PROPERTY AND CASUALTY COMPANIES - ASSOCIATION EDITION

ANNUAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2013
OF THE CONDITION AND AFFAIRS OF THE

NORTH EAST INSURANCE COMPANY

NAIC Group Code 3703 (Current) 3703 (Prior) NAIC Company Code 24007 Employer's ID Number 01-0278387

Organized under the Laws of Maine, State of Domicile or Port of Entry Maine

Country of Domicile United States of America

Incorporated/Organized 08/09/1965 Commenced Business 06/09/1966

Statutory Home Office 707 Sable Oaks Drive Suite 100 (Street and Number), South Portland, ME, US 04105 (City or Town, State, Country and Zip Code)

Main Administrative Office 120 Broadway, 31st Floor (Street and Number)
New York, NY, US 10271 (City or Town, State, Country and Zip Code), 212-655-2000 (Area Code) (Telephone Number)

Mail Address 120 Broadway, 31st Floor (Street and Number or P.O. Box), New York, NY, US 10271 (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 120 Broadway, 31st Floor (Street and Number)
New York, NY, US 10271 (City or Town, State, Country and Zip Code), 212-655-2000 (Area Code) (Telephone Number)

Internet Website Address www.twrgrp.com

Statutory Statement Contact Brian Wayne Finkelstein (Name), 212-655-2065 (Area Code) (Telephone Number)
bfinkelstein@twrgrp.com (E-mail Address), 212-655-2199 (FAX Number)

OFFICERS

President	Bruce Wesley Sanderson #	SVP, General Counsel & Secretary	Elliot Scott Orol
EVP & CFO	William Edward Hitselberger		

OTHER

DIRECTORS OR TRUSTEES

William Franklin Dove	William Edward Hitselberger	Elliot Scott Orol
Christian Kirby Pechmann	Laurie Ann Ranegar	Bruce Wesley Sanderson #
Catherine Mary Wragg #		

State of New York
County of New York SS:

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.

Bruce Wesley Sanderson	William Edward Hitselberger	Elliot Scott Orol
President	EVP & CFO	SVP, General Counsel & Secretary

Subscribed and sworn to before me this
18th day of April, 2014

JING JING YU
Notary Public - State of New York
No. 01YU6214444
Qualified in Kings County
My Commission Expires December 7, 2017

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

ASSETS

		Current Year			Prior Year
		1	2	3	4
		Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1.	Bonds (Schedule D)	44,819,782	0	44,819,782	47,945,367
2.	Stocks (Schedule D):				
	2.1 Preferred stocks	1,723,201	0	1,723,201	1,849,653
	2.2 Common stocks	0	0	0	88,821
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 ($ (41,236) , Schedule E - Part 1), cash equivalents ($ 0 , Schedule E - Part 2) and short-term investments ($ 2,263,130 , Schedule DA)	2,221,894	0	2,221,894	324,877
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)	5,366,278	0	5,366,278	3,428,537
9.	Receivable 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)	54,131,155	0	54,131,155	53,637,255
13.	Title plants less $ 0 charged off (for Title insurers only)	0	0	0	0
14.	Investment income due and accrued	358,232	0	358,232	480,094
15.	Premiums and considerations:				
	15.1 Uncollected premiums and agents' balances in the course of collection	4,406,410	1,009,784	3,396,626	6,142,490
	15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ 0 earned but unbilled premiums)	6,246,063	0	6,246,063	7,128,634
	15.3 Accrued retrospective premiums	42,561	1,716	40,845	87,394
16.	Reinsurance:				
	16.1 Amounts recoverable from reinsurers	1,069,812	0	1,069,812	3,682,090
	16.2 Funds held by or deposited with reinsured companies	1,198,887	0	1,198,887	5,452,814
	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	599,544	0	599,544	493,897
18.2	Net deferred tax asset	0	0	0	3,185,717
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	7,762,540	0	7,762,540	22,515,357
24.	Health care ($ 0) and other amounts receivable	0	0	0	0
25.	Aggregate write-ins for other than invested assets	4,569,851	785,952	3,783,899	3,083,852
26.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	80,385,055	1,797,452	78,587,603	105,889,594
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0	0	0
28.	Total (Lines 26 and 27)	80,385,055	1,797,452	78,587,603	105,889,594
	DETAILS OF WRITE-INS				
1101.					
1102.					
1103.					
1198.	Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199.	Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above)	0	0	0	0
2501.	Advances to TPA's	1,460,486	101,625	1,358,861	1,717,727
2502.	Retroactive reinsurance reserves - recoverable on paid loss	1,274,392	0	1,274,392	0
2503.	Allowance for doubtful debt	(356,246)	0	(356,246)	0
2598.	Summary of remaining write-ins for Line 25 from overflow page	2,191,219	684,327	1,506,892	1,366,125
2599.	Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	4,569,851	785,952	3,783,899	3,083,852

