or Reduced by Unrealized Gains and Losses is: \$5,960,143
- (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, 2018.
- B.

Assessments  
  
The Company is subject to guaranty fund and other assessments by the states in which it writes business. Guaranty fund assessments are accrued at the time of insolvencies. Other assessments are accrued either at the time of assessments or in the case of premium based assessments, at the time the premiums were written, or, in the case of loss based assessments, at the time the losses are incurred. The Company had an accrual of \$54,006 for guaranty fund assessments as of December 31, 2018.
- C.

Gain Contingencies  
The Company has no gain contingencies at December 31, 2018.
- 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 2018.  
  
The 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, 2018.
- 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 2018.
- B.

Transfer and Servicing of Financial Assets  
  
The Company did not transfer or service any financial assets or extinguish liabilities during 2018.
- C.

Wash Sales  
  
The Company did not enter into any wash sale transactions during 2018.

NOTES TO FINANCIAL STATEMENTS

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

The Company did not serve as administrator for any uninsured or partially insured accident and health plans during 2018.

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
Atlas General Insurance Services, LLC, 4365 Executive Drive, Ste. 400, San Diego, CA 92121	90-0409088	YES	Workers' Compensation	U, B, P	8,851,009
AE Underwriters Agency Inc., 444 Madison Ave., Suite 501, New York, NY 10022	46-3127467	NO	Commercial Package, WC	U,B,P,CA,C	17,583,635
Arrowhead General Insurance Agency, Inc. 701 B Street, Suite 2100, San Diego, CA 92101	33-0108914	NO	Private Passenger Auto	U,C	23,173,311
Total	XXX	XXX	XXX	XXX	49,607,955

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 2018 and 2017. There were no transfers between Level 1 and Level 2 or between Level 2 and Level 3 during 2018.

(1) Fair Value Measurements at Reporting Date

Description for Each Type of Asset or Liability	Level 1	Level 2	Level 3	Net Asset Value (NAV)	Total
Assets at Fair Value					
Bonds are reported at amortized cost	\$	\$	\$	\$	\$
Preferred Stock	\$	\$ 1,526,637	\$	\$	\$ 1,526,637
Short-term investments are carried at amortized cost	\$	\$	\$	\$	\$
Cash Equivalents are carried at amortized cost	\$	\$	\$	\$	\$
Total	\$	\$ 1,526,637	\$	\$	\$ 1,526,637
Liabilities at Fair Value					
Not applicable	\$	\$	\$	\$	\$
Total	\$	\$	\$	\$	\$

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

Description	Beginning Balance at 1/1/2018	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 12/31/2018
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.



NOTES TO FINANCIAL STATEMENTS

(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)	Net Asset Value (NAV)	Not Practicable (Carrying Value)
Bonds are reported at amortized cost	\$ 10,029,421	\$ 10,052,837	\$ 3,760,118	\$ 6,269,303	\$	\$	\$
Preferred Stock	\$ 1,526,637	\$ 1,526,637	\$	\$ 1,526,637	\$	\$	\$
Short-term investments are carried at amortized cost	\$ 553,544	\$ 553,544	\$ 553,544	\$	\$	\$	\$
Cash Equivalents are carried at amortized cost	\$ 2,389,161	\$ 2,389,161	\$ 2,389,161	\$	\$	\$	\$

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 2018.

B. Troubled Debt Restructuring Debtors  
The Company did not have any troubled debt restructurings during 2018.

C. Other Disclosures  
The Company did not have any troubled debt restructurings during 2018.

D. Business Interruption Insurance Recoveries  
The Company did not have any events giving rise to business interruption insurance recoveries during 2018.

E. State Transferable and Non-Transferable Tax Credits  
  
The Company does not have any state transferable tax credits available at December 31, 2018.

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, 2018. Subsequent events have been considered through February 23, 2019 for the statutory statement issued February 28, 2019.

Subsequent events have been considered through for these statutory financial statements which are to be issued on February 28, 2019 .

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 [ <input type="checkbox"/> ] No [ <input checked="" type="checkbox"/> ]	
		2018	2017
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)	\$ 94,031,484	
F.	Total adjusted capital after surplus adjustment (Five-Year Historical Line 28 minus 22B above)	\$ 94,031,484	
G.	Authorized control level (Five-Year Historical Line 29)	\$ 18,308,682	
H.	Would reporting the ACA assessment as of December 31, 2018 have triggered an RBC action level (YES/NO)?	Yes [ <input type="checkbox"/> ] No [ <input checked="" type="checkbox"/> ]	

NOTES TO FINANCIAL STATEMENTS

Note 23 – Reinsurance

A. Unsecured Reinsurance Recoverables

At December 31, 2018, 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	\$ 27,785,870
Munich Reins Amer Inc.	10227	13-4924125	\$ 10,255,590
Cincinnati Ins Co	10677	31-0542366	\$ 3,030,140
American European Insurance Company	23337	02-6005008	\$ 20,324,690
Arch Reins Co	10348	06-1430254	\$ 6,945,890
National Indemnity Company	20087	47-0355979	\$ 3,790,040
Toa Reinsurance Company	42439	13-2918573	\$ 2,879,320
Tokio Millennium Re AG	15529	30-0703280	\$ 3,505,450
Hannover Ruckversicherungs AG	00000	AA-1340125	\$ 2,834,910
Lloyd’s Syndicate Number 2001	00000	AA-1128001	\$ 4,774,000

B. Reinsurance Recoverable in Dispute - None

C. Reinsurance Assumed and Ceded

(1) Maximum Amount of Return Commission

Assumed Reinsurance			Ceded Reinsurance		Net	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
a. Affiliates	\$ 37,097,999	\$ 5,847,662	\$ 36,332,079	\$ 7,300,645	\$ 765,920	\$ (1,452,983)
b. All Other	213,128	68,456	34,963,274	9,867,347	(34,750,146)	(9,798,891)
c. Total	\$ 37,311,127	\$ 5,916,118	\$ 71,295,353	\$ 17,167,992	\$ (33,984,226)	\$ (11,251,874)
d. Direct Unearned Premium Reserves						\$

(2) Additional or Return Commission  
There were no direct or ceded contingent commission accruals recorded as of December 31, 2018..

