



ANNUAL STATEMENT

For the Year Ended December 31, 2019

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		919-882-3500	
		(Street and Number)	(City or Town, State, Country and Zip Code)	(Area Code) (Telephone Number)	
Mail Address		6131 Falls of Neuse Rd., Suite 306 .. Raleigh .. NC .. US .. 27609		919-882-3500	
		(Street and Number or P. O. Box)	(City or Town, State, Country and Zip Code)	(Area Code) (Telephone Number)	
Primary Location of Books and Records		6131 Falls of Neuse Rd., Suite 306 .. Raleigh .. NC .. US .. 27609		919-882-3500	
		(Street and Number)	(City or Town, State, Country and Zip Code)	(Area Code) (Telephone Number)	
Internet Web Site Address		www.fallslakeins.com			
Statutory Statement Contact		Timothy Sean MacAleese		(804) 281-2683	
		(Name)		(Area Code) (Telephone Number) (Extension)	
		accounting@fallslakeins.com		888-698-7290	
		(E-Mail Address)		(Fax Number)	

OFFICERS

Name	Title	Name	Title
1. Terence Michael McCafferty	President/CEO	2. Eric Forest Liland	Secretary/Chief Actuary
3. Timothy Sean MacAleese	SVP/Chief Financial Officer	4. Michael Edward Crow	Treasurer
Sarah Casey Doran	Chairman of the Board	Joseph Robert Raia	Assistant Secretary
David Bert Zoffer	Senior VP and General Counsel	Daniel Arthur Shultis	Controller
Thomas Richard Fauerbach	Assistant Secretary/Deputy Chief	Jennifer Ellen Kish	Group Chief Actuary
Courtney Gray Warren	Actuary		
	Chief Claims Officer		

OTHER

DIRECTORS OR TRUSTEES			
Sarah Casey Doran	Terence Michael McCafferty	Michael Edward Crow	Courtenay Gray Warren
Jennifer Ellen Kish	Timothy Sean MacAleese	Thomas Edward Peach	

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) Terence Michael McCafferty	(Signature) Eric Forest Liland	(Signature) Timothy Sean MacAleese
1. (Printed Name) President/CEO	2. (Printed Name) Secretary/Chief Actuary	3. (Printed Name) SVP/Chief Financial Officer
(Title)	(Title)	(Title)

Subscribed and sworn to before me
This _____ day of _____ 2020

a. Is this an original filing?
b. If no
1. State the amendment number
2. Date filed
3. Number of pages attached

Yes [X] No []

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	5,140,171	0	5,140,171	10,052,839
2. Stocks (Schedule D):				
2.1 Preferred stocks.....	399,249	0	399,249	1,526,637
2.2 Common stocks.....	83,568,671	0	83,568,671	79,292,288
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....	0	0	0	0
3.2 Other than first liens.....	0	0	0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....	0	0	0	0
4.2 Properties held for the production of income (less \$.....0 encumbrances).....	0	0	0	0
4.3 Properties held for sale (less \$.....0 encumbrances).....	0	0	0	0
5. Cash (\$....8,562,201, Schedule E-Part 1), cash equivalents (\$....3,201,857, Schedule E-Part 2) and short-term investments (\$.....0, Schedule DA).....	11,764,058	0	11,764,058	8,464,805
6. Contract loans (including \$.....0 premium notes).....	0	0	0	0
7. Derivatives (Schedule DB).....	0	0	0	0
8. Other invested assets (Schedule BA).....	0	0	0	0
9. Receivables for securities.....	0	0	0	0
10. Securities lending reinvested collateral assets (Schedule DL).....	0	0	0	0
11. Aggregate write-ins for invested assets.....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	100,872,149	0	100,872,149	99,336,569
13. Title plants less \$.....0 charged off (for Title insurers only).....	0	0	0	0
14. Investment income due and accrued.....	38,562	0	38,562	74,396
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	69,118,301	607,224	68,511,077	39,111,532
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	14,690,207	6,849	14,683,358	9,305,755
15.3 Accrued retrospective premiums (\$.....0) and contracts subject to redetermination (\$.....0).....	0	0	0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	29,522,856	0	29,522,856	22,586,272
16.2 Funds held by or deposited with reinsured companies.....	285,323,109	0	285,323,109	234,589,963
16.3 Other amounts receivable under reinsurance contracts.....	0	0	0	0
17. Amounts receivable relating to uninsured plans.....	0	0	0	0
18.1 Current federal and foreign income tax recoverable and interest thereon.....	0	0	0	224,067
18.2 Net deferred tax asset.....	1,196,269	357,285	838,984	728,488
19. Guaranty funds receivable or on deposit.....	0	0	0	0
20. Electronic data processing equipment and software.....	0	0	0	0
21. Furniture and equipment, including health care delivery assets (\$.....0).....	0	0	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates.....	0	0	0	0
23. Receivables from parent, subsidiaries and affiliates.....	293,094	0	293,094	0
24. Health care (\$.....0) and other amounts receivable.....	0	0	0	0
25. Aggregate write-ins for other-than-invested assets.....	23,051	10,000	13,051	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	501,077,598	981,358	500,096,240	405,957,041
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0	0
28. TOTAL (Lines 26 and 27).....	501,077,598	981,358	500,096,240	405,957,041

DETAILS OF WRITE-INS

1101. Other investment receivable.....	0	0	0	0
1102.	0	0	0	0
1103.	0	0	0	0
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above).....	0	0	0	0
2501. Claim funds on deposit.....	20,000	10,000	10,000	0
2502. Miscellaneous receivable.....	3,051	0	3,051	0
2503.	0	0	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	23,051	10,000	13,051	0

Falls Lake National Insurance Company
LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8).....	14,313,637	12,722,505
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....	22,159,712	16,684,616
3. Loss adjustment expenses (Part 2A, Line 35, Column 9).....	9,030,828	7,639,418
4. Commissions payable, contingent commissions and other similar charges.....	11,385,529	4,936,421
5. Other expenses (excluding taxes, licenses and fees).....	1,672,094	1,156,912
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	7,544,904	4,138,516
7.1 Current federal and foreign income taxes (including \$...27,838 on realized capital gains (losses)).....	27,475	0
7.2 Net deferred tax liability.....	0	0
8. Borrowed money \$.....0 and interest thereon \$.....0.....	0	0
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$....114,957,429 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).....	5,969,323	3,802,754
10. Advance premium.....	466,121	0
11. Dividends declared and unpaid:		
11.1 Stockholders.....	0	0
11.2 Policyholders.....	0	0
12. Ceded reinsurance premiums payable (net of ceding commissions).....	62,292,759	42,462,958
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 20).....	263,824,073	217,515,354
14. Amounts withheld or retained by company for account of others.....	0	(3,284)
15. Remittances and items not allocated.....	0	667,162
16. Provision for reinsurance (including \$.....0 certified) (Schedule F, Part 3, Column 78).....	114,000	0
17. Net adjustments in assets and liabilities due to foreign exchange rates.....	0	0
18. Drafts outstanding.....	0	0
19. Payable to parent, subsidiaries and affiliates.....	173,556	160,557
20. Derivatives.....	0	0
21. Payable for securities.....	0	0
22. Payable for securities lending.....	0	0
23. Liability for amounts held under uninsured plans.....	0	0
24. Capital notes \$.....0 and interest thereon \$.....0.....	0	0
25. Aggregate write-ins for liabilities.....	1,898,003	41,668
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....	400,872,014	311,925,557
27. Protected cell liabilities.....	0	0
28. Total liabilities (Lines 26 and 27).....	400,872,014	311,925,557
29. Aggregate write-ins for special surplus funds.....	0	0
30. Common capital stock.....	4,200,000	4,200,000
31. Preferred capital stock.....	0	0
32. Aggregate write-ins for other-than-special surplus funds.....	0	0
33. Surplus notes.....	0	0
34. Gross paid in and contributed surplus.....	78,558,551	78,558,551
35. Unassigned funds (surplus).....	16,465,675	11,272,933
36. Less treasury stock, at cost:		
36.1 .....0.000 shares common (value included in Line 30 \$.....0).....	0	0
36.2 .....0.000 shares preferred (value included in Line 31 \$.....0).....	0	0
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39).....	99,224,226	94,031,484
38. TOTAL (Page 2, Line 28, Col. 3).....	500,096,240	405,957,041

DETAILS OF WRITE-INS

2501. Deferred ceding commission.....	40,659	41,668
2502. Deferred service fees.....	173,749	0
2503. Funds held deposit.....	1,683,595	0
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).....	1,898,003	41,668
2901.	0	0
2902.	0	0
2903.	0	0
2998. Summary of remaining write-ins for Line 29 from overflow page.....	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above).....	0	0
3201.	0	0
3202.	0	0
3203.	0	0
3298. Summary of remaining write-ins for Line 32 from overflow page.....	0	0
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above).....	0	0

Falls Lake National Insurance Company
STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4).....	10,854,146	9,170,492
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7).....	4,756,656	4,237,139
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....	3,675,739	2,575,196
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	1,876,475	1,861,960
5. Aggregate write-ins for underwriting deductions.....	0	0
6. Total underwriting deductions (Lines 2 through 5).....	10,308,870	8,674,295
7. Net income of protected cells.....	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....	545,275	496,197
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	335,289	428,618
10. Net realized capital gains (losses) less capital gains tax of \$....27,838 (Exhibit of Capital Gains (Losses)).....	104,724	(46,564)
11. Net investment gain (loss) (Lines 9 + 10).....	440,013	382,054
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$.....0 amount charged off \$....7,621).....	(7,621)	(12,620)
13. Finance and service charges not included in premiums.....	1,963,086	459,826
14. Aggregate write-ins for miscellaneous income.....	(1,560,450)	(401,418)
15. Total other income (Lines 12 through 14).....	395,015	45,788
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	1,380,303	924,039
17. Dividends to policyholders.....	0	0
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17).....	1,380,303	924,039
19. Federal and foreign income taxes incurred.....	337,427	203,409
20. Net income (Line 18 minus Line 19) (to Line 22).....	1,042,876	720,630
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....	94,031,484	58,078,371
22. Net income (from Line 20).....	1,042,876	720,630
23. Net transfers (to) from Protected Cell accounts.....	0	0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$....14,929.....	4,332,542	(236,440)
25. Change in net unrealized foreign exchange capital gain (loss).....	0	0
26. Change in net deferred income tax.....	128,102	35,096
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3).....	(196,778)	394,657
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....	(114,000)	39,170
29. Change in surplus notes.....	0	0
30. Surplus (contributed to) withdrawn from Protected Cells.....	0	0
31. Cumulative effect of changes in accounting principles.....	0	0
32. Capital changes:		
32.1 Paid in.....	0	0
32.2 Transferred from surplus (Stock Dividend).....	0	0
32.3 Transferred to surplus.....	0	0
33. Surplus adjustments:		
33.1 Paid in.....	0	35,000,000
33.2 Transferred to capital (Stock Dividend).....	0	0
33.3. Transferred from capital.....	0	0
34. Net remittances from or (to) Home Office.....	0	0
35. Dividends to stockholders.....	0	0
36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1).....	0	0
37. Aggregate write-ins for gains and losses in surplus.....	0	0
38. Change in surplus as regards policyholders for the year (Lines 22 through 37).....	5,192,743	35,953,112
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37).....	99,224,226	94,031,484
DETAILS OF WRITE-INS		
0501.....	0	0
0502.....	0	0
0503.....	0	0
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above).....	0	0
1401. Miscellaneous fees.....	(1,685,888)	(401,418)
1402. Fronting fee income.....	125,438	0
1403.....	0	0
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).....	(1,560,450)	(401,418)
3701.....	0	0
3702.....	0	0
3703.....	0	0
3798. Summary of remaining write-ins for Line 37 from overflow page.....	0	0
3799. Totals (Lines 3701 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.....	(1,654,612)	5,679,394
2. Net investment income.....	423,368	502,316
3. Miscellaneous income.....	395,013	45,788
4. Total (Lines 1 through 3).....	(836,231)	6,227,499
5. Benefit and loss related payments.....	55,360,159	34,594,705
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions.....	(6,209,630)	(2,042,328)
8. Dividends paid to policyholders.....	0	0
9. Federal and foreign income taxes paid (recovered) net of \$....27,838 tax on capital gains (losses).....	113,723	655,764
10. Total (Lines 5 through 9).....	49,264,252	33,208,141
11. Net cash from operations (Line 4 minus Line 10).....	(50,100,484)	(26,980,642)
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	8,339,259	7,598,936
12.2 Stocks.....	1,184,013	0
12.3 Mortgage loans.....	0	0
12.4 Real estate.....	0	0
12.5 Other invested assets.....	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	0	(18)
12.7 Miscellaneous proceeds.....	0	2,500,000
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	9,523,272	10,098,918
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	3,331,566	4,232,484
13.2 Stocks.....	0	39,000,000
13.3 Mortgage loans.....	0	0
13.4 Real estate.....	0	0
13.5 Other invested assets.....	0	0
13.6 Miscellaneous applications.....	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6).....	3,331,566	43,232,484
14. Net increase (decrease) in contract loans and premium notes.....	0	0
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....	6,191,706	(33,133,566)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	35,000,000
16.3 Borrowed funds.....	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....	0	0
16.5 Dividends to stockholders.....	0	0
16.6 Other cash provided (applied).....	47,208,030	25,517,845
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	47,208,030	60,517,845
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).....	3,299,253	403,637
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	8,464,805	8,061,168
19.2 End of year (Line 18 plus Line 19.1).....	11,764,058	8,464,805