(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:

	12/31/2018	12/31/2017
Reserves, Net of Reinsurance Recoverables at		
Beginning of Year	\$ 17,952,615	\$ 19,988,387
Add: Provision of Claims Occurring During:		
Current Year	7,401,361	6,783,346
Prior Years	(589,031)	(898,524)
Incurred Losses/Expenses	6,812,330	5,884,822
Deduct: Payments for Claims Occurring During:		
Current Year	430,925	604,847
Prior Years	3,972,107	7,315,747
	4,403,032	7,920,594
Reserves, net of Reins Recoverables at End of Period	\$ 20,361,913	\$ 17,952,615

NOTES TO FINANCIAL STATEMENTS

Reserves for incurred losses and LAE attributable to insured events of prior years, decreased by approximately \$600,000 in 2018, 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	10%
James River Insurance Company	12203	61%
Stonewood Insurance Company	11828	14%
James River Casualty Company	13685	9%
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. Falls Lake General Insurance Company (General) merged into the Lead Company effective November 15, 2018. The Lead Company assumed General's 3% share of the pool increasing the Lead Company's percentage from 7% to 10%. There were no other changes made to the pooling agreement, and all other participation percentages remain as reported as of December 31, 2017.

- 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 \$1,894,544 as of December 31, 2018.

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 9, 2019
3. Was anticipated investment income utilized in the calculation? Yes [ ] No [ X ]

Note 31 – High Deductibles

The Company does not issue high deductible policies.

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

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

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

	2014	2015	2016	2017	2018
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,	\$	\$	\$	\$	\$

NOTES TO FINANCIAL STATEMENTS

	2014	2015	2016	2017	2018
Bulk + IBNR Loss & LAE)					

(2) Assumed Reinsurance

	2014	2015	2016	2017	2018
a. Beginning reserves (including Case, Bulk + IBNR Loss & LAE)	\$ 681,795	\$ 457,729	\$ 226,517	\$ 61,326	\$ 170,296
b. Incurred losses and loss adjustment expense	(117,266)	150,298	(128,400)	134,040	(47,794)
c. Calendar year payments for losses and loss adjustment expenses	106,800	381,510	36,791	25,070	(10,108)
d. Ending reserves (including Case, Bulk + IBNR Loss & LAE)	\$ 457,729	\$ 226,517	\$ 61,326	\$ 170,296	\$ 132,610

(3) Net of Ceded Reinsurance

	2014	2015	2016	2017	2018
a. Beginning reserves (including Case, Bulk + IBNR Loss & LAE)	\$ 88,633	\$ 59,505	\$ 29,447	\$ 4,293	\$ 11,921
b. Incurred losses and loss adjustment expense	(15,244)	19,538	(8,988)	9,383	(3,346)
c. Calendar year payments for losses and loss adjustment expenses	13,884	49,596	16,166	1,755	(708)
d. Ending reserves (including Case, Bulk + IBNR Loss & LAE)	\$ 59,505	\$ 29,447	\$ 4,293	\$ 11,921	\$ 9,283

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

1.4

Is the reporting entity publicly traded or a member of publicly traded group?

Yes [X]    No [ ]

1.5

If the response to 1.4 is yes, provide the CIK (Central Index Key) code issued by the SEC for the entity/group.

1620459

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?  
If the answer is YES, complete and file the merger history data file with the NAIC.

Yes [X]    No [ ]

5.2

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

1	2	3
Name of Entity	NAIC Company Code	State of Domicile
Falls Lake General Insurance Company	35211	OH

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

9.

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

10.1

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

Yes [ ]    No [X]

10.2

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

10.3

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

Yes [ ]    No [X]

10.4

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

10.5

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

Yes [X]    No [ ]    N/A [ ]

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

10.6

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

11.

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

12.1

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

Yes [ ☐ ]No [ ☒ X ]

12.11

Name of real estate holding company

Not Applicable

12.12

Number of parcels involved

0

12.13

Total book/adjusted carrying value

\$

0

12.2

If yes, provide explanation  
Not Applicable

13.

FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

13.1

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

13.2

Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes [ ☐ ]No [ ☐ ]

13.3

Have there been any changes made to any of the trust indentures during the year?

Yes [ ☐ ]No [ ☐ ]

13.4

If answer to (13.3) is yes, has the domiciliary or entry state approved the changes?

Yes [ ☐ ]No [ ☐ ]N/A [ ☐ ]

14.1

Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

Yes [ ☒ X ]No [ ☐ ]

(a)

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

(b)

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

(c)

Compliance with applicable governmental laws, rules and regulations;

(d)

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

(e)

Accountability for adherence to the code.

14.11

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

14.2

Has the code of ethics for senior managers been amended?