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

20.0001	0	0
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Falls Lake National Insurance Company
UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums December 31 Prior Year- per Col. 3, Last Year's Part 1	3 Unearned Premiums December 31 Current Year- per Col. 5, Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire.....	7,285	5,768	18,442	(5,389)
2. Allied lines.....	77,369	25,749	112,386	(9,268)
3. Farmowners multiple peril.....	0	0	0	0
4. Homeowners multiple peril.....	0	0	0	0
5. Commercial multiple peril.....	1	(21)	(21)	1
6. Mortgage guaranty.....	0	0	0	0
8. Ocean marine.....	0	0	0	0
9. Inland marine.....	4,344	1,225	3,786	1,783
10. Financial guaranty.....	0	0	0	0
11.1 Medical professional liability - occurrence.....	13,314	5,203	4,586	13,931
11.2 Medical professional liability - claims-made.....	363,019	120,934	151,965	331,988
12. Earthquake.....	14,698	8,312	27,633	(4,623)
13. Group accident and health.....	0	0	0	0
14. Credit accident and health (group and individual).....	0	0	0	0
15. Other accident and health.....	0	0	0	0
16. Workers' compensation.....	1,423,707	313,693	356,548	1,380,852
17.1 Other liability - occurrence.....	7,766,508	2,142,320	3,642,583	6,266,245
17.2 Other liability - claims-made.....	742,922	256,290	348,737	650,475
17.3 Excess workers' compensation.....	0	0	0	0
18.1 Products liability - occurrence.....	1,818,746	691,261	946,675	1,563,332
18.2 Products liability - claims-made.....	304,214	122,585	174,373	252,426
19.1, 19.2 Private passenger auto liability.....	202,613	29,384	63,680	168,317
19.3, 19.4 Commercial auto liability.....	252,070	71,895	105,260	218,705
21. Auto physical damage.....	30,759	8,135	13,316	25,578
22. Aircraft (all perils).....	0	0	0	0
23. Fidelity.....	0	0	0	0
24. Surety.....	0	0	0	0
26. Burglary and theft.....	(854)	0	(647)	(207)
27. Boiler and machinery.....	0	21	21	0
28. Credit.....	0	0	0	0
29. International.....	0	0	0	0
30. Warranty.....	0	0	0	0
31. Reinsurance - nonproportional assumed property.....	0	0	0	0
32. Reinsurance - nonproportional assumed liability.....	0	0	0	0
33. Reinsurance - nonproportional assumed financial lines.....	0	0	0	0
34. Aggregate write-ins for other lines of business.....	0	0	0	0
35. TOTALS.....	13,020,715	3,802,754	5,969,323	10,854,146

DETAILS OF WRITE-INS

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

Falls Lake National Insurance Company
UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned But Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1. Fire.....	18,442	0	0	0	18,442
2. Allied lines.....	112,386	0	0	0	112,386
3. Farmowners multiple peril.....	0	0	0	0	0
4. Homeowners multiple peril.....	0	0	0	0	0
5. Commercial multiple peril.....	(21)	0	0	0	(21)
6. Mortgage guaranty.....	0	0	0	0	0
8. Ocean marine.....	0	0	0	0	0
9. Inland marine.....	3,786	0	0	0	3,786
10. Financial guaranty.....	0	0	0	0	0
11.1 Medical professional liability - occurrence.....	4,586	0	0	0	4,586
11.2 Medical professional liability - claims-made.....	151,965	0	0	0	151,965
12. Earthquake.....	27,633	0	0	0	27,633
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.....	356,548	0	0	0	356,548
17.1 Other liability - occurrence.....	3,642,583	0	0	0	3,642,583
17.2 Other liability - claims-made.....	348,737	0	0	0	348,737
17.3 Excess workers' compensation.....	0	0	0	0	0
18.1 Products liability - occurrence.....	946,675	0	0	0	946,675
18.2 Products liability - claims-made.....	174,373	0	0	0	174,373
19.1, 19.2 Private passenger auto liability.....	63,680	0	0	0	63,680
19.3, 19.4 Commercial auto liability.....	105,260	0	0	0	105,260
21. Auto physical damage.....	13,316	0	0	0	13,316
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.....	(647)	0	0	0	(647)
27. Boiler and machinery.....	21	0	0	0	21
28. Credit.....	0	0	0	0	0
29. International.....	0	0	0	0	0
30. Warranty.....	0	0	0	0	0
31. Reinsurance - nonproportional assumed property.....	0	0	0	0	0
32. Reinsurance - nonproportional assumed liability.....	0	0	0	0	0
33. Reinsurance - nonproportional assumed financial lines.....	0	0	0	0	0
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0
35. TOTALS.....	5,969,323	0	0	0	5,969,323
36. Accrued retrospective premiums based on experience.....					0
37. Earned but unbilled premiums.....					0
38. Balance (sum of Lines 35 through 37).....					5,969,323

DETAILS OF WRITE-INS

3401.	0	0	0	0	0
3402.	0	0	0	0	0
3403.	0	0	0	0	0
3498. Summary of remaining write-ins for Line 34 from overflow page	0	0	0	0	0
3499. Totals (Lines 3401 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.....	954,817	115,690	0	(34,385)	1,097,607	7,285
2. Allied lines.....	3,717,348	512,320	0	1,306,193	2,846,106	77,369
3. Farmowners multiple peril.....	0	0	0	0	0	0
4. Homeowners multiple peril.....	0	0	0	0	0	0
5. Commercial multiple peril.....	22,587,916	0	0	(1)	22,587,916	1
6. Mortgage guaranty.....	0	0	0	0	0	0
8. Ocean marine.....	0	0	0	0	0	0
9. Inland marine.....	1,141,917	9,208	0	118,904	1,027,877	4,344
10. Financial guaranty.....	0	0	0	0	0	0
11.1 Medical professional liability - occurrence.....	0	133,144	0	119,830	0	13,314
11.2 Medical professional liability - claims-made.....	0	3,630,190	0	3,267,171	0	363,019
12. Earthquake.....	5,292	146,899	0	132,466	5,027	14,698
13. Group accident and health.....	0	0	0	0	0	0
14. Credit accident and health (group and individual).....	0	0	0	0	0	0
15. Other accident and health.....	0	0	0	0	0	0
16. Workers' compensation.....	12,906,292	13,329,821	684,696	14,633,756	10,863,346	1,423,707
17.1 Other liability - occurrence.....	10,893,099	77,547,856	0	69,946,837	10,727,610	7,766,508
17.2 Other liability - claims-made.....	17,586	7,428,612	0	6,687,720	15,556	742,922
17.3 Excess workers' compensation.....	0	0	0	0	0	0
18.1 Products liability - occurrence.....	70,446	18,187,445	0	16,368,700	70,445	1,818,746
18.2 Products liability - claims-made.....	0	3,042,141	0	2,737,927	0	304,214
19.1, 19.2 Private passenger auto liability.....	51,051,180	0	0	6,551,140	44,297,427	202,613
19.3, 19.4 Commercial auto liability.....	37,512,757	1,299,327	334,603	5,344,030	33,550,587	252,070
21. Auto physical damage.....	9,767,712	7,057	0	977,936	8,766,074	30,759
22. Aircraft (all perils).....	0	0	0	0	0	0
23. Fidelity.....	0	0	0	0	0	0
24. Surety.....	0	0	0	0	0	0
26. Burglary and theft.....	178,363	(503)	0	(26,449)	205,163	(854)
27. Boiler and machinery.....	828,434	0	0	0	828,434	0
28. Credit.....	0	0	0	0	0	0
29. International.....	0	0	0	0	0	0
30. Warranty.....	0	0	0	0	0	0
31. Reinsurance - nonproportional assumed property.....	XXX	0	0	0	0	0
32. Reinsurance - nonproportional assumed liability.....	XXX	0	0	0	0	0
33. Reinsurance - nonproportional assumed financial lines.....	XXX	0	0	0	0	0
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0
35. TOTALS.....	151,633,159	125,389,207	1,019,299	128,131,775	136,889,175	13,020,715

DETAILS OF WRITE-INS

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

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

If yes: 1. The amount of such installment premiums \$....3,197,714.

2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$....6,100,782.

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

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire.....	.0	.48,403	.43,563	.4,840	.9,102	.3,305	.10,637	.....(197.4)
2. Allied lines.....	9,443	.....(84)	9,311	.48	20,221	22,062	.....(1,793)	19.3
3. Farmowners multiple peril.....	.0	.0	.0	.0	.0	0	0	0.0
4. Homeowners multiple peril.....	.0	.0	.0	.0	.0	0	0	0.0
5. Commercial multiple peril.....	11,961,114	.88,307	12,044,792	.4,629	.....(16,681)	10,719	.....(22,771)	.....(3,077,162.2)
6. Mortgage guaranty.....	.0	.0	.0	.0	.0	0	0	0.0
8. Ocean marine.....	.0	.0	.0	.0	.0	0	0	0.0
9. Inland marine.....	.24,983	.0	.24,908	.75	1,000	2,293	.....(1,218)	.....(68.3)
10. Financial guaranty.....	.0	.0	.0	.0	.0	0	0	0.0
11.1 Medical professional liability - occurrence.....	.0	3,089,954	3,089,954	.0	32,696	25,669	7,027	50.4
11.2 Medical professional liability - claims-made.....	.0	.0	.....(308,995)	308,995	482,411	476,645	314,761	94.8
12. Earthquake.....	.0	.0	.0	.0	3,410	0	3,410	.....(73.8)
13. Group accident and health.....	.0	.0	.0	.0	.0	0	0	0.0
14. Credit accident and health (group and individual).....	.0	.0	.0	.0	.0	0	0	0.0
15. Other accident and health.....	.0	.0	.0	.0	.0	0	0	0.0
16. Workers' compensation.....	4,136,117	.4,399,120	.....8,088,461	.446,776	.....1,840,281	.....1,749,768	.....537,289	.....38.9
17.1 Other liability - occurrence.....	627,123	15,658,783	14,718,754	1,567,152	7,677,855	6,280,053	2,964,954	47.3
17.2 Other liability - claims-made.....	342,500	1,474,156	1,665,991	150,665	558,329	598,638	110,356	17.0
17.3 Excess workers' compensation.....	.0	.0	.0	.0	0	0	0	0.0
18.1 Products liability - occurrence.....	.0	4,090,043	3,681,039	409,004	2,996,687	2,758,512	647,179	41.4
18.2 Products liability - claims-made.....	.0	.....19,934	.....17,941	1,993	153,229	180,810	.....(25,588)	.....(10.1)
19.1, 19.2 Private passenger auto liability.....	3,884,902	.0	3,872,134	12,768	94,744	17,693	89,819	53.4
19.3, 19.4 Commercial auto liability.....	24,140,537	1,151,078	25,052,765	238,850	461,736	578,329	122,257	55.9
21. Auto physical damage.....	3,224,455	5,547	3,210,273	19,729	.....(1,246)	18,008	.475	1.9
22. Aircraft (all perils).....	.0	.0	.0	.0	0	0	0	0.0
23. Fidelity.....	.0	.0	.0	.0	0	0	0	0.0
24. Surety.....	.0	.0	.0	.0	0	0	0	0.0
26. Burglary and theft.....	.0	.0	.0	.0	.....(137)	0	.....(137)	66.2
27. Boiler and machinery.....	2,579	.0	2,579	.0	0	0	0	0.0
28. Credit.....	.0	.0	.0	.0	0	0	0	0.0
29. International.....	.0	.0	.0	.0	0	0	0	0.0
30. Warranty.....	.0	.0	.0	.0	0	0	0	0.0
31. Reinsurance - nonproportional assumed property.....	XXX.	.0	.0	.0	0	0	0	0.0
32. Reinsurance - nonproportional assumed liability.....	XXX.	.0	.0	.0	0	0	0	0.0
33. Reinsurance - nonproportional assumed financial lines.....	XXX.	.0	.0	.0	0	0	0	0.0
34. Aggregate write-ins for other lines of business.....	.0	.0	.0	.0	0	0	0	0.0
35. TOTALS.....	.....48,353,753	.....30,025,241	.....75,213,470	.....3,165,524	.....14,313,637	.....12,722,505	.....4,756,656	43.8
DETAILS OF WRITE-INS								
3401.	.0	.0	.0	.0	0	0	0	0.0
3402.	.0	.0	.0	.0	0	0	0	0.0
3403.	.0	.0	.0	.0	0	0	0	0.0
3498. Summary of remaining write-ins for Line 34 from overflow page.....	.0	.0	.0	.0	0	0	0	XX.
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 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable	4 Net Losses Excluding Incurred but not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire.....	0	18,114	16,303	1,811	24,020	71,483	88,212	.9,102	16,612
2. Allied lines.....	19,650	351	19,848	153	182,877	154,198	317,007	20,221	37,310
3. Farmowners multiple peril.....	0	0	0	0	0	0	0	0	0
4. Homeowners multiple peril.....	0	0	0	0	0	0	0	0	0
5. Commercial multiple peril.....	6,119,747	46,500	6,164,552	1,695	17,842,294	133,294	17,993,964	(16,681)	(3,568)
6. Mortgage guaranty.....	0	0	0	0	0	0	0	0	0
8. Ocean marine.....	0	0	0	0	0	0	0	0	0
9. Inland marine.....	0	0	0	0	150,165	5,491	154,656	1,000	2,294
10. Financial guaranty.....	0	0	0	0	0	0	0	0	0
11.1 Medical professional liability - occurrence.....	0	132,930	.119,637	13,293	0	194,035	174,632	32,696	19,187
11.2 Medical professional liability - claims-made.....	0	4,261,682	3,835,514	426,168	0	562,425	506,182	482,411	301,065
12. Earthquake.....	0	0	0	0	0	34,099	30,689	3,410	7,417
13. Group accident and health.....	0	0	0	0	0	0	0	0	0
14. Credit accident and health (group and individual).....	0	0	0	0	0	0	0	0	0
15. Other accident and health.....	0	0	0	0	0	0	0	0	0
16. Workers' compensation.....	3,486,395	.8,351,819	10,996,503	.841,711	7,537,790	9,591,155	16,130,375	1,840,281	628,611
17.1 Other liability - occurrence.....	6,798,619	27,479,447	31,502,549	2,775,517	14,103,142	48,595,525	57,796,329	7,677,855	4,608,888
17.2 Other liability - claims-made.....	60,000	2,049,035	1,903,794	205,241	1,006,047	3,449,178	4,102,137	558,329	386,242
17.3 Excess workers' compensation.....	0	0	0	0	0	0	0	0	0
18.1 Products liability - occurrence.....	.20,000	7,628,138	.6,885,324	.762,814	37,247	.22,338,723	20,142,097	2,996,687	2,530,558
18.2 Products liability - claims-made.....	0	.162,886	.146,597	.16,289	0	1,369,400	1,232,460	153,229	175,045
19.1, 19.2 Private passenger auto liability.....	3,946,573	0	3,931,952	14,621	20,433,411	0	20,353,288	94,744	19,763
19.3, 19.4 Commercial auto liability.....	23,724,198	1,681,013	25,109,837	.295,374	21,260,438	1,013,759	.22,107,835	.461,736	300,005
21. Auto physical damage.....	.46,011	351	.54,850	(8,488)	.2,631,156	3,111	.2,627,025	(1,246)	1,378
22. Aircraft (all perils).....	0	0	0	0	0	0	0	0	0
23. Fidelity.....	0	0	0	0	0	0	0	0	0
24. Surety.....	0	0	0	0	0	0	0	0	0
26. Burglary and theft.....	0	0	0	0	4,722	.28	.4,887	(137)	(24)
27. Boiler and machinery.....	2,500	0	2,500	0	.124,324	0	.124,324	0	.45
28. Credit.....	0	0	0	0	0	0	0	0	0
29. International.....	0	0	0	0	0	0	0	0	0
30. Warranty.....	0	0	0	0	0	0	0	0	0
31. Reinsurance - nonproportional assumed property.....	XXX	0	0	0	XXX	0	0	0	0
32. Reinsurance - nonproportional assumed liability.....	XXX	0	0	0	XXX	0	0	0	0
33. Reinsurance - nonproportional assumed financial lines.....	XXX	0	0	0	XXX	0	0	0	0
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0	0	0	0
35. TOTALS.....	44,223,693	51,812,266	.90,689,760	.5,346,199	.85,337,633	.87,515,904	163,886,099	.14,313,637	9,030,828