Yes [ ☐ ]No [ ☒ X ]

14.21

If the response to 14.2 is yes, provide information related to amendment(s).  
Not Applicable

14.3

Have any provisions of the code of ethics been waived for any of the specified officers?

Yes [ ☐ ]No [ ☒ X ]

14.31

If the response to 14.3 is yes, provide the nature of any waiver(s).  
Not Applicable

15.1

Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List?

Yes [ ☐ ]No [ ☒ X ]

15.2

If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

1	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 [ ☒ X ]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 [ ☒ X ]No [ ☐ ]

18.

Has the reporting entity an established procedure for disclosure to its Board of Directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?

Yes [ ☒ X ]No [ ☐ ]

FINANCIAL

19.

Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?

Yes [ ☐ ]No [ ☒ X ]

20.1

Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

20.11

To directors or other officers

\$

0

20.12

To stockholders not officers

\$

0

20.13

Trustees, supreme or grand (Fraternal only)

\$

0

20.2

Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):

20.21

To directors or other officers

\$

0

20.22

To stockholders not officers

0

20.23

Trustees, supreme or grand (Fraternal only)

0

21.1

Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reporting in the statement?

Yes [ ☐ ]No [ ☒ X ]

21.2

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

21.21

Rented from others

\$

0

21.22

Borrowed from others

\$

0

21.23

Leased from others

\$

0

21.24

Other

\$

0

22.1

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

Yes [ ☐ ]No [ ☒ X ]

22.2

If answer is yes:

22.21

Amount paid as losses or risk adjustment

\$

0

22.22

Amount paid as expenses

\$

0

22.23

Other amounts paid

\$

0

23.1

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

Yes [ ☐ ]No [ ☒ X ]

23.2

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

\$

0

15.1

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

INVESTMENT

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

\$8,210,524

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

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

28.0597 For those firms/individuals listed in the table for Question 28.05, do any firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") manage more than 10% of the reporting entity's assets? Yes [ ] No [X]

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	\$ 10,052,839	\$ 10,029,424	\$ (23,415)
30.2	Preferred Stocks	\$ 1,526,637	\$ 1,526,637	\$ 0
30.3	Totals	\$ 11,579,476	\$ 11,556,061	\$ (23,415)

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, 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 5GI securities, the reporting entity is certifying the following elements for each self-designation 5GI security:  
a. Documentation necessary to permit a full credit analysis of the security does not exist or an NAIC CRP credit rating for an FE or PL security is not available.  
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 5GI securities? Yes [ ] No [X]

34. By self-designating PLGI securities, the reporting entity is certifying the following elements of each self-designated PLGI security:  
a. The security was purchased prior to January 1, 2018.  
b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.  
c. The NAIC Designation was derived from the credit rating assigned by an NAIC CRP in its legal capacity as an NRSRO which is shown on a current private letter rating held by the insurer and available for examination by state insurance regulators.  
d. The reporting entity is not permitted to share this credit rating of the PL security with the SVO.

Has the reporting entity self-designated PLGI securities? Yes [ ] No [X]

OTHER

35.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$ 237,906

35.2 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
NCCI Holdings, Inc	\$ 80,965

36.1 Amount of payments for legal expenses, if any? \$ 24,740

36.2 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	2



GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

	Name	Amount Paid
	Strook	\$ 7,750
	CT Corp	\$ 8,490

37.1	Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any?	\$ 0
37.2	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.	
	<div><div>1</div><div>Name</div></div>	<div><div>2</div><div>Amount Paid</div></div>
		\$



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 [ X ]	No [ ]
7.2	If yes, indicate the number of reinsurance contracts containing such provisions.	3	
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 [ X ]	No [ ]
8.1	Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured?	Yes [ ]	No [ X ]
8.2	If yes, give full information Not Applicable		
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 [ ]	No [ 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 [ ]	No [ 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, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either: (a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles (“SAP”) and as a deposit under generally accepted accounting principles (“GAAP”); or (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP?	Yes [ ]	No [ 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 [ ]	No [ 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 [ X ]	No [ ] N/A [ ]
11.1	Has the reporting entity guaranteed policies issued by any other entity and now in force?	Yes [ ]	No [ X ]
11.2	If yes, give full information Not Applicable		
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)	\$	0
		\$	0
12.2	Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds?	\$	0
12.3	If the reporting entity underwrites commercial insurance risks, such as workers’ compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses?	Yes [ X ]	No [ ] N/A [ ]
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		%
			%
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 [ X ]	No [ ]
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	\$	0
		\$	0
13.1	Largest net aggregate amount insured in any one risk (excluding workers’ compensation):	\$	105,000

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

13.2

Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision?

Yes [ ☐ ] No [ ☒ ]

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 is exempt from the statutory provision for unauthorized reinsurance?

Yes [ ☐ ] No [ ☒ ]

Incurred but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from the statutory provision for unauthorized reinsurance. Provide the following information for this exemption:

17.11

Gross amount of unauthorized reinsurance in Schedule F-Part 3 exempt from the statutory provision for unauthorized reinsurance

\$ 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

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

19.

Is the reporting entity licensed or chartered, registered, qualified, eligible, or writing business in at least 2 states?

Yes [ ☒ ] No [ ☐ ]

19.1

If no, does the reporting entity assume reinsurance business that covers risks residing in at least one state other than the state of domicile of the reporting entity?