DETAILS OF WRITE-INS

3401.	0	0	0	0	0	0	0	0	0
3402.	0	0	0	0	0	0	0	0	0
3403.	0	0	0	0	0	0	0	0	0
3498. Summary of remaining write-ins for Line 34 from overflow page.....	0	0	0	0	0	0	0	0	0
3499. Totals (Lines 3401 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 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct.....	13,187,236	0	0	13,187,236
1.2 Reinsurance assumed.....	5,693	0	0	5,693
1.3 Reinsurance ceded.....	10,480,291	0	0	10,480,291
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	2,712,638	0	0	2,712,638
2. Commission and brokerage:				
2.1 Direct, excluding contingent.....	0	15,421,145	0	15,421,145
2.2 Reinsurance assumed, excluding contingent.....	0	130,471	0	130,471
2.3 Reinsurance ceded, excluding contingent.....	0	21,767,530	0	21,767,530
2.4 Contingent - direct.....	0	623,108	0	623,108
2.5 Contingent - reinsurance assumed.....	0	0	0	0
2.6 Contingent - reinsurance ceded.....	0	123,707	0	123,707
2.7 Policy and membership fees.....	0	0	0	0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7).....	0	(5,716,513)	0	(5,716,513)
3. Allowances to manager and agents.....	0	19,954	0	19,954
4. Advertising.....	8	1,807	0	1,815
5. Boards, bureaus and associations.....	17,557	288,874	0	306,431
6. Surveys and underwriting reports.....	208	(301,294)	0	(301,086)
7. Audit of assureds' records.....	6,857	129,956	0	136,813
8. Salary and related items:				
8.1 Salaries.....	416,330	3,744,402	0	4,160,732
8.2 Payroll taxes.....	53,778	274,093	0	327,871
9. Employee relations and welfare.....	200,114	564,480	0	764,594
10. Insurance.....	2,636	93,238	0	95,874
11. Directors' fees.....	0	0	0	0
12. Travel and travel items.....	(19,980)	150,038	0	130,058
13. Rent and rent items.....	94,446	259,419	0	353,865
14. Equipment.....	62,062	272,824	0	334,886
15. Cost or depreciation of EDP equipment and software.....	32,388	154,085	0	186,473
16. Printing and stationery.....	(2,559)	39,711	0	37,152
17. Postage, telephone and telegraph, exchange and express.....	31,768	89,906	0	121,674
18. Legal and auditing.....	7,655	169,707	0	177,362
19. Totals (Lines 3 to 18).....	903,268	5,951,200	0	6,854,468
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$....12,551.....	109	1,138,226	0	1,138,335
20.2 Insurance department licenses and fees.....	936	47,221	0	48,157
20.3 Gross guaranty association assessments.....	100	49,312	0	49,412
20.4 All other (excluding federal and foreign income and real estate).....	5,282	62,837	0	68,119
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....	6,427	1,297,596	0	1,304,023
21. Real estate expenses.....	0	0	0	0
22. Real estate taxes.....	0	0	0	0
23. Reimbursements by uninsured plans.....	0	0	0	0
24. Aggregate write-ins for miscellaneous expenses.....	53,406	344,192	28,871	426,469
25. Total expenses incurred.....	3,675,739	1,876,475	28,871	(a) 5,581,085
26. Less unpaid expenses - current year.....	9,030,830	20,599,192	3,335	29,633,357
27. Add unpaid expenses - prior year.....	7,639,418	10,228,759	3,090	17,871,267
28. Amounts receivable relating to uninsured plans, prior year.....	0	0	0	0
29. Amounts receivable relating to uninsured plans, current year.....	0	0	0	0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29).....	2,284,327	(8,493,958)	28,626	(6,181,005)

DETAILS OF WRITE-INS

2401. Outside consulting.....	71,152	294,777	0	365,929
2402. Claims search fees.....	(17,068)	16,946	0	(122)
2403. Shared reimbursements.....	(2,728)	(6,819)	0	(9,547)
2498. Summary of remaining write-ins for Line 24 from overflow page.....	2,050	39,288	28,871	70,209
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above).....	53,406	344,192	28,871	426,469

(a) Includes management fees of \$....8,855,060 to affiliates and \$....15,188 to non-affiliates.

Falls Lake National Insurance Company
EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....73,968	.....69,460
1.1 Bonds exempt from U.S. tax.....	(a).....106,732	.....94,051
1.2 Other bonds (unaffiliated).....	(a).....73,485	.....58,659
1.3 Bonds of affiliates.....	(a).....0	.....0
2.1 Preferred stocks (unaffiliated).....	(b).....74,572	.....69,144
2.11 Preferred stocks of affiliates.....	(b).....0	.....0
2.2 Common stocks (unaffiliated).....	.....0	.....0
2.21 Common stocks of affiliates.....	.....0	.....0
3. Mortgage loans.....	(c).....0	.....0
4. Real estate.....	(d).....0	.....0
5. Contract loans.....	.....0	.....0
6. Cash, cash equivalents and short-term investments.....	(e).....69,035	.....69,035
7. Derivative instruments.....	(f).....0	.....0
8. Other invested assets.....	.....0	.....0
9. Aggregate write-ins for investment income.....	.....2,205	.....3,811
10. Total gross investment income.....	.....399,997	.....364,160
11. Investment expenses.....		(g).....28,871
12. Investment taxes, licenses and fees, excluding federal income taxes.....		(g).....0
13. Interest expense.....		(h).....0
14. Depreciation on real estate and other invested assets.....		(i).....0
15. Aggregate write-ins for deductions from investment income.....		.....0
16. Total deductions (Lines 11 through 15).....		.....28,871
17. Net investment income (Line 10 minus Line 16).....		.....335,289

DETAILS OF WRITE-INS

0901. Misc. Income.....	.....2,205	.....3,811
0902. ....	.....0	.....0
0903. ....	.....0	.....0
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).....	.....2,205	.....3,811
1501. ....		.....0
1502. ....		.....0
1503. ....		.....0
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 \$.....5,127 accrual of discount less \$.....57,127 amortization of premium and less \$.....26,772 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 \$.....323 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
- (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. government bonds.....	42,724	0	42,724	0	.....0
1.1 Bonds exempt from U.S. tax.....	62,314	0	62,314	0	.....0
1.2 Other bonds (unaffiliated).....	41,988	0	41,988	0	.....0
1.3 Bonds of affiliates.....	0	0	0	0	.....0
2.1 Preferred stocks (unaffiliated).....	(14,463)	0	(14,463)	71,088	.....0
2.11 Preferred stocks of affiliates.....	0	0	0	0	.....0
2.2 Common stocks (unaffiliated).....	0	0	0	0	.....0
2.21 Common stocks of affiliates.....	0	0	0	4,276,383	.....0
3. Mortgage loans.....	0	0	0	0	.....0
4. Real estate.....	0	0	0	0	.....0
5. Contract loans.....	0	0	0	0	.....0
6. Cash, cash equivalents and short-term investments.....	0	0	0	0	.....0
7. Derivative instruments.....	0	0	0	0	.....0
8. Other invested assets.....	0	0	0	0	.....0
9. Aggregate write-ins for capital gains (losses).....	0	0	0	0	.....0
10. Total capital gains (losses).....	132,563	0	132,563	4,347,471	.....0

DETAILS OF WRITE-INS

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

Falls Lake National Insurance Company
EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks.....	0	0	0
2.2 Common stocks.....	0	0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....	0	0	0
3.2 Other than first liens.....	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....	0	0	0
4.2 Properties held for the production of income.....	0	0	0
4.3 Properties held for sale.....	0	0	0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....	0	0	0
6. Contract loans.....	0	0	0
7. Derivatives (Schedule DB).....	0	0	0
8. Other invested assets (Schedule BA).....	0	0	0
9. Receivables for securities.....	0	0	0
10. Securities lending reinvested collateral assets (Schedule DL).....	0	0	0
11. Aggregate write-ins for invested assets.....	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	0	0	0
13. Title plants (for Title insurers only).....	0	0	0
14. Investment income due and accrued.....	0	0	0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....	607,224	406,558	(200,666)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	6,849	13,414	6,565
15.3 Accrued retrospective premiums and contracts subject to redetermination.....	0	0	0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers.....	0	0	0
16.2 Funds held by or deposited with reinsured companies.....	0	0	0
16.3 Other amounts receivable under reinsurance contracts.....	0	0	0
17. Amounts receivable relating to uninsured plans.....	0	0	0
18.1 Current federal and foreign income tax recoverable and interest thereon.....	0	0	0
18.2 Net deferred tax asset.....	357,285	354,608	(2,677)
19. Guaranty funds receivable or on deposit.....	0	0	0
20. Electronic data processing equipment and software.....	0	0	0
21. Furniture and equipment, including health care delivery assets.....	0	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates.....	0	0	0
23. Receivables from parent, subsidiaries and affiliates.....	0	0	0
24. Health care and other amounts receivable.....	0	0	0
25. Aggregate write-ins for other-than-invested assets.....	10,000	10,000	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	981,358	784,580	(196,778)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
28. TOTALS (Lines 26 and 27).....	981,358	784,580	(196,778)

DETAILS OF WRITE-INS

1101.....	0	0	0
1102.....	0	0	0
1103.....	0	0	0
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above).....	0	0	0
2501. Claim funds on deposit.....	10,000	10,000	0
2502.....	0	0	0
2503.....	0	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	10,000	10,000	0

Notes to the Financial Statements**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.

The accompanying financial statements contain no differences as a result of practices prescribed or permitted by Ohio that differ from the NAIC's *Accounting Practices and Procedures Manual* as noted in the table below:

	SSAP #	F/S Page	F/S Line #	2019	2018
Net Income					
(1) State basis (Page 4, Line 20, Columns 1 & 2)	XXX	XXX	XXX	\$ 1,042,876	\$ 720,630
(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	\$ 1,042,876	\$ 720,630
Surplus					
(5) State basis (Page 3, Line 37, Columns 1 & 2)	XXX	XXX	XXX	\$ 99,224,226	\$ 94,031,484
(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	\$ 99,224,226	\$ 94,031,484

B. Use of Estimates in the Preparation of the Financial Statements

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) Short-term investments are stated at amortized cost.

(2) Basis for Bonds, Mandatory Convertible Securities, SVO-Identified Investments and Amortization Method

Investment grade non-loan backed bonds are stated at amortized cost using the interest method. Non-investment grade non-loan backed bonds are stated at the lower of amortized cost or fair value. The Company does not have any investments in mandatory convertible securities or SVO-Identified investments.

(3) Unaffiliated common stocks are stated at fair value.

(4) Perpetual preferred stocks are stated at fair value, except non-investment grade perpetual preferred stocks, which are stated at the lower of cost or fair value. Mandatory redeemable preferred stocks are stated at amortized cost, except non-investment grade redeemable preferred stocks, which are stated at the lower of cost or fair value.

(5) The Company has no investments in mortgage loans.

(6) Basis for Loan-Backed Securities and Adjustment Methodology

Loan-backed securities are stated at either amortized cost using the interest method, or the lower of amortized cost or fair value. The retrospective adjustment method is used to value all securities except for interest only securities or securities where the yield has become negative, which are valued using the prospective method.

(7) Affiliated common stock is stated at the statutory value of the insurance subsidiary.

(8) The Company has no investments in joint ventures, partnerships or limited liability companies.

(9) The Company has no investments in derivatives.

(10) The Company does not consider investment income as a factor in determining premium deficiency reserves.

(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 liability.

Notes to the Financial Statements

1. Summary of Significant Accounting Policies and Going Concern (Continued)

- (12) The Company has not modified its capitalization policy from the prior period.
- (13) The Company does not write major medical insurance with prescription drug coverage.

D. Going Concern

Based upon its evaluation of relevant conditions and events, management does not have substantial doubt about the Company's ability to continue as a going concern.