Yes [ ☐ ] No [ ☐ ]

FIVE-YEAR HISTORICAL DATA

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

	1 2018	2 2017	3 2016	4 2015	5 2014
<b>Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 &amp; 3)</b>					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	165,225,538	122,794,182	160,375,820	126,569,328	89,237,619
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	7,781,204	8,376,169	8,463,091	5,200,817	4,289,666
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	16,663,231	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).....	189,669,974	144,136,524	183,705,412	140,173,079	98,121,312
<b>Net Premiums Written (Page 8, Part 1B, Col. 6)</b>					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	9,491,178	8,141,775	5,805,441	11,499,001	9,373,451
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	64,867	93,688	22,879	134,399	176,958
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	665	3,415	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).....	9,556,709	8,238,877	5,830,790	11,639,624	9,572,518
<b>Statement of Income (Page 4)</b>					
13. Net underwriting gain (loss) (Line 8).....	496,197	722,586	(217,594)	689,023	736,459
14. Net investment gain (loss) (Line 11).....	382,054	362,311	340,987	274,018	66,804
15. Total other income (Line 15).....	45,788	8,314	8,166	943	320
16. Dividends to policyholders (Line 17).....					
17. Federal and foreign income taxes incurred (Line 19).....	203,409	178,184	(527,975)	268,140	172,672
18. Net income (Line 20).....	720,630	915,027	659,534	695,844	630,911
<b>Balance Sheet Lines (Pages 2 and 3)</b>					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3).....	405,957,041	321,975,926	369,332,861	299,501,394	264,331,258
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 15.1).....	39,111,532	25,541,228	28,905,611	17,730,567	17,964,065
20.2 Deferred and not yet due (Line 15.2).....	9,305,755	7,394,880	8,535,663	8,824,980	9,185,861
20.3 Accrued retrospective premiums (Line 15.3).....					
21. Total liabilities excluding protected cell business (Page 3, Line 26).....	311,925,557	263,897,555	312,626,931	242,321,856	214,775,845
22. Losses (Page 3, Line 1).....	12,722,505	11,130,417	8,201,957	12,764,722	11,706,425
23. Loss adjustment expenses (Page 3, Line 3).....	7,639,418	6,822,203	5,789,913	8,361,502	7,682,312
24. Unearned premiums (Page 3, Line 9).....	3,802,754	3,416,538	2,775,205	4,408,207	3,818,601
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).....	94,031,484	58,078,371	56,705,930	57,179,538	49,555,413
<b>Cash Flow (Page 5)</b>					
27. Net cash from operations (Line 11).....	(26,980,642)	23,507,184	(52,242,366)	(5,200,077)	(8,323,174)
<b>Risk-Based Capital Analysis</b>					
28. Total adjusted capital.....	94,031,484	58,078,371	56,705,930	57,179,538	49,555,413
29. Authorized control level risk-based capital.....	18,308,682	19,945,853	14,730,772	6,788,587	5,223,037
<b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets</b> (Page 2, Col. 3) (Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1).....	10.1	20.5	18.4	16.1	13.8
31. Stocks (Lines 2.1 & 2.2).....	81.4	63.5	68.2	69.6	81.7
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).....	8.5	12.2	13.4	14.3	4.6
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
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
42. Affiliated bonds (Sch. D, Summary, Line 12, Col. 1).....					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1).....					
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1).....	79,292,288	40,453,677	44,029,423	44,113,559	40,323,931
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.....	79,292,288	40,453,677	44,029,423	44,113,559	40,323,931
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).....	84.3	69.7	77.6	77.1	81.4

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

	1	2	3	4	5
	2018	2017	2016	2015	2014
<b>Capital and Surplus Accounts (Page 4)</b>					
51. Net unrealized capital gains (losses) (Line 24).....	(236,440)	652,881	(156,176)	1,315,007	1,891,079
52. Dividends to stockholders (Line 35).....					
53. Change in surplus as regards policyholders for the year (Line 38).....	35,953,112	1,372,441	(473,608)	7,624,125	1,814,328
<b>Gross Losses Paid (Page 9, Part 2, Cols. 1 &amp; 2)</b>					
54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	50,105,241	58,338,557	39,501,121	24,018,530	16,382,267
55. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	3,247,184	4,363,826	3,132,591	2,530,525	809,918
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	5,836,096	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).....	59,188,521	72,520,110	44,829,820	27,950,421	17,269,932
<b>Net Losses Paid (Page 9, Part 2, Col. 4)</b>					
60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	2,623,044	3,997,790	7,505,735	2,655,225	2,057,815
61. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	18,488	72,211	52,114	29,829	12,862
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	3,514	6,137	5,315	3,298	528
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....					
64. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
65. Total (Line 35).....	2,645,046	4,076,138	7,563,164	2,688,352	2,071,205
<b>Operating Percentages (Page 4)</b> (Item divided by Page 4, Line 1) x 100.0					
66. Premiums earned (Line 1).....	100.0	100.0	100.0	100.0	100.0
67. Losses incurred (Line 2).....	46.2	39.7	40.2	33.9	25.5
68. Loss expenses incurred (Line 3).....	28.1	27.3	44.9	31.3	30.9
69. Other underwriting expenses incurred (Line 4).....	20.3	24.8	17.8	28.6	35.2
70. Net underwriting gain (loss) (Line 8).....	5.4	8.2	(2.9)	6.2	8.4
<b>Other Percentages</b>					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0).....	19.0	26.3	22.6	27.1	32.3
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....	74.3	67.0	85.1	65.2	56.4
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35, divided by Page 3, Line 37, Col. 1 x 100.0).....	10.2	14.2	10.3	20.4	19.3
<b>One Year Loss Development (\$000 omitted)</b>					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11).....	(171)	(127)	(513)	(1,078)	(2,028)
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).....	(0.3)	(0.2)	(0.9)	(2.2)	(4.2)
<b>Two Year Loss Development (\$000 omitted)</b>					
76. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12).....	26	(722)	(877)	(2,455)	(4,521)
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).....	0.0	(1.3)	(1.8)	(5.1)	(10.7)

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 [ X ]      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	2	3	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10	11	
	Direct and Assumed	Ceded	Net (Cols. 1 - 2)	4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded	Salvage and Subrogation Received	Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	
1. Prior.....	.....XXX.....	.....XXX.....	.....XXX.....	.....122	.....0	.....172	.....0	.....30	.....(1)	.....	.....324	.....XXX.....
2. 2009.....	.....24,321	.....17,818	.....6,504	.....8,635	.....6,096	.....1,930	.....1,361	.....944	.....342	.....38	.....3,711	.....XXX.....
3. 2010.....	.....19,079	.....14,282	.....4,797	.....7,419	.....5,668	.....2,140	.....1,496	.....1,082	.....478	.....39	.....2,999	.....XXX.....
4. 2011.....	.....21,723	.....16,213	.....5,510	.....14,053	.....10,722	.....2,124	.....1,487	.....778	.....234	.....46	.....4,513	.....XXX.....
5. 2012.....	.....27,858	.....22,742	.....5,116	.....17,252	.....14,840	.....2,981	.....2,139	.....876	.....294	.....26	.....3,835	.....XXX.....
6. 2013.....	.....19,617	.....14,892	.....4,725	.....6,024	.....4,361	.....2,312	.....1,585	.....794	.....231	.....31	.....2,954	.....XXX.....
7. 2014.....	.....25,053	.....19,109	.....5,944	.....6,079	.....4,792	.....2,584	.....1,874	.....935	.....356	.....44	.....2,576	.....XXX.....
8. 2015.....	.....30,363	.....23,389	.....6,974	.....7,324	.....5,817	.....2,208	.....1,620	.....940	.....348	.....74	.....2,687	.....XXX.....
9. 2016.....	.....38,603	.....30,955	.....7,648	.....9,228	.....7,822	.....1,931	.....1,503	.....1,104	.....548	.....87	.....2,389	.....XXX.....
10. 2017.....	.....60,248	.....51,462	.....8,786	.....10,814	.....9,809	.....1,587	.....1,370	.....1,467	.....1,064	.....108	.....1,624	.....XXX.....
11. 2018.....	.....68,161	.....58,991	.....9,170	.....3,328	.....3,086	.....464	.....412	.....1,377	.....1,239	.....48	.....431	.....XXX.....
12. Totals.....	.....XXX.....	.....XXX.....	.....XXX.....	.....90,277	.....73,014	.....20,434	.....14,846	.....10,326	.....5,133	.....540	.....28,043	.....XXX.....

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23	24	25
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21	22	Salvage and Subrogation Anticipated	Total Net Losses and Expenses Unpaid	Number of Claims Outstanding- Direct and Assumed
	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.....	.....404	.....84	.....645	.....269	.....316	.....98	.....180	.....59	.....83	.....4	.....	.....1,115	.....XXX.....
2. 2009.....	.....79	.....57	.....182	.....139	.....26	.....18	.....63	.....46	.....32	.....10	.....	.....112	.....XXX.....
3. 2010.....	.....263	.....184	.....301	.....229	.....29	.....21	.....93	.....67	.....74	.....26	.....	.....234	.....XXX.....
4. 2011.....	.....201	.....141	.....516	.....400	.....81	.....56	.....153	.....112	.....70	.....11	.....	.....301	.....XXX.....
5. 2012.....	.....841	.....660	.....488	.....384	.....201	.....141	.....149	.....111	.....111	.....29	.....	.....465	.....XXX.....
6. 2013.....	.....554	.....395	.....1,038	.....831	.....145	.....102	.....339	.....253	.....151	.....30	.....	.....617	.....XXX.....
7. 2014.....	.....1,676	.....1,369	.....1,163	.....920	.....261	.....187	.....419	.....311	.....195	.....32	.....	.....895	.....XXX.....
8. 2015.....	.....2,386	.....1,784	.....2,717	.....2,233	.....600	.....425	.....731	.....555	.....380	.....75	.....	.....1,743	.....XXX.....
9. 2016.....	.....6,239	.....5,247	.....5,797	.....4,730	.....936	.....704	.....1,523	.....1,148	.....637	.....87	.....	.....3,216	.....XXX.....
10. 2017.....	.....9,304	.....8,266	.....13,707	.....11,717	.....1,168	.....974	.....3,097	.....2,423	.....898	.....101	.....	.....4,695	.....XXX.....
11. 2018.....	.....7,844	.....6,842	.....25,854	.....22,598	.....1,028	.....884	.....5,484	.....4,367	.....1,514	.....61	.....	.....6,971	.....XXX.....
12. Totals...	.....29,791	.....25,029	.....52,410	.....44,449	.....4,790	.....3,608	.....12,231	.....9,451	.....4,143	.....465	.....0	.....20,362	.....XXX.....