2. Accounting Changes and Corrections of Errors - Not Applicable

3. Business Combinations and Goodwill

- A. Statutory Purchase Method - Not Applicable
- B. Statutory Merger - Not Applicable
- C. Impairment Loss - Not Applicable

4. Discontinued Operations - Not Applicable

5. Investments

- A. Mortgage Loans, including Mezzanine Real Estate Loans - Not Applicable
- B. Debt Restructuring - Not Applicable
- C. Reverse Mortgages - Not Applicable
- D. Loan-Backed Securities - None
- E. Dollar Repurchase Agreements and/or Securities Lending Transactions - Not Applicable
- F. Repurchase Agreements Transactions Accounted for as Secured Borrowing - Not Applicable
- G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing - Not Applicable
- H. Repurchase Agreements Transactions Accounted for as a Sale - Not Applicable
- I. Reverse Repurchase Agreements Transactions Accounted for as a Sale - Not Applicable
- J. Real Estate - Not Applicable
- K. Low-Income Housing Tax Credits (LIHTC) - Not Applicable

Notes to the Financial Statements**5. Investments (Continued)****L. Restricted Assets****(1) Restricted assets (including pledged)**

Restricted Asset Category	Gross (Admitted & Nonadmitted) Restricted							Current Year			
	Current Year							Current Year			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	Total General Account (G/A)	G/A Supporting Protected Cell Account Activity	Total Protected Cell Account Restricted Assets	Protected Cell Account Assets Supporting G/A Activity	Total (1 + 3)	Total From Prior Year	Increase / (Decrease) (5 - 6)	Total Nonadmitted Restricted	Total Admitted Restricted (5-8)	Gross (Admitted & Nonadmitted) Restricted to Total Assets, %	Admitted to Total Admitted Assets, %
a. Subject to contractual obligation for which liability is not shown	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	- %	- %
b. Collateral held under security lending agreements	-	-	-	-	-	-	-	-	-	-	-
c. Subject to repurchase agreements	-	-	-	-	-	-	-	-	-	-	-
d. Subject to reverse repurchase agreements	-	-	-	-	-	-	-	-	-	-	-
e. Subject to dollar repurchase agreements	-	-	-	-	-	-	-	-	-	-	-
f. Subject to dollar reverse repurchase agreements	-	-	-	-	-	-	-	-	-	-	-
g. Placed under option contracts	-	-	-	-	-	-	-	-	-	-	-
h. Letter stock or securities restricted as to sale - excluding FHLB capital stock	-	-	-	-	-	-	-	-	-	-	-
i. FHLB capital stock	-	-	-	-	-	-	-	-	-	-	-
j. On deposit with states	7,769,721	-	-	-	7,769,721	8,210,524	(440,803)	-	7,769,721	1.551	1.554
k. On deposit with other regulatory bodies	-	-	-	-	-	-	-	-	-	-	-
l. Pledged as collateral to FHLB (including assets backing funding agreements)	-	-	-	-	-	-	-	-	-	-	-
m. Pledged as collateral not captured in other categories	-	-	-	-	-	-	-	-	-	-	-
n. Other restricted assets	-	-	-	-	-	-	-	-	-	-	-
o. Total restricted assets	\$ 7,769,721	\$ -	\$ -	\$ -	\$ 7,769,721	\$ 8,210,524	\$ (440,803)	\$ -	\$ 7,769,721	1.551%	1.554%

(2) Detail of assets pledged as collateral not captured in other categories (contracts that share similar characteristics, such as reinsurance and derivatives, are reported in the aggregate) - Not Applicable

(3) Detail of other restricted assets (contracts that share similar characteristics, such as reinsurance and derivatives, are reported in the aggregate) - Not Applicable

(4) Collateral received and reflected as assets within the reporting entity's financial statements - Not Applicable

M. Working Capital Finance Investments - Not Applicable**N. Offsetting and Netting of Assets and Liabilities** - Not Applicable**O. 5GI Securities** - Not Applicable**P. Short Sales** - Not Applicable**Q. Prepayment Penalty and Acceleration Fees** - Not Applicable**6. Joint Ventures, Partnerships and Limited Liability Companies** - Not Applicable**7. Investment Income****A. Due and Accrued Income Excluded from Surplus**

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

B. Total Amount Excluded

No amounts were excluded from surplus at December 31, 2019.

8. Derivative Instruments - Not Applicable

Notes to the Financial Statements**9. Income Taxes****A. Components of the Net Deferred Tax Asset/(Liability)****(1) Change between years by tax character**

	2019			2018			Change		
	(1)	(2)	(3) Total (Col 1+2)	(4)	(5)	(6) Total (Col 4+5)	(7)	(8)	(9) Total (Col 7+8)
	Ordinary	Capital		Ordinary	Capital		Ordinary (Col 1-4)	Capital (Col 2-5)	
(a) Gross deferred tax assets	\$ 1,316,239	\$	\$ 1,316,239	\$ 1,192,626	\$ 14,552	\$ 1,207,178	\$ 123,613	\$ (14,552)	\$ 109,061
(b) Statutory valuation allowance adjustments									
(c) Adjusted gross deferred tax assets (1a - 1b)	1,316,239		1,316,239	1,192,626	14,552	1,207,178	123,613	(14,552)	109,061
(d) Deferred tax assets nonadmitted	357,285		357,285	340,056	14,552	354,608	17,229	(14,552)	2,677
(e) Subtotal net admitted deferred tax asset (1c - 1d)	\$ 958,954	\$	\$ 958,954	\$ 852,570	\$	\$ 852,570	\$ 106,384	\$	\$ 106,384
(f) Deferred tax liabilities	119,593	377	119,970	124,082	-	124,082	(4,489)	377	(4,112)
(g) Net admitted deferred tax asset/(net deferred tax liability) (1e - 1f)	\$ 839,361	\$ (377)	\$ 838,984	\$ 728,488	\$ -	\$ 728,488	\$ 110,873	\$ (377)	\$ 110,496

(2) Admission calculation components SSAP No. 101

	2019			2018			Change			
	(1)	(2)	(3) Total (Col 1+2)	(4)	(5)	(6) Total (Col 4+5)	(7)	(8)	(9) Total (Col 7+8)	
	Ordinary	Capital		Ordinary	Capital		Ordinary (Col 1-4)	Capital (Col 2-5)		
(a) Federal income taxes paid in prior years recoverable through loss carrybacks	\$ 507,322	\$ -	\$ 507,322	\$ -	\$ -	\$ -	\$ 507,322	\$ -	\$ 507,322	
(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 (lesser of 2(b)1 and 2(b)2 below)	332,039	-	332,039	728,488	-	728,488	(396,449)	-	(396,449)	
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	332,039	-	332,039	728,488	-	728,488	(396,449)	-	(396,449)	
2. Adjusted gross deferred tax assets allowed per limitation threshold	XXX	XXX	14,757,786	XXX	XXX	14,104,722	XXX	XXX	653,064	
(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	119,593	-	119,593	124,082	-	124,082	(4,489)	-	(4,489)	
(d) Deferred tax assets admitted as the result of application of SSAP No. 101.	Total (2(a) + 2(b) + 2(c))	\$ 958,954	\$ -	\$ 958,954	\$ 852,570	\$ -	\$ 852,570	\$ 106,384	\$ -	\$ 106,384

(3) Ratio used as basis of admissibility

		2019	2018
(a) Ratio percentage used to determine recovery period and threshold limitation amount		438.300%	513.590%
(b) Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above		\$ 98,385,242	\$ 94,031,484

(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**

	2019			2018			Change		
	(1)	(2)	(3)	(4)	(5)	(6)			
	Ordinary	Capital	Ordinary	Capital	Ordinary (Col. 1-3)	Capital (Col. 2-4)			
1. Adjusted gross DTAs amount from Note 9A1(c)	\$ 1,316,239	\$	\$ 1,192,626	\$ 14,552	\$ 123,613	\$ (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)	\$ 958,954	\$	\$ 852,570	\$	\$ 106,384	\$			
4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies	%	%	%	%	%	%			

(b) Use of reinsurance-related tax-planning strategiesDoes the company's tax-planning strategies include the use of reinsurance? NO**B. Regarding Deferred Tax Liabilities That Are Not Recognized - Not Applicable**

Notes to the Financial Statements**9. Income Taxes (Continued)****C. Major Components of Current Income Taxes Incurred**

	(1) 2019	(2) 2018	(3) Change (1-2)
Current income taxes incurred consist of the following major components:			
1. Current Income Tax			
(a) Federal	\$ 347,891	\$ 203,409	\$ 144,482
(b) Foreign			
(c) Subtotal	\$ 347,891	\$ 203,409	\$ 144,482
(d) Federal income tax on net capital gains	27,838	(12,378)	40,216
(e) Utilization of capital loss carry-forwards			
(f) Other	(10,464)		(10,464)
(g) Federal and foreign income taxes incurred	<u>\$ 365,265</u>	<u>\$ 191,031</u>	<u>\$ 174,234</u>

	(1) 2019	(2) 2018	(3) Change (1-2)
Current income taxes incurred consist of the following major components:			

2. Deferred Tax Assets			
(a) Ordinary			
(1) Discounting of unpaid losses	\$ 496,205	\$ 439,352	\$ 56,853
(2) Unearned premium reserve	250,712	159,716	90,996
(3) Policyholder reserves			
(4) Investments			
(5) Deferred acquisition costs	8,538		8,538
(6) Policyholder dividends accrual			
(7) Fixed assets			
(8) Compensation and benefits accrual			
(9) Pension accrual			
(10) Receivables - nonadmitted	131,055		131,055
(11) Net operating loss carry-forward			
(12) Tax credit carry-forward			
(13) Other (including items less than 5% of total ordinary tax assets)*	429,729	593,558	(163,829)
(99) Subtotal	<u>\$ 1,316,239</u>	<u>\$ 1,192,626</u>	<u>\$ 123,613</u>
(b) Statutory valuation allowance adjustment			
(c) Nonadmitted	357,285	340,056	17,229
(d) Admitted ordinary deferred tax assets (2a99 - 2b - 2c)	<u>\$ 958,954</u>	<u>\$ 852,570</u>	<u>\$ 106,384</u>
(e) Capital			
(1) Investments	\$.	\$ 14,552	\$ (14,552)
(2) Net capital loss carry-forward			
(3) Real estate			
(4) Other (including items <5% of total capital tax assets)			
(99) Subtotal	<u>\$.</u>	<u>\$ 14,552</u>	<u>\$ (14,552)</u>
(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)	<u>\$ 958,954</u>	<u>\$ 852,570</u>	<u>\$ 106,384</u>

	(1) 2019	(2) 2018	(3) Change (1-2)
Current income taxes incurred consist of the following major components:			

3. Deferred Tax Liabilities			
(a) Ordinary			
(1) Investments	\$ 709	\$ 1,811	\$ (1,102)
(2) Fixed assets			
(3) Deferred and uncollected premium			
(4) Policyholder reserves		117,561	(117,561)
(5) Other (including items <5% of total ordinary tax liabilities)†	118,884	4,710	114,174
(99) Subtotal	<u>\$ 119,593</u>	<u>\$ 124,082</u>	<u>\$ (4,489)</u>
(b) Capital			
(1) Investments	\$.	\$.	\$.
(2) Real estate			
(3) Other (including items <5% of total capital tax liabilities)	377	-	377
(99) Subtotal	<u>\$ 377</u>	<u>\$ -</u>	<u>\$ 377</u>
(c) Deferred tax liabilities (3a99 + 3b99)	<u>\$ 119,970</u>	<u>\$ 124,082</u>	<u>\$ (4,112)</u>
4. Net deferred tax assets/liabilities (2i - 3c)	<u>\$ 838,984</u>	<u>\$ 728,488</u>	<u>\$ 110,496</u>

Notes to the Financial Statements**9. Income Taxes (Continued)**

	(1) 2019	(2) 2018	(3) Change (1-2)
* Items >5% of total ordinary tax assets included in Other Amortization	368,934	421,639	(52,705)
Other	60,795	171,919	(111,124)
† Items >5% of total ordinary tax liabilities included in Other LRD transitional adjustment (TCJA)	85,657	—	85,657
Injury Fund Accrual	33,227	4,710	28,517

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.

D. Among the More Significant Book to Tax Adjustments

Reconciliation of Federal Income Tax Rate to Actual Effective Rate Among the more significant book to tax adjustments were the following:

	2019	Effective Tax Rate
Provision computed at statutory rate	\$ 295,710	21.000%
Proration of tax exempt investment income	6,753	0.480
Tax exempt income deduction	(19,751)	-1.403
Dividends received deduction	(7,260)	-0.516
Disallowable travel and entertainment		
Other Permanent differences	2,471	0.175
Total ordinary DTAs		
Total ordinary DTLs		
Total capital DTAs		
Total capital DTLs		
Change in nonadmitted assets	(40,761)	-2.895
Accrual adjustment - prior year		
Other	2	0.000
Total	\$ 237,164	16.842%
	2019	Effective Tax Rate
Federal and foreign income taxes incurred	\$ 365,265	25.940%
Realized capital gains (losses) tax		
Change in deferred income taxes	(128,102)	-9.097
Total statutory income taxes	\$ 237,163	16.842%

E. Operating Loss and Tax Credit Carryforwards

(1) Unused loss carryforwards available - Not Applicable

(2) Income tax expense available for recoupment

	<u>Total</u>
2017	\$
2018	211,612
2019	295,710

(3) Deposits admitted under IRC Section 6603 - Not Applicable

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 Fire and Casualty Company

Notes to the Financial Statements**9. Income Taxes (Continued)**

(2) A written agreement provides that federal income taxes will be allocated to the Company on approximately the same basis as though the Company were filing a separate 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 ninety days of filing the tax return.

G. Federal or Foreign Income Tax Loss Contingencies

H. Repatriation Transition Tax (RTT) - Not Applicable

I. Alternative Minimum Tax (AMT) Credit - Not Applicable

10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

A. Nature of the Relationship Involved

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

B. Detail of Transactions Greater Than 0.5% of Admitted Assets

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

See notes 9F, 10F, 12G and 26.

D. Amounts Due From or To Related Parties

See notes 10F & 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

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

During 2019, Falls Lake Insurance Management Company, Inc. incurred \$160,557 of expenses on behalf of Falls Lake National Insurance Company, pursuant to the terms of the intercompany Management Services Agreement. As of December 31, 2019, \$69,910 of this amount had been settled, and the resulting \$90,647 payable was settled by January 21, 2020.

All intercompany reinsurance balances are settled quarterly.

G. Nature of the Control Relationship

See Schedule Y, Part 1, Organizational Chart.

H. Amount Deducted for Investment in Upstream Company - Not Applicable

I. Detail of Investments in Affiliates Greater Than 10% of Admitted Assets - Not Applicable

J. Write-Down for Impairments of Investments in Subsidiary Controlled or Affiliated Companies - Not Applicable

K. Foreign Subsidiary Value Using CARVM - Not Applicable

L. Downstream Holding Company Value Using Look-Through Method - Not Applicable

M. All SCA Investments - Not Applicable

N. Investment in Insurance SCAs - Not Applicable

O. SCA and SSAP No. 48 Entity Loss Tracking - Not Applicable

11. Debt - Not Applicable**12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans**

A. Defined Benefit Plan - Not Applicable

B. Investment Policies and Strategies of Plan Assets - Not Applicable

C. Fair Value of Each Class of Plan Assets - Not Applicable

D. Expected Long-Term Rate of Return for the Plan Assets - Not Applicable

E. Defined Contribution Plans - Not Applicable

Notes to the Financial Statements**12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans (Continued)**

F. Multiemployer Plans - Not Applicable

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 \$249,849 for 2019. The Company has no legal obligation for benefits under this plan.

H. Postemployment Benefits and Compensated Absences - Not Applicable

I. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17) - Not Applicable

13. Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations

1. Number of Share and Par or State Value of Each Class

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

2. Dividend Rate of Preferred Stock - Not Applicable

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 2020 based on capital and surplus is \$9,922,423.

4. Ordinary Dividends - Not Applicable

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. Surplus Advances - Not Applicable

8. Stock Held for Special Purposes - Not Applicable

9. Changes in Special Surplus Funds - Not Applicable

10. Unassigned funds (surplus)

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

11. Company-Issued Surplus Debentures or Similar Obligations - Not Applicable

12. Impact of Any Restatement Due to Prior Quasi-Reorganizations - Not Applicable

13. Effective Date(s) of Quasi-Reorganizations in the Prior 10 Years - Not Applicable

14. Liabilities, Contingencies and Assessments

A. Contingent Commitments - Not Applicable

B. Assessments

(1) 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 \$26,772 for guaranty fund assessments as of December 31, 2019.

(2) Assets (Liabilities) recognized from paid and accrued premium tax offsets and policy surcharges - Not Applicable

(3) Guaranty fund liabilities and assets related to long-term care insolvencies - Not Applicable

C. Gain Contingencies - Not Applicable

D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits - Not Applicable

E. Product Warranties - Not Applicable

F. Joint and Several Liabilities - Not Applicable

G. All Other Contingencies

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

15. Leases - Not Applicable

Notes to the Financial Statements

16. Information About Financial Instruments With Off-Balance-Sheet Risk And Financial Instruments With Concentrations of Credit Risk - Not Applicable

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities - Not Applicable

18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans - Not Applicable

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

Name and Address of Managing General Agent or Third Party Administration	FEIN Number	Exclusive Contract	Types of Business Written	Type of Authority Granted	Total Direct Premium 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	\$ 9,411,855
AE Underwriters Agency Inc., 444 Madison Ave., Suite 501, New York, NY 10022	46-3127467	NO	Commercial Package, WC	U,B,PCA,C	23,482,975
Arrowhead General Insurance Agency, Inc. 701 B Street, Suite 2100, San Diego, CA 92101	33-0108914	NO	Private Passenger Auto	U,C	53,176,061
Total					\$ 86,070,891

20. Fair Value Measurements**A. Fair Value Measurement**

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.

Three levels of inputs are used to measure fair value:

- Level 1: Quoted prices in active markets for identical assets,
- Level 2: Indirect observable inputs, including prices for similar assets and market corroborated inputs, and
- Level 3: Unobservable inputs reflecting assumptions that market participants would use, including assumptions about risk.

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 pricing policy procedures. Market information obtained from brokers with respect to security valuations is also considered in the pricing hierarchy.

(1) Fair value measurements at reporting date

Description for each class of asset or liability	Level 1	Level 2	Level 3	Net Asset Value (NAV)	Total
a. Assets at fair value					
Preferred stock - industrial & misc.	\$ -	\$ 199,524	\$ -	\$ -	\$ 199,524
Money market mutual funds	-	-	-	\$ 3,201,857	\$ 3,201,857
Total assets at fair value/NAV	\$ -	\$ 199,524	\$ -	\$ 3,201,857	\$ 3,401,381
b. Liabilities at fair value					
Not applicable	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities at fair value	\$ -	\$ -	\$ -	\$ -	\$ -

The Company held no liabilities measured at fair value as of December 31, 2019. There were no transfers between Level 1 and Level 2 for assets held at December 31, 2019.

(2) Fair value measurements in Level 3 of the fair value hierarchy - Not Applicable

(3) Policies when Transfers Between Levels are Recognized

Transfers in and out of Level 3 are recognized based on the beginning of the reporting period.

(4) Description of Valuation Techniques and Inputs Used in Fair Value Measurement

Fair value measurements for fixed income and equity securities are based on values published by independent pricing services such as: Refinitiv, ICE Data Services, Bloomberg, IHS Markit, IHS Markit iBoxx or Pricing Direct. These sources have been evaluated and approved by the investment manager's pricing policy committee. Under certain circumstances, if a vendor price is not available, a price may be obtained from a broker. Short-term securities are valued at amortized cost. Cash Equivalents, excluding money market mutual funds, are valued at amortized cost. Money market mutual funds are valued using a stable Net Asset Value (NAV) of one dollar per share.

Generally, independent 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.

Investments for which external sources are not available or are determined by the investment manager not to be representative of fair value are recorded at fair value as determined by the investment manager. In determining the fair value of such investments, the investment manager considers one or more of the following factors: type of security held, convertibility or exchangeability of the security, redeemability of the security (including timing of such redemptions), application of industry accepted valuation models, recent trading activity, liquidity, estimates of liquidation value, purchase cost, and prices received for securities with similar terms of the same issuer or similar issuers. As of December 31, 2019, there were no investments for which external sources were unavailable to determine fair value.

The Company does not have any Level 3 assets.

(5) Derivatives - Not Applicable

B. Other Fair Value Disclosures - Not Applicable

Notes to the Financial Statements**20. Fair Value Measurements (Continued)****C. Fair Values for All Financial Instruments by Level 1, 2 and 3**

The table below reflects the fair values and admitted values of all admitted assets and liabilities that are financial instruments excluding those accounted for under the equity method (subsidiaries). The fair values are also categorized into the three-level fair value hierarchy as described above in Note 20A.

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3	Net Asset Value (NAV)	Not Practicable (Carrying Value)
Bonds	\$ 5,349,527	\$ 5,140,171	\$ 2,622,620	\$ 2,726,907	\$ -	\$ -	\$ -
Preferred stock	410,799	399,249	-	410,799	-	-	-
Cash equivalents & short-term investments	3,201,857	3,201,857	-	-	-	3,201,857	-

D. Not Practicable to Estimate Fair Value - Not Applicable**E. Nature and Risk of Investments Reported at NAV - Not Applicable****21. Other Items - Not Applicable****22. Events Subsequent**

The Company has considered subsequent events through February 25, 2020. On January 1, 2020, the Company borrowed \$5,000,000 from its affiliate James River Insurance Company in the form of a promissory note maturing on January 1, 2023. The Company will make quarterly interest payments to James River Insurance Company and will repay in entire unpaid principal balance on January 1, 2023.

23. Reinsurance**A. Unsecured Reinsurance Recoverables**

At December 31, 2019, 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	Federal ID#	Name of Reinsurer	Amount
25364	13-1675535	Swiss Reinsurance America Corporation	\$ 42,845,000
10227	13-4924125	Munich Reins Amer Inc.	8,642,000
0	AA-1340125	Hannover Rückversicherungs AG	8,589,000
10348	06-1430254	Arch Reins Co	8,098,000
20699	06-0237820	Chubb Tempest Re US	7,729,000
20087	47-0355979	National Indemnity Company	6,728,000
20370	51-0434766	Axis Reins Co	5,139,000
0	AA-1128001	Lloyd's Syndicate Number 2001	4,532,000
10677	31-0542366	Cincinnati Ins Co	3,909,000
23680	47-0698507	Odyssey Reins Co	3,855,000
15529	30-0703280	Tokio Millennium Re AG	3,521,000

B. Reinsurance Recoverable in Dispute - Not Applicable**C. Reinsurance Assumed and Ceded**

(1) Maximum amount of return commission that would have been due reinsurers if all of the company's reinsurance was canceled or if the company's insurance assumed was canceled

	Assumed Reinsurance		Ceded Reinsurance		Net	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
a. Affiliates	\$ 57,747,616	\$ 7,345,643	\$ 58,257,505	\$ 8,875,564	\$ (509,889)	\$ (1,529,921)
b. All other	311,823	102,700	56,699,924	16,351,540	(56,388,101)	(16,248,840)
c. Total	\$ 58,059,439	\$ 7,448,343	\$ 114,957,429	\$ 25,227,104	\$ (56,897,990)	\$ (17,778,761)
d. Direct unearned premium reserve					\$ 62,867,313	

(2) The additional or return commission, predicated on loss experience or on any other form of profit sharing arrangements in this statement as a result of existing contractual arrangements is accrued as follows: - Not Applicable

(3) Risks attributed to each of the company's protected cells - Not Applicable

D. Uncollectible Reinsurance - Not Applicable**E. Commutation of Ceded Reinsurance - Not Applicable****F. Retroactive Reinsurance - Not Applicable****G. Reinsurance Accounted for as a Deposit - Not Applicable****H. Disclosures for the Transfer of Property and Casualty Run-Off Agreements - Not Applicable****I. Certified Reinsurer Rating Downgraded or Status Subject to Revocation - Not Applicable****J. Reinsurance Agreements Qualifying for Reinsurer Aggregation - Not Applicable****24. Retrospectively Rated Contracts & Contracts Subject to Redetermination - Not Applicable**

Notes to the Financial Statements**25. Changes in Incurred Losses and Loss Adjustment Expenses****A. Reasons for Changes in the Provision for Incurred Loss and Loss Adjustment Expenses Attributable to Insured Events of Prior Years**

The following table provides an analysis of the change in loss and loss adjustment expense reserves net of reinsurance recoverables for the indicated periods:

	December 31, 2019	Dec. 31, 2018
Reserves, Net of Reinsurance Recoverables at Beginning of Period	\$ 20,361,913	\$ 17,952,615
Loss and loss adjustment expense incurred:		
Current accident year	9,430,106	7,401,361
Prior accident years	(997,704)	(589,031)
	8,432,402	6,812,330
Loss and loss adjustment expense payments made for:		
Current accident year	998,868	430,925
Prior accident years	4,450,982	3,972,107
	5,449,850	4,403,032
Reserves, Net of Reinsurance Recoverables at End of Period	\$ 23,344,465	\$ 20,361,913

Reserves for incurred losses and LAE attributable to insured events of prior years, decreased by approximately \$998,000 in 2019, 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.

B. Significant Changes in Methodologies and Assumptions Used in Calculating the Liability for Unpaid Losses and Loss Adjustment Expenses - Not Applicable**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 supersedes 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 changes made to the pooling agreement, and all participation percentages remain as reported as of December 31, 2019.

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 \$1,509,846 as of December 31, 2019.****27. Structured Settlements - Not Applicable****28. Health Care Receivables - Not Applicable****29. Participating Policies - Not Applicable****30. Premium Deficiency Reserves**

1. Liability carried for premium deficiency reserves: \$-
2. Date of the most recent evaluation of this liability: 02/13/2020
3. Was anticipated investment income utilized in the calculation? NO

31. High Deductibles - Not Applicable**32. Discounting of Liabilities by Withdrawal Characteristics For Unpaid Losses or Unpaid Loss Adjustment Expenses - Not Applicable****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?**

Yes () No ()

(1) Direct basis - Not Applicable

Notes to the Financial Statements**33. Asbestos/Environmental Reserves (Continued)**

(2) Assumed reinsurance basis

	2015	2016	2017	2018	2019
a. Beginning reserves	\$ 457,729	\$ 226,517	\$ 61,326	\$ 170,296	\$ 132,610
b. Incurred losses and loss adjustment expense	150,298	(128,400)	134,040	(47,794)	(47,831)
c. Calendar year payments for losses and loss adjustment expenses	381,510	36,791	25,070	(10,108)	6,631
d. Ending reserves (d=a+b-c)	<u>\$ 226,517</u>	<u>\$ 61,326</u>	<u>\$ 170,296</u>	<u>\$ 132,610</u>	<u>\$ 78,148</u>

(3) Net of ceded reinsurance basis

	2015	2016	2017	2018	2019
a. Beginning reserves	\$ 59,505	\$ 29,447	\$ 4,293	\$ 11,921	\$ 9,283
b. Incurred losses and loss adjustment expenses	19,538	(8,988)	9,383	(3,346)	(2,869)
c. Calendar year payments for losses and loss adjustment expenses	49,596	16,166	1,755	(708)	1,724
d. Ending reserves (d=a+b-c)	<u>\$ 29,447</u>	<u>\$ 4,293</u>	<u>\$ 11,921</u>	<u>\$ 9,283</u>	<u>\$ 4,690</u>

B. Amount of the Ending Reserves for Bulk + IBNR Included in A (Loss & LAE) - Not Applicable

C. Amount of the Ending Reserves for Loss Adjustment Expenses Included in A (Case, Bulk + IBNR) - Not Applicable

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? - Not Applicable

E. Amount of the Ending Reserves for Bulk + IBNR Included in D (Loss & LAE) - Not Applicable

F. Amount of the Ending Reserves for Loss Adjustment Expenses Included in D (Case, Bulk + IBNR) - Not Applicable

34. Subscriber Savings Accounts - Not Applicable**35. Multiple Peril Crop Insurance** - Not Applicable**36. Financial Guaranty Insurance** - Not Applicable

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? Yes [X] No []
If yes, complete Schedule Y, Parts 1, 1A and 2.