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34	Net Balance Sheet Reserves after Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense	Inter-Company Pooling Participation Percentage	35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior..	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....	.....	.....XXX.....	.....696	.....419
2. 2009.	.....11,891	.....8,069	.....3,822	.....48.9	.....45.3	.....58.8	.....	.....	.....10.00	.....64	.....47
3. 2010.	.....11,401	.....8,169	.....3,232	.....59.8	.....57.2	.....67.4	.....	.....	.....10.00	.....151	.....82
4. 2011.	.....17,975	.....13,162	.....4,813	.....82.7	.....81.2	.....87.4	.....	.....	.....10.00	.....177	.....124
5. 2012.	.....22,898	.....18,597	.....4,300	.....82.2	.....81.8	.....84.1	.....	.....	.....10.00	.....285	.....180
6. 2013.	.....11,358	.....7,787	.....3,571	.....57.9	.....52.3	.....75.6	.....	.....	.....10.00	.....367	.....250
7. 2014.	.....13,312	.....9,842	.....3,470	.....53.1	.....51.5	.....58.4	.....	.....	.....10.00	.....549	.....345
8. 2015.	.....17,287	.....12,857	.....4,430	.....56.9	.....55.0	.....63.5	.....	.....	.....10.00	.....1,087	.....656
9. 2016.	.....27,392	.....21,788	.....5,605	.....71.0	.....70.4	.....73.3	.....	.....	.....10.00	.....2,060	.....1,156
10. 2017.	.....42,043	.....35,724	.....6,319	.....69.8	.....69.4	.....71.9	.....	.....	.....10.00	.....3,029	.....1,666
11. 2018.	.....46,892	.....39,490	.....7,402	.....68.8	.....66.9	.....80.7	.....	.....	.....10.00	.....4,258	.....2,713
12. Totals	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....0	.....0	.....XXX.....	.....12,723	.....7,640

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
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	One Year	Two Year
1. Prior.....	.....17,347	.....16,484	.....14,712	.....13,838	.....12,484	.....11,670	.....11,678	.....11,757	.....12,228	.....12,436	.....208	.....679
2. 2009.....	.....4,147	.....3,998	.....3,841	.....3,634	.....3,295	.....3,106	.....3,149	.....3,162	.....3,211	.....3,199	.....(12)	.....37
3. 2010.....	.....XXX	.....3,061	.....3,154	.....3,117	.....2,963	.....2,799	.....2,754	.....2,599	.....2,580	.....2,581	.....2	.....(18)
4. 2011.....	.....XXX	.....XXX	.....4,365	.....4,719	.....4,549	.....4,277	.....4,251	.....4,218	.....4,209	.....4,210	.....1	.....(8)
5. 2012.....	.....XXX	.....XXX	.....XXX	.....3,642	.....3,738	.....3,618	.....3,531	.....3,519	.....3,593	.....3,637	.....45	.....119
6. 2013.....	.....XXX	.....XXX	.....XXX	.....XXX	.....2,985	.....2,981	.....2,758	.....2,804	.....2,860	.....2,887	.....27	.....83
7. 2014.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....3,676	.....3,381	.....2,916	.....2,694	.....2,729	.....35	.....(187)
8. 2015.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....4,258	.....3,962	.....3,662	.....3,533	.....(129)	.....(429)
9. 2016.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....4,748	.....4,522	.....4,499	.....(23)	.....(249)
10. 2017.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....5,444	.....5,120	.....(324)	.....XXX
11. 2018.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....5,811	.....XXX	.....XXX
12. Totals.....											.....(171)	.....26

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
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018		
1. Prior.....	.....000	.....3,755	.....6,300	.....7,973	.....8,740	.....9,283	.....9,750	.....10,288	.....11,107	.....11,400	.....XXX	.....XXX
2. 2009.....	.....1,115	.....1,731	.....2,144	.....2,461	.....2,659	.....2,760	.....2,890	.....2,973	.....3,081	.....3,109	.....XXX	.....XXX
3. 2010.....	.....XXX	.....639	.....1,298	.....1,704	.....2,023	.....2,223	.....2,306	.....2,315	.....2,374	.....2,395	.....XXX	.....XXX
4. 2011.....	.....XXX	.....XXX	.....1,219	.....2,321	.....3,076	.....3,426	.....3,703	.....3,820	.....3,924	.....3,968	.....XXX	.....XXX
5. 2012.....	.....XXX	.....XXX	.....XXX	.....429	.....1,592	.....2,089	.....2,516	.....2,856	.....3,078	.....3,254	.....XXX	.....XXX
6. 2013.....	.....XXX	.....XXX	.....XXX	.....XXX	.....185	.....588	.....1,149	.....1,752	.....2,193	.....2,390	.....XXX	.....XXX
7. 2014.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....196	.....729	.....1,081	.....1,550	.....1,997	.....XXX	.....XXX
8. 2015.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....290	.....891	.....1,464	.....2,096	.....XXX	.....XXX
9. 2016.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....243	.....1,022	.....1,833	.....XXX	.....XXX
10. 2017.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....379	.....1,221	.....XXX	.....XXX
11. 2018.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....293	.....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
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
1. Prior.....	.....12,626	.....9,524	.....6,675	.....4,746	.....2,849	.....1,740	.....1,216	.....1,041	.....667	.....497
2. 2009.....	.....2,430	.....1,751	.....1,318	.....873	.....504	.....222	.....167	.....116	.....95	.....61
3. 2010.....	.....XXX	.....1,829	.....1,365	.....1,035	.....592	.....346	.....231	.....182	.....118	.....98
4. 2011.....	.....XXX	.....XXX	.....2,158	.....1,471	.....992	.....577	.....382	.....313	.....207	.....158
5. 2012.....	.....XXX	.....XXX	.....XXX	.....2,011	.....1,464	.....984	.....603	.....374	.....257	.....143
6. 2013.....	.....XXX	.....XXX	.....XXX	.....XXX	.....2,227	.....1,879	.....1,098	.....648	.....407	.....293
7. 2014.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....2,851	.....2,136	.....1,334	.....686	.....352
8. 2015.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....3,189	.....2,270	.....1,403	.....661
9. 2016.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....3,660	.....2,446	.....1,441
10. 2017.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....3,951	.....2,665
11. 2018.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....4,372