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 Yes [X] No []

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: 12/31/2014

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

3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes [] No [] N/A [X]

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

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

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

4.12 renewals? Yes [X] No []

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

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

4.22 renewals? Yes [] No [X]

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [X] No []
If the answer is YES, complete and file the merger history data file with the NAIC.

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

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

6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [] No [X]

6.2 If yes, give full information: Not Applicable

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

7.2 If yes,

7.21 State the percentage of foreign control 100.0%

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

1 Nationality	2 Type of Entity
<u>Bermuda</u>	<u>Corporation</u>

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.

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No [X]

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

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

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

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

10.5	Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws?	Yes [X]	No []	N/A []
10.6	If the response to 10.5 is no or n/a, please explain: <u>Not Applicable</u>			
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? <u>Sean P. McDermott, FCAS, MAAA, Willis Towers Watson, Centre Square East, 1500 Market Street, Philadelphia, PA 19102</u>			
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 <u>Not Applicable</u>			
12.12	Number of parcels involved	0		
12.13	Total book/adjusted carrying value	\$	0	
12.2	If yes, provide explanation <u>Not Applicable</u>			
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 []	
14.11	(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;			
14.12	(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;			
14.13	(c) Compliance with applicable governmental laws, rules and regulations;			
14.14	(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and			
14.15	(e) Accountability for adherence to the code.			
14.11	If the response to 14.1 is no, please explain: <u>Not Applicable</u>			
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). <u>Not Applicable</u>			
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). <u>Not Applicable</u>			
15.1	Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List?	Yes []	No [X]	
15.2	If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.			
	1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount
	0	Not Applicable		\$ 0
BOARD OF DIRECTORS				
16.	Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinator committee thereof?	Yes [X]	No []	
17.	Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all 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 reported in the statement?	Yes []	No [X]	
21.2	If yes, state the amount thereof at December 31 of the current year:			
21.21	Rented from others	\$	0	
21.22	Borrowed from others	\$	0	
21.23	Leased from others	\$	0	
21.24	Other	\$	0	
22.1	Does this statement include payments for assessments as described in the <i>Annual Statement Instructions</i> 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]	

GENERAL INTERROGATORIES**PART 1 - COMMON INTERROGATORIES**

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

\$ _____ 0

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 [X] 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 [X]

24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs.
\$ _____ 0

24.06 If answer to 24.04 is no, report amount of collateral for other programs
\$ _____ 0

24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [] No [] N/A [X]

24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [] No [] N/A [X]

24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes [] No [] N/A [X]

24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:

24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2:
\$ _____ 0

24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2:
\$ _____ 0

24.103 Total payable for securities lending reported on the liability page:
\$ _____ 0

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is current in force? (Exclude securities subject to Interrogatory 21.1 and 24.03.) Yes [X] No []

25.2 If yes, state the amount thereof at December 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	\$ _____ 7,769,721
25.29 On deposit with other regulatory bodies	\$ _____ 0
25.30 Pledged as collateral – excluding collateral pledged to an FHLB	\$ _____ 0
25.31 Pledged as collateral to FHLB – including assets backing funding agreements	\$ _____ 0
25.32 Other	\$ _____ 0

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount
Not Applicable		\$ _____ 0

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [] No [X]

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [] N/A [X]
If no, attach a description with this statement.

Lines 26.3 through 26.5: FOR LIFE/FRATERNAL REPORTING ENTITIES ONLY:

26.3 Does the reporting entity utilize derivatives to hedge variable annuity guarantees subject to fluctuations as a results of interest rate sensitivity? Yes [] No []

26.4 If the response to 26.3 is yes, does the reporting entity utilize:

26.41 Special accounting provision of SSAP No. 108	Yes [] No []
26.42 Permitted accounting practice	Yes [] No []
26.43 Other accounting guidance	Yes [] No []

26.5 By responding yes to 26.41 regarding utilizing the special accounting provisions of SSAP No. 108, the reporting entity attests to the following:

- The reporting entity has obtained explicit approval from the domiciliary state.
- Hedging strategy subject to the special accounting provisions is consistent with the requirements of VM-21.
- Actuarial certification has been obtained which indicates that the hedging strategy is incorporated within the establishment of VM-21 reserves and provides the impact of the hedging strategy within the Actuarial Guidance Conditional Tail Expectation Amount.
- Financial Officer Certification has been obtained which indicates that the hedging strategy meets the definition of a Clearly Defined Hedging Strategy within VM-21 and the Clearly Defined Hedging Strategy is the hedging strategy being used by the company in its actual day-to-day risk mitigation efforts.

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [] No [X]

27.2 If yes, state the amount thereof at December 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 [X] 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

GENERAL INTERROGATORIES**PART 1 - COMMON INTERROGATORIES**

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
Not Applicable		

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes [] No [X]

28.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
			Not Applicable

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

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

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

28.0598 For firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") listed in the table for Question 28.05, does the total assets under management aggregate to more than 50% of the reporting entity's invested 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 Central Registration Depository Number	2 Name of Firm or Individual	3 Legal Entity Identifier (LEI)	4 Registered With	5 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	\$ 0
29.2999 TOTAL		\$ 0

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

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

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

		1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1	Bonds	\$ 5,140,171	\$ 5,349,527	\$ 209,356
30.2	Preferred Stocks	\$ 399,249	\$ 410,799	\$ 11,550
30.3	Totals	\$ 5,539,420	\$ 5,760,326	\$ 220,906

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

Fair values are based on end of period prices provided by independent pricing services such as: Refinitiv, ICE Data Services, Bloomberg, IHS Markit, IHS Markit iBoxx or PricingDirect. If a vendor price is unavailable, a price may be obtained from a broker. Short-term securities are valued at amortized cost. Cash equivalents, excluding money market mutual funds, are valued at amortized cost. Money market mutual funds are valued using a stable Net Asset Value (NAV).

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:

- 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.
- Issuer or obligor is current on all contracted interest and principal payments.
- 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:

- The security was purchased prior to January 1, 2018.
- The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.
- 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.
- The reporting entity is not permitted to share this credit rating of the PL security with the SVO.

GENERAL INTERROGATORIES**PART 1 - COMMON INTERROGATORIES**

Has the reporting entity self-designated PLGI securities?

Yes [] No [X]

35. By assigning FE to a Schedule BA non-registered private fund, the reporting entity is certifying the following elements of each self-designated FE fund:

- a. The shares were purchased prior to January 1, 2019.
- b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.
- c. The security had a public credit rating(s) with annual surveillance assigned by an NAIC CRP in its legal capacity as an NRSRO prior to January 1, 2019.
- d. The fund only or predominantly holds bonds in its portfolio.
- e. The current reported NAIC Designation was derived from the public credit rating(s) with annual surveillance assigned by an NAIC CRP in its legal capacity as an NRSRO.
- f. The public credit rating(s) with annual surveillance assigned by an NAIC CRP has not lapsed.

Has the reporting entity assigned FE to Schedule BA non-registered private funds that complied with the above criteria?

Yes [] No [X]

OTHER

36.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$ 178,330

36.2 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
None applicable	\$ 0

37.1 Amount of payments for legal expenses, if any? \$ 4,835

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

1 Name	2 Amount Paid
Sobel Pevner, LLC	\$ 2,966
Vorys, Sater, Seymour and Pease, LLP	\$ 1,934

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

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

1 Name	2 Amount Paid
	\$ 0

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

1.1	Does the reporting entity have any direct Medicare Supplement Insurance in force?	Yes []	No [X]
1.2	If yes, indicate premium earned on U.S. business only.	\$	0
1.3	What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?	\$	0
1.31	Reason for excluding:		
1.4	Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.	\$	0
1.5	Indicate total incurred claims on all Medicare Supplement insurance.	\$	0
1.6	Individual policies:		
	Most current three years:		
1.61	Total premium earned	\$	0
1.62	Total incurred claims	\$	0
1.63	Number of covered lives		0
	All years prior to most current three years:		
1.64	Total premium earned	\$	0
1.65	Total incurred claims	\$	0
1.66	Number of covered lives		0
1.7	Group policies:		
	Most current three years:		
1.71	Total premium earned	\$	0
1.72	Total incurred claims	\$	0
1.73	Number of covered lives		0
	All years prior to most current three years:		
1.74	Total premium earned	\$	0
1.75	Total incurred claims	\$	0
1.76	Number of covered lives		0
2.	Health Test:		
		1 Current Year	2 Prior Year
2.1	Premium Numerator	\$ 0	\$ 0
2.2	Premium Denominator	\$ 10,854,146	\$ 9,170,492
2.3	Premium Ratio (2.1/2.2)	0.0%	0.0%
2.4	Reserve Numerator	\$ 0	\$ 0
2.5	Reserve Denominator	\$ 51,473,500	\$ 40,849,293
2.6	Reserve Ratio (2.4/2.5)	0.0%	0.0%
3.1	Does the reporting entity issue both participating and non-participating policies?	Yes []	No [X]
3.2	If yes, state the amount of calendar year premiums written on:		
3.21	Participating policies	\$ 0	
3.22	Non-participating policies	\$ 0	
4.	FOR MUTUAL REPORTING ENTITIES AND RECIPROCAL EXCHANGES ONLY:		
4.1	Does the reporting entity issue assessable policies?	Yes []	No []
4.2	Does the reporting entity issue non-assessable policies?	Yes []	No []
4.3	If assessable policies are issued, what is the extent of the contingent liability of the policyholders?		0.0%
4.4	Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums.	\$ 0	
5.	FOR RECIPROCAL EXCHANGES ONLY:		
5.1	Does the exchange appoint local agents?	Yes []	No []
5.2	If yes, is the commission paid:		
5.21	Out of Attorney's-in-fact compensation	Yes []	No []
5.22	As a direct expense of the exchange	Yes []	N/A []
5.3	What expenses of the exchange are not paid out of the compensation of the Attorney-in-fact?	Yes []	No []
5.4	Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred?	Yes []	No []
5.5	If yes, give full information:		
6.1	What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss? <u>#REF!</u>		
6.2	Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process: <u>For workers' compensation, the Company relies upon Catastrophe modeling expertise from its reinsurance brokers. For all other business the PML is estimated by use of catastrophic modeling software from AIR Worldwide version 5.0.</u>		
6.3	What provision has this reporting entity made (such as catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss? <u>With the exception of one program, the company cedes at least 85% of all exposures via a primary 1M quota share reinsurance. For one specific property per risk reinsurance treaty, the company cedes 20% of primary 500K and 100% of 39.5M excess of 500k per occurrence. Net after all individual risk reinsurance the company is protected by a property cat of \$44 million XS \$1 million. Any further retention is then protected by the 70% net Q.S. agreement with Carolina Re.</u>		
6.4	Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence?	Yes [X]	No []
6.5	If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss: <u>Not Applicable</u>		

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

7.1	Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)?	Yes [X] No []
7.2	If yes, indicate the number of reinsurance contracts containing such provisions.	0
7.3	If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)?	Yes [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 <u>Not Applicable</u>	
9.1	Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:	
	(a) A contract term longer than two years and the contract is noncancelable by the reporting entity during the contract term;	
	(b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;	
	(c) Aggregate stop loss reinsurance coverage;	
	(d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;	
	(e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or	
	(f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity?	
9.2	Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:	Yes [] No [X]
	(a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or	
	(b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract.	
9.3	If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:	Yes [] No [X]
	(a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;	
	(b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and	
	(c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.	
9.4	Except for transactions meeting the requirements of paragraph 37 of SSAP No. 62R, <i>Property and Casualty Reinsurance</i> , has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:	
	(a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or	
	(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP?	Yes [] 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,	Yes [] No [X]
	(b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or	Yes [] No [X]
	(c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement.	Yes [] No [X]
10.	If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurance a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done?	Yes [X] No [] N/A []
11.1	Has the reporting entity guaranteed policies issued by any other entity and now in force?	Yes [] No [X]
11.2	If yes, give full information <u>Not Applicable</u>	
12.1	If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the assets schedule, Page 2, state the amount of corresponding liabilities recorded for:	
12.11	Unpaid losses	\$ _____ 0
12.12	Unpaid underwriting expenses (including loss adjustment expenses)	\$ _____ 0
12.2	Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds?	\$ _____ 0
12.3	If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses?	Yes [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	0.0%
12.42	To	0.0%
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	\$ _____ 0
12.62	Collateral and other funds	\$ _____ 0
13.1	Largest net aggregate amount insured in any one risk (excluding workers' compensation):	\$ _____ 150,000
13.2	Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision?	Yes [] No [X]

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

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. 0

14.1 Is the reporting entity a cedant in a multiple cedant reinsurance contract? Yes [X] No []

14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:
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 [X]

14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements? Yes [] No [X]

14.5 If the answer to 14.4 is no, please explain:
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 [X]

15.2 If yes, give full information
Not Applicable

16.1 Does the reporting entity write any warranty business? Yes [] No [X]

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

	1	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 [X]

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 [X]