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

Allocated by States and Territories

States, Etc.		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 (a)	2 Direct Premiums Written	3 Direct Premiums Earned	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)
1.	Alabama.....AL	...L.....	1,458,883	997,557		291,146	855,245	657,498	73,491	
2.	Alaska.....AK	...L.....								
3.	Arizona.....AZ	...L.....	1,897,879	2,085,570		1,050,318	1,116,685	1,256,797	11,324	
4.	Arkansas.....AR	...L.....	27,194	39,277		55,442	488,816	851,655		
5.	California.....CA	...E.....	4,915,883	1,445,533			809,209	809,209		
6.	Colorado.....CO	...L.....	109,104	322,892		99,739	294,688	559,128		
7.	Connecticut.....CT	...L.....	1,733,778	825,941		39,003	261,969	222,966	460	
8.	Delaware.....DE	...L.....	100,218	80,914		45,310	121,305	88,555		
9.	District of Columbia.....DC	...L.....	3,065	9,263			(24,886)	4,488	60	
10.	Florida.....FL	...L.....	6,384,613	6,826,579		3,403,070	6,746,577	7,872,976	760	
11.	Georgia.....GA	...L.....	2,891,528	2,670,050		(465,555)	1,218,389	2,247,278	64,798	
12.	Hawaii.....HI	...L.....								
13.	Idaho.....ID	...L.....	40,720	60,024		184,651	(119,931)	831,992	70	
14.	Illinois.....IL	...L.....	1,224,749	1,060,745		895,110	546,425	1,094,216	1,152	
15.	Indiana.....IN	...L.....	272,178	319,762		182,219	(113,605)	347,733		
16.	Iowa.....IA	...L.....	(738)	18,033		84,083	(104,752)	16,443		
17.	Kansas.....KS	...L.....	13,705	20,678			3,691	13,398	108	
18.	Kentucky.....KY	...L.....	200,522	295,935		2,245,541	1,249,174	881,374		
19.	Louisiana.....LA	...L.....	178,102	903,943		525,090	1,567,113	1,878,686		
20.	Maine.....ME	...N.....								
21.	Maryland.....MD	...L.....	1,249,469	1,040,003		381,949	359,256	649,141	280	
22.	Massachusetts.....MA	...L.....	1,536,426	1,225,734		237,677	712,376	814,135	720	
23.	Michigan.....MI	...L.....	21,963,548	12,390,938		160,148	5,944,874	6,144,513	880,440	
24.	Minnesota.....MN	...L.....	69,110	72,378		12,831	18,140	24,053		
25.	Mississippi.....MS	...L.....	299,568	350,371		97,395	192,849	381,391	18	
26.	Missouri.....MO	...L.....	199,863	210,556		78,292	64,427	79,442	362	
27.	Montana.....MT	...L.....	22,511	(11,103)		4,053	5,883	6,751		
28.	Nebraska.....NE	...L.....	(95)	2,925		8,836	(19,758)	201,353		
29.	Nevada.....NV	...L.....	1,192,848	1,275,717		1,278,181	432,533	1,599,051	8,967	
30.	New Hampshire.....NH	...L.....	67,598	45,545		76,931	664,894	649,965		
31.	New Jersey.....NJ	...L.....	9,775,516	11,189,655		3,686,837	6,802,221	10,187,510	11,679	
32.	New Mexico.....NM	...L.....	146,105	967,177		982,460	(236,685)	6,579,253		
33.	New York.....NY	...L.....	23,456,285	22,858,037		3,918,296	19,398,538	35,817,818	60,004	
34.	North Carolina.....NC	...L.....	809,488	988,417		478,752	663,315	617,180	2,086	
35.	North Dakota.....ND	...L.....	(14,144)	13,730		1,491	(46,260)	4,453	90	
36.	Ohio.....OH	...L.....	419,737	464,559		76,060	56,813	478,629		
37.	Oklahoma.....OK	...L.....	9,551	10,234		(204)	18,009	89,079		
38.	Oregon.....OR	...L.....	21,335	37,005		210,437	(175,222)	19,545		
39.	Pennsylvania.....PA	...L.....	4,698,037	4,518,154		1,785,738	3,041,271	4,252,954	3,142	
40.	Rhode Island.....RI	...L.....	1,818,566	1,491,000		803,892	1,343,053	993,444	120	
41.	South Carolina.....SC	...L.....	503,135	610,383		71,752	236,291	362,087	1,939	
42.	South Dakota.....SD	...L.....	83,543	83,543			26,185	39,032		
43.	Tennessee.....TN	...L.....	392,568	581,898		973,877	225,311	593,619	497	
44.	Texas.....TX	...L.....	3,252,272	4,425,904		9,336,530	12,514,225	16,335,966	12,117	
45.	Utah.....UT	...L.....	111,761	175,772		38,567	(111,387)	97,268		
46.	Vermont.....VT	...L.....	52,017	44,027			2,550	17,229		
47.	Virginia.....VA	...L.....	1,442,867	955,299		572,295	894,430	518,966	1,589	
48.	Washington.....WA	...L.....	95,980	120,128		102,361	163,355	205,810		
49.	West Virginia.....WV	...L.....	569,502	138,301		23,638	75,845	7,936		
50.	Wisconsin.....WI	...L.....	136,137	163,024		163,573	186,787	289		
51.	Wyoming.....WY	...L.....	1,392	1,251			250	250		
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.....	XXX	95,833,879	84,423,258	0	34,197,812	68,370,481	107,402,504	1,136,273	0

DETAILS OF WRITE-INS

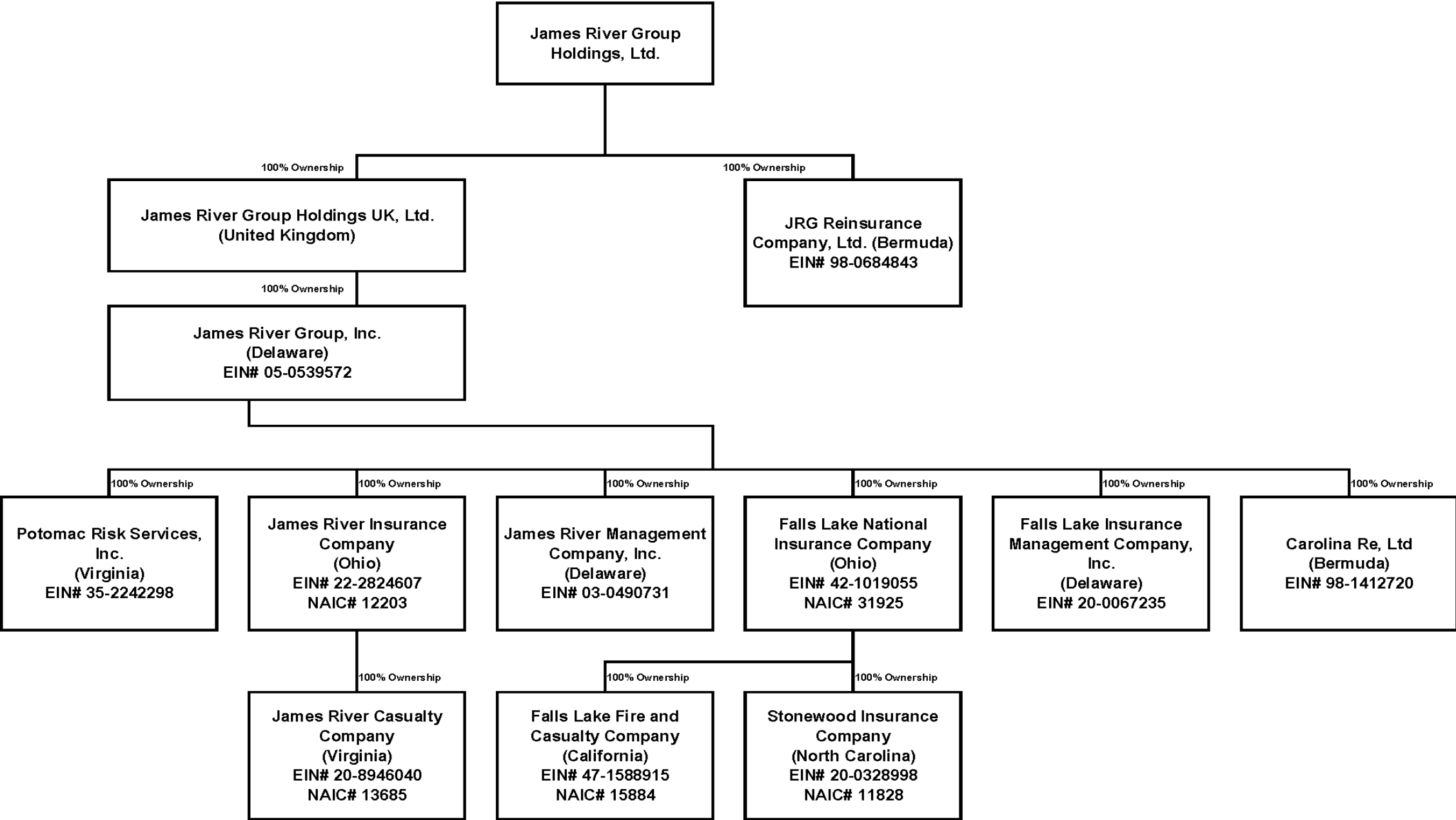
58001. ....	XXX								
58002. ....	XXX								
58003. ....	XXX								
58998. Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0
58999. Totals (Lines 58001 thru 58003+ Line 58998) (Line 58 above)	XXX	0	0	0	0	0	0	0	0

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

Actual

(a) Active Status Counts:				
L - Licensed or Chartered - Licensed insurance carrier or domiciled RRG.....	49	R - Registered - Non-domiciled RRGs.....	0	
E - Eligible - Reporting entities eligible or approved to write surplus lines in the state (other than their state of domicile - See DSLI).....	1	Q - Qualified - Qualified or accredited reinsurer.....	0	
D - Domestic Surplus Lines Insurer (DSLI) - Reporting entities authorized to write surplus lines in the state of domicile.....	0	N - None of the above - Not allowed to write business in the state.....	7	

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



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