18.2 If yes, please provide the amount of custodial funds held as of the reporting date. \$ 0

18.3 Do you act as an administrator for health savings accounts? Yes [] No [X]

18.4 If yes, please provide the balance of the funds administered as of the reporting date. \$ 0

19. Is the reporting entity licensed or charted, registered, qualified, eligible, or writing business in at least 2 states? Yes [X] 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 2019	2 2018	3 2017	4 2016	5 2015
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	238,069,195	165,225,538	122,794,182	160,375,820	126,569,328
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	16,556,120	7,781,204	8,376,169	8,463,091	5,200,817
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	23,416,350	16,663,231	12,966,174	14,866,510	8,402,551
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	0	0	(1)	(8)	383
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
6. Total (Line 35)	278,041,665	189,669,974	144,136,524	183,705,412	140,173,079
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	12,887,113	9,491,178	8,141,775	5,805,441	11,499,001
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	133,601	64,867	93,688	22,879	134,399
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	1	665	3,415	2,470	6,224
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	0	0	(1)	0	0
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
12. Total (Line 35)	13,020,715	9,556,709	8,238,877	5,830,790	11,639,624
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	545,276	496,197	722,586	(217,594)	689,023
14. Net investment gain (loss) (Line 11)	440,013	382,054	362,311	340,987	274,018
15. Total other income (Line 15)	395,013	45,788	8,314	8,166	943
16. Dividends to policyholders (Line 17)	0	0	0	0	0
17. Federal and foreign income taxes incurred (Line 19)	337,427	203,409	178,184	(527,975)	268,140
18. Net income (Line 20)	1,042,875	720,630	915,027	659,534	695,844
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	500,096,240	405,957,041	321,975,926	369,332,861	299,501,394
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 15.1)	68,511,077	39,111,532	25,541,228	28,905,611	17,730,567
20.2 Deferred and not yet due (Line 15.2)	14,683,358	9,305,755	7,394,880	8,535,663	8,824,980
20.3 Accrued retrospective premiums (Line 15.3)	0	0	0	0	0
21. Total liabilities excluding protected cell business (Page 3, Line 26)	400,872,011	311,925,557	263,897,555	312,626,931	242,321,856
22. Losses (Page 3, Line 1)	14,313,637	12,722,505	11,130,417	8,201,957	12,764,722
23. Loss adjustment expenses (Page 3, Line 3)	9,030,828	7,639,418	6,822,203	5,789,913	8,361,502
24. Unearned premiums (Page 3, Line 9)	5,969,323	3,802,754	3,416,538	2,775,205	4,408,207
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)	99,224,226	94,031,484	58,078,371	56,705,930	57,179,538
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	(50,100,484)	(26,980,642)	23,507,184	(52,242,366)	(5,200,077)
Risk-Based Capital Analysis					
28. Total adjusted capital	99,224,226	94,031,484	58,078,371	56,705,930	57,179,538
29. Authorized control level risk-based capital	22,223,540	18,308,682	19,945,853	14,730,772	6,788,587
Percentage Distribution of Cash, Cash Equivalents and Invested Assets					
(Page 2, Col. 3) (Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1)	5.1	10.1	20.5	18.4	16.1
31. Stocks (Lines 2.1 & 2.2)	83.2	81.4	63.5	68.2	69.6
32. Mortgage loans on real estate (Lines 3.1 & 3.2)	0.0	0.0	0.0	0.0	0.0
33. Real estate (Lines 4.1, 4.2 & 4.3)	0.0	0.0	0.0	0.0	0.0
34. Cash, cash equivalents and short-term investments (Line 5)	11.7	8.5	12.2	13.4	14.3
35. Contract loans (Line 6)	0.0	0.0	0.0	0.0	0.0
36. Derivatives (Line 7)	0.0	0.0	0.0	0.0	0.0
37. Other invested assets (Line 8)	0.0	0.0	0.0	0.0	0.0
38. Receivables for securities (Line 9)	0.0	0.0	3.8	0.0	0.0
39. Securities lending reinvested collateral assets (Line 10)	0.0	0.0	0.0	0.0	0.0
40. Aggregate write-ins for invested assets (Line 11)	0.0	0.0	0.0	0.0	0.0
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds (Sch. D, Summary, Line 12, Col. 1)	0	0	0	0	0
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)	0	0	0	0	0
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)	83,568,671	79,292,288	40,453,677	44,029,423	44,113,559
45. Affiliated short-term investments (subtotals included in Schedule DA, Verification, Column 5, Line 10)	0	0	0	0	0
46. Affiliated mortgage loans on real estate	0	0	0	0	0
47. All other affiliated	0	0	0	0	0
48. Total of above lines 42 to 47	83,568,671	79,292,288	40,453,677	44,029,423	44,113,559
49. Total investment in parent included in Lines 42 to 47 above	0	0	0	0	0
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0)	84.2	84.3	69.7	77.6	77.1

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

	1 2019	2 2018	3 2017	4 2016	5 2015
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24).....	4,332,542	(236,440)	652,881	(156,176)	1,315,007
52. Dividends to stockholders (Line 35).....	0	0	0	0	0
53. Change in surplus as regards policyholders for the year (Line 38).....	5,192,742	35,953,112	1,372,441	(473,608)	7,624,125
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	63,014,247	50,105,241	58,338,557	39,501,121	24,018,530
55. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	3,312,747	3,247,184	4,363,826	3,132,591	2,530,525
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	12,052,000	5,836,096	9,817,727	2,196,108	1,401,366
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	0	0	0	0	0
58. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	0	0	0	0	0
59. Total (Line 35).....	78,378,994	59,188,521	72,520,110	44,829,820	27,950,421
Net Losses Paid (Page 9, Part 2, Col. 4)					
60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	3,136,203	2,623,044	3,997,790	7,505,735	2,655,225
61. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	24,692	18,488	72,211	52,114	29,829
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	4,629	3,514	6,137	5,315	3,298
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	0	0	0	0	0
64. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	0	0	0	0	0
65. Total (Line 35).....	3,165,524	2,645,046	4,076,138	7,563,164	2,688,352
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
66. Premiums earned (Line 1).....	100.0	100.0	100.0	100.0	100.0
67. Losses incurred (Line 2).....	43.8	46.2	39.7	40.2	33.9
68. Loss expenses incurred (Line 3).....	33.9	28.1	27.3	44.9	31.3
69. Other underwriting expenses incurred (Line 4).....	17.3	20.3	24.8	17.8	28.6
70. Net underwriting gain (loss) (Line 8).....	5.0	5.4	8.2	(2.9)	6.2
Other Percentages					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0).....	11.4	19.0	26.3	22.6	27.1
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....	77.7	74.3	67.0	85.1	65.2
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).....	13.1	10.2	14.2	10.3	20.4
One Year Loss Development (\$000 omitted)					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11).....	(522)	(171)	(127)	(513)	(1,078)
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).....	(0.6)	(0.3)	(0.2)	(0.9)	(2.2)
Two Year Loss Development (\$000 omitted)					
76. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12).....	(492)	26	(722)	(877)	(2,455)
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).....	(0.8)	0.0	(1.3)	(1.8)	(5.1)

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

Yes No

If no, please explain:

SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P - PART 1 - SUMMARY

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12 Number of Claims Reported-Direct and Assumed	
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)		
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded				
1. Prior.....	....XXX.....	....XXX.....	....XXX.....	.....246	.....129	.....111	.....42	.....57	.....20	.....2	.....222	....XXX.....
2. 2010.....	....19,079	.....14,282	.....4,797	.....7,467	.....5,702	.....2,143	.....1,498	.....1,098	.....485	.....39	.....3,023	....XXX.....
3. 2011.....	....21,723	.....16,213	.....5,510	.....14,201	.....10,826	.....2,158	.....1,510	.....792	.....241	.....46	.....4,574	....XXX.....
4. 2012.....	....27,858	.....22,742	.....5,116	.....17,699	.....15,161	.....3,151	.....2,269	.....904	.....308	.....26	.....4,017	....XXX.....
5. 2013.....	....19,617	.....14,892	.....4,725	.....6,309	.....4,562	.....2,449	.....1,681	.....832	.....246	.....31	.....3,100	....XXX.....
6. 2014.....	....25,053	.....19,109	.....5,944	.....7,902	.....6,322	.....2,873	.....2,088	.....1,003	.....395	.....44	.....2,974	....XXX.....
7. 2015.....	....30,363	.....23,389	.....6,974	.....8,697	.....6,845	.....2,778	.....2,028	.....1,061	.....413	.....82	.....3,250	....XXX.....
8. 2016.....	....38,603	.....30,955	.....7,648	.....12,878	.....10,934	.....2,868	.....2,217	.....1,302	.....658	.....138	.....3,239	....XXX.....
9. 2017.....	....60,248	.....51,462	.....8,786	.....16,500	.....14,919	.....2,842	.....2,413	.....1,678	.....1,168	.....176	.....2,519	....XXX.....
10. 2018.....	....68,161	.....58,991	.....9,170	.....11,129	.....10,165	.....1,651	.....1,450	.....1,836	.....1,462	.....132	.....1,540	....XXX.....
11. 2019.....	....77,713	.....66,860	.....10,852	.....3,433	.....3,129	.....447	.....414	.....1,734	.....1,072	.....17	.....999	....XXX.....
12. Totals.....	....XXX.....	....XXX.....	....XXX.....	....106,463	....88,696	....23,471	....17,611	....12,298	....6,467	....732	....29,458	....XXX.....

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding-Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21	22			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded	Direct and Assumed	Ceded			
1. Prior.....	....255	.....80	....582	.....292	.....184	.....108	.....171	.....71	.....88	.....14	.....0	.....715	....XXX.....
2. 2010.....	....192	.....135	....167	.....125	.....42	.....30	.....50	.....36	.....32	.....7	.....0	.....151	....XXX.....
3. 2011.....	....70	.....49	....398	.....309	.....39	.....27	.....105	.....77	.....42	.....3	.....0	.....189	....XXX.....
4. 2012.....	....617	.....476	....316	.....252	.....145	.....102	.....80	.....61	.....90	.....30	.....0	.....327	....XXX.....
5. 2013.....	....520	.....380	....669	.....551	.....128	.....90	.....197	.....151	.....101	.....20	.....0	.....422	....XXX.....
6. 2014.....	....540	.....387	....1,028	.....833	.....222	.....155	.....345	.....257	.....136	.....20	.....0	.....619	....XXX.....
7. 2015.....	....2,076	.....1,584	....1,306	.....1,124	.....619	.....437	.....293	.....233	.....283	.....88	.....0	.....1,110	....XXX.....
8. 2016.....	....4,341	.....3,496	....3,816	.....3,251	.....826	.....606	.....993	.....786	.....448	.....71	.....0	.....2,213	....XXX.....
9. 2017.....	....8,340	.....7,264	....9,107	.....7,812	.....1,220	.....952	.....2,304	.....1,847	.....702	.....71	.....0	.....3,727	....XXX.....
10. 2018.....	....9,396	.....8,235	....15,621	.....13,394	.....1,491	.....1,218	.....3,994	.....3,210	.....1,059	.....64	.....0	.....5,440	....XXX.....
11. 2019.....	....8,101	.....7,016	....31,196	.....27,295	.....1,368	.....1,142	.....7,549	.....6,175	.....1,889	.....43	.....0	.....8,431	....XXX.....
12. Totals.....	....34,448	....29,102	....64,205	....55,237	....6,284	....4,868	....16,081	....12,903	....4,870	....433	.....0	....23,344	....XXX.....

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves after Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
	Direct and Assumed	Ceded	Net	Direct and Assumed	Ceded	Net	Loss	Loss Expense		Losses Unpaid	Loss Expenses Unpaid
1. Prior.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	.....0	.....0	....XXX.....	.....465	.....250
2. 2010.....	....11,193	.....8,018	....3,175	.....58.7	.....56.1	....66.2	.....0	.....0	.....10.00	.....100	.....52
3. 2011.....	....17,805	.....13,042	....4,763	.....82.0	.....80.4	....86.4	.....0	.....0	.....10.00	.....111	.....78
4. 2012.....	....23,002	.....18,658	....4,344	.....82.6	.....82.0	....84.9	.....0	.....0	.....10.00	.....205	.....122
5. 2013.....	....11,205	.....7,682	....3,523	.....57.1	.....51.6	....74.6	.....0	.....0	.....10.00	.....257	.....165
6. 2014.....	....14,050	.....10,457	....3,592	.....56.1	.....54.7	....60.4	.....0	.....0	.....10.00	.....348	.....271
7. 2015.....	....17,114	.....12,753	....4,361	.....56.4	.....54.5	....62.5	.....0	.....0	.....10.00	.....673	.....437
8. 2016.....	....27,472	.....22,019	....5,453	.....71.2	.....71.1	....71.3	.....0	.....0	.....10.00	.....1,410	.....804
9. 2017.....	....42,692	.....36,446	....6,246	.....70.9	.....70.8	....71.1	.....0	.....0	.....10.00	.....2,371	.....1,356
10. 2018.....	....46,178	.....39,199	....6,980	.....67.7	.....66.4	....76.1	.....0	.....0	.....10.00	.....3,388	.....2,052
11. 2019.....	....55,716	.....46,286	....9,430	.....71.7	.....69.2	....86.9	.....0	.....0	.....10.00	.....4,986	.....3,445
12. Totals.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	.....0	.....0	....XXX.....	.....14,314	.....9,031

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 2010	2 2011	3 2012	4 2013	5 2014	6 2015	7 2016	8 2017	9 2018	10 2019	11 One Year	12 Two Year
1. Prior....	14,995	13,067	11,986	10,293	9,291	9,340	9,433	9,953	10,149	9,849	(300)	(104)
2. 2010....	3,061	3,154	3,117	2,963	2,799	2,754	2,599	2,580	2,581	2,537	(44)	(43)
3. 2011....	XXX....	4,365	4,719	4,549	4,277	4,251	4,218	4,209	4,210	4,173	(37)	(37)
4. 2012....	XXX....	XXX....	3,642	3,738	3,618	3,531	3,519	3,593	3,637	3,687	50	95
5. 2013....	XXX....	XXX....	XXX....	2,985	2,981	2,758	2,804	2,860	2,887	2,856	(31)	(4)
6. 2014....	XXX....	XXX....	XXX....	XXX....	3,676	3,381	2,916	2,694	2,729	2,868	139	174
7. 2015....	XXX....	XXX....	XXX....	XXX....	XXX....	4,258	3,962	3,662	3,533	3,518	(15)	(144)
8. 2016....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	4,748	4,522	4,499	4,432	(68)	(90)
9. 2017....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	5,444	5,120	5,105	(14)	(338)
10. 2018....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	5,811	5,611	(200)	XXX....
11. 2019....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	6,923	XXX....	XXX....
											12. Totals....	(522) (492)

SCHEDULE P - PART 3 - SUMMARY

Years in Which Losses Were Incurred	Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										11 Number of Claims Closed With Loss Payment	12 Number of Claims Closed Without Loss Payment
	1 2010	2 2011	3 2012	4 2013	5 2014	6 2015	7 2016	8 2017	9 2018	10 2019		
1. Prior....	000....	2,958	4,948	5,913	6,557	7,153	7,775	8,702	9,023	9,208	XXX....	XXX....
2. 2010....	639	1,298	1,704	2,023	2,223	2,306	2,315	2,374	2,395	2,411	XXX....	XXX....
3. 2011....	XXX....	1,219	2,321	3,076	3,426	3,703	3,820	3,924	3,968	4,023	XXX....	XXX....
4. 2012....	XXX....	XXX....	429	1,592	2,089	2,516	2,856	3,078	3,254	3,420	XXX....	XXX....
5. 2013....	XXX....	XXX....	XXX....	185	588	1,149	1,752	2,193	2,390	2,515	XXX....	XXX....
6. 2014....	XXX....	XXX....	XXX....	XXX....	196	729	1,081	1,550	1,997	2,365	XXX....	XXX....
7. 2015....	XXX....	XXX....	XXX....	XXX....	XXX....	290	891	1,464	2,096	2,603	XXX....	XXX....
8. 2016....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	243	1,022	1,833	2,595	XXX....	XXX....
9. 2017....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	379	1,221	2,009	XXX....	XXX....
10. 2018....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	293	1,165	XXX....	XXX....
11. 2019....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	337	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 2010	2 2011	3 2012	4 2013	5 2014	6 2015	7 2016	8 2017	9 2018	10 2019
1. Prior....	11,275	7,993	5,619	3,354	1,963	1,382	1,157	762	558	390
2. 2010....	1,829	1,365	1,035	592	346	231	182	118	98	56
3. 2011....	XXX....	2,158	1,471	992	577	382	313	207	158	117
4. 2012....	XXX....	XXX....	2,011	1,464	984	603	374	257	143	83
5. 2013....	XXX....	XXX....	XXX....	2,227	1,879	1,098	648	407	293	163
6. 2014....	XXX....	XXX....	XXX....	XXX....	2,851	2,136	1,334	686	352	284
7. 2015....	XXX....	XXX....	XXX....	XXX....	XXX....	3,189	2,270	1,403	661	242
8. 2016....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	3,660	2,446	1,441	772
9. 2017....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	3,951	2,665	1,752
10. 2018....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	4,372	3,011
11. 2019....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	5,275

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

Allocated by States and Territories

States, Etc.	1 Active Status (a)	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges not Included in Premiums	9 Direct Premiums Written for Federal Purchasing Groups (Incl. in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama.....	AL.....	1,087,656	1,384,932	0	732,675	1,500,227	1,425,072	.90,009	0
2. Alaska.....	AK.....	0	0	0	0	0	0	0	0
3. Arizona.....	AZ.....	2,356,760	1,875,260	0	720,840	600,564	1,136,157	.14,246	0
4. Arkansas.....	AR.....	1,570	5,156	0	34,957	(490,885)	.326,024	12	0
5. California.....	CA.....	9,322,230	8,932,533	0	.51,082	4,669,526	.5,427,653	0	0
6. Colorado.....	CO.....	228,453	103,636	0	.346,881	.71,245	.283,492	0	0
7. Connecticut.....	CT.....	2,742,277	2,358,974	0	.272,930	2,037,320	.1,987,356	.960	0
8. Delaware.....	DE.....	497,018	.241,482	0	2,056	(30,905)	.55,593	0	0
9. District of Columbia.....	DC.....	(6)	1,974	0	0	(4,355)	.133	.40	0
10. Florida.....	FL.....	4,382,227	3,160,934	0	.6,497,330	.4,555,053	.5,930,700	.1,620	0
11. Georgia.....	GA.....	9,863,876	7,193,195	0	3,002,817	5,377,272	.4,621,736	.175,236	0
12. Hawaii.....	HI.....	0	0	0	0	0	0	0	0
13. Idaho.....	ID.....	3,611	3,611	0	.260,697	(125,671)	.445,623	0	0
14. Illinois.....	IL.....	1,592,773	1,212,892	0	.292,176	.649,254	.1,451,291	.2,674	0
15. Indiana.....	IN.....	677,952	.423,846	0	.98,939	.137,994	.386,789	.230	0
16. Iowa.....	IA.....	681,955	.202,220	0	6,505	.86,243	.96,180	0	0
17. Kansas.....	KS.....	.66,236	14,270	0	0	(5,538)	.7,860	.42	0
18. Kentucky.....	KY.....	.24,951	.71,567	0	.161,649	(.284,422)	.435,303	.66	0
19. Louisiana.....	LA.....	.53,017	.68,405	0	.1,421,654	(.336,207)	.120,826	0	0
20. Maine.....	ME.....	N.....	0	0	0	0	0	0	0
21. Maryland.....	MD.....	L.....	1,596,516	.1,382,026	0	.249,017	.591,104	.991,969	.220
22. Massachusetts.....	MA.....	L.....	2,027,752	.1,819,234	0	.377,895	1,399,726	.1,835,966	.1,650
23. Michigan.....	MI.....	L.....	48,617,477	.44,008,276	0	.2,342,417	.18,863,838	.22,665,939	.3,844,060
24. Minnesota.....	MN.....	L.....	.344,108	.98,521	0	.11,384	.52,739	.65,408	0
25. Mississippi.....	MS.....	L.....	.24,265	.86,048	0	.296,310	.2,378	.87,457	.51
26. Missouri.....	MO.....	L.....	2,421,504	.750,138	0	.40,249	.346,171	.385,366	.127
27. Montana.....	MT.....	L.....	.10,643	.10,643	0	.5,926	(.825)	0	0
28. Nebraska.....	NE.....	L.....	0	.499	0	.28,377	.141,466	.314,440	0
29. Nevada.....	NV.....	L.....	1,410,003	.1,275,658	0	.538,891	.25,360	.1,084,735	.11,361
30. New Hampshire.....	NH.....	L.....	.60,628	.64,548	0	.16,113	.272,831	.906,683	0
31. New Jersey.....	NJ.....	L.....	9,176,516	.8,351,226	0	.4,145,969	.5,797,392	.11,838,028	.20,838
32. New Mexico.....	NM.....	L.....	.164,809	.34,361	0	.6,558,707	.2,590,577	.2,611,125	0
33. New York.....	NY.....	L.....	19,624,177	.20,429,023	0	.7,652,371	.10,637,645	.38,803,081	.82,508
34. North Carolina.....	NC.....	L.....	1,249,923	.1,008,499	0	.522,284	.453,217	.548,334	.2,626
35. North Dakota.....	ND.....	L.....	.150,298	.11,908	0	0	.225	.4,678	(.90)
36. Ohio.....	OH.....	L.....	1,608,890	.1,057,448	0	.149,228	(.53,308)	.275,356	.240
37. Oklahoma.....	OK.....	L.....	2,825,910	.834,929	0	0	.388,312	.477,390	0
38. Oregon.....	OR.....	L.....	.81	.7,597	0	0	(.19,546)	0	0
39. Pennsylvania.....	PA.....	L.....	8,235,915	.7,207,373	0	.2,467,277	.4,280,992	.6,067,633	.10,883
40. Rhode Island.....	RI.....	L.....	2,061,490	.1,967,441	0	.391,912	.1,274,134	.1,875,663	.130
41. South Carolina.....	SC.....	L.....	.475,799	.364,783	0	.160,096	.10,647	.212,772	.2,894
42. South Dakota.....	SD.....	L.....	.38,744	.38,744	0	0	(.39,032)	0	0
43. Tennessee.....	TN.....	L.....	.346,922	.215,686	0	.101,119	(.89,516)	.402,984	.213
44. Texas.....	TX.....	L.....	7,822,657	.3,471,584	0	.7,720,757	.1,657,013	.10,272,220	.7,027
45. Utah.....	UT.....	L.....	.737,532	.194,379	0	.46,451	.60,995	.111,812	0
46. Vermont.....	VT.....	L.....	.4,368	.41,436	0	.19,081	.1,853	0	0
47. Virginia.....	VA.....	L.....	3,841,581	.2,873,586	0	.546,029	.2,483,101	.2,456,545	.3,038
48. Washington.....	WA.....	L.....	.688	.24,748	0	.34,423	(.169,849)	.1,539	0
49. West Virginia.....	WV.....	L.....	1,965,698	.1,465,266	0	.22,750	.766,889	.752,077	0
50. Wisconsin.....	WI.....	L.....	1,205,707	.202,188	0	.5,530	.379,561	.374,320	0
51. Wyoming.....	WY.....	L.....	0	.141	0	0	(.250)	0	0
52. American Samoa.....	AS.....	N.....	0	0	0	0	0	0	0
53. Guam.....	GU.....	N.....	0	0	0	0	0	0	0
54. Puerto Rico.....	PR.....	N.....	0	0	0	0	0	0	0
55. US Virgin Islands.....	VI.....	N.....	0	0	0	0	0	0	0
56. Northern Mariana Islands.....	MP.....	N.....	0	0	0	0	0	0	0
57. Canada.....	CAN.....	N.....	0	0	0	0	0	0	0
58. Aggregate Other Alien.....	OT.....	XXX.....	0	0	0	0	0	0	0
59. Totals.....		XXX.....	151,633,157	.126,552,824	0	.48,353,751	.70,512,555	.129,561,308	.4,272,911

DETAILS OF WRITE-INS

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

(a) Active Status Counts:

L - Licensed or Chartered - Licensed insurance carrier or domiciled RRG..... 49

E - Eligible - Reporting entities eligible or approved to write surplus lines in the state (other than their state of domicile - See DSLI)..... 1

D - Domestic Surplus Lines Insurer (DSLI) - Reporting entities authorized to write surplus lines in the state of domicile..... 0

(b) Explanation of Basis of Allocation of Premiums by States, etc.

Premiums are allocated to jurisdiction based on location of risk.

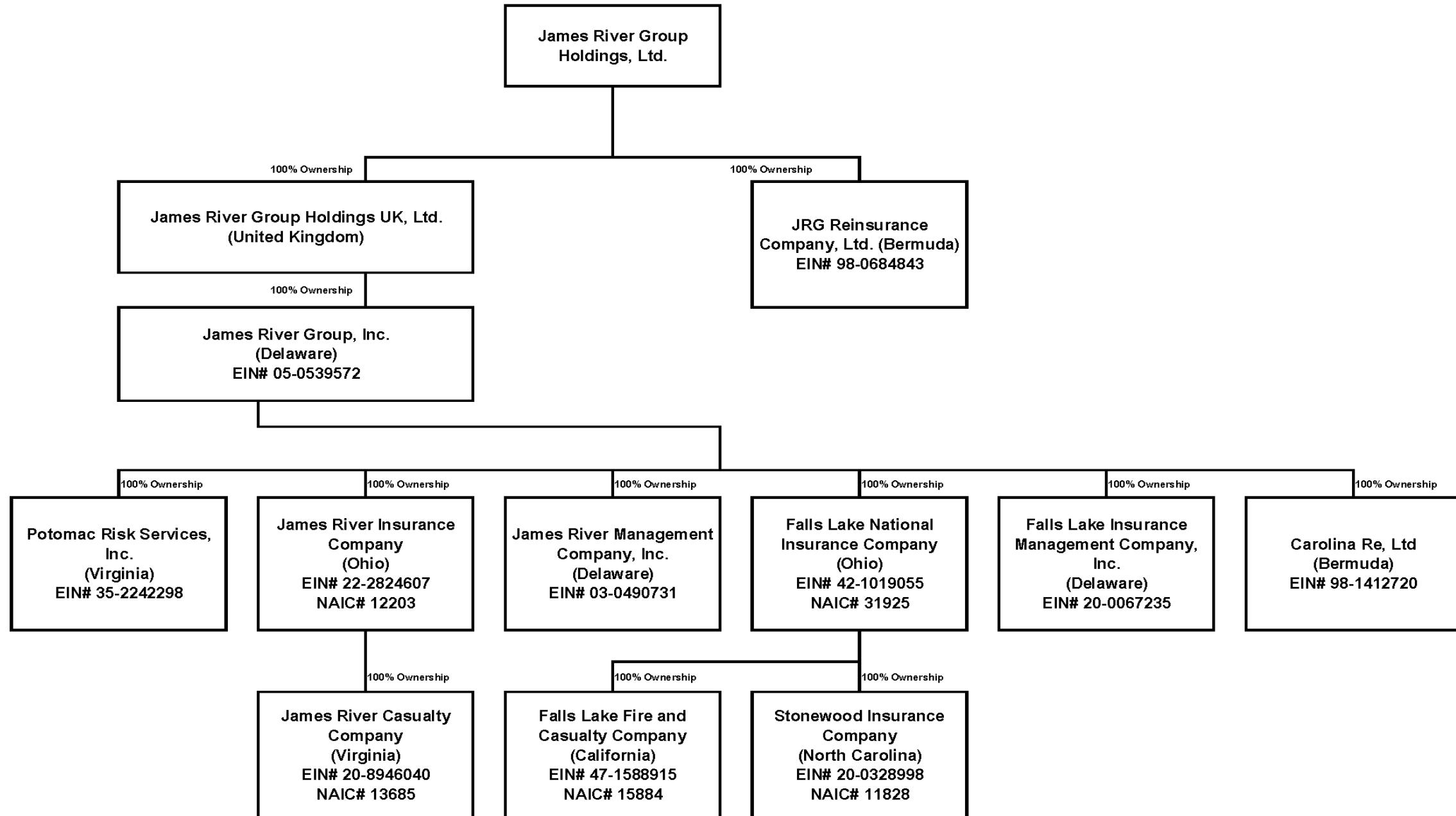
R - Registered - Non-domiciled RRGs..... 0

Q - Qualified - Qualified or accredited reinsurer..... 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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