LIABILITIES, SURPLUS AND OTHER FUNDS

		1 Current Year	2 Prior Year
1.	Losses (Part 2A, Line 35, Column 8)	36,540,142	31,116,129
2.	Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	85,634	547,513
3.	Loss adjustment expenses (Part 2A, Line 35, Column 9)	6,573,177	4,638,551
4.	Commissions payable, contingent commissions and other similar charges	166,567	207,735
5.	Other expenses (excluding taxes, licenses and fees)	1,884,572	1,619,297
6.	Taxes, licenses and fees (excluding federal and foreign income taxes)	30,091	207,121
7.1	Current federal and foreign income taxes (including $ 0 on realized capital gains (losses))	0	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 $ 30,646,665 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)	11,513,044	20,323,522
10.	Advance premium	469,482	492,096
11.	Dividends declared and unpaid:		
	11.1 Stockholders	0	0
	11.2 Policyholders	0	0
12.	Ceded reinsurance premiums payable (net of ceding commissions)	7,093,510	11,863,153
13.	Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)	4,136,877	3,919,921
14.	Amounts withheld or retained by company for account of others	41,370	67,758
15.	Remittances and items not allocated	0	0
16.	Provision for reinsurance (including $ 0 certified) (Schedule F, Part 8)	0	0
17.	Net adjustments in assets and liabilities due to foreign exchange rates	0	0
18.	Drafts outstanding	0	0
19.	Payable to parent, subsidiaries and affiliates	0	0
20.	Derivatives	0	0
21.	Payable for securities	0	0
22.	Payable for securities lending	0	0
23.	Liability for amounts held under uninsured plans	0	0
24.	Capital notes $ 0 and interest thereon $ 0	0	0
25.	Aggregate write-ins for liabilities	(4,007,700)	987,294
26.	Total liabilities excluding protected cell liabilities (Lines 1 through 25)	64,526,766	75,990,091
27.	Protected cell liabilities	0	0
28.	Total liabilities (Lines 26 and 27)	64,526,766	75,990,091
29.	Aggregate write-ins for special surplus funds	642,801	0
30.	Common capital stock	3,049,089	3,049,089
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	18,810,005	18,307,131
35.	Unassigned funds (surplus)	(8,441,058)	8,543,283
36.	Less treasury stock, at cost:		
	36.1 0 shares common (value included in Line 30 $ 0)	0	0
	36.2 0 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)	14,060,837	29,899,503
38.	TOTALS (Page 2, Line 28, Col. 3)	78,587,603	105,889,594
	DETAILS OF WRITE-INS		
2501.	Reserve for unsecured reinsurance recoverable	2,684,960	0
2502.	Premium collateral and loss fund deposit	908,300	845,490
2503.	Retroactive reinsurance reserves - ceded	(7,914,004)	0
2598.	Summary of remaining write-ins for Line 25 from overflow page	313,044	141,804
2599.	Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	(4,007,700)	987,294
2901.	Special surplus from retroactive reinsurance (2013)	642,801	0
2902.			
2903.			
2998.	Summary of remaining write-ins for Line 29 from overflow page	0	0
2999.	Totals (Lines 2901 thru 2903 plus 2998)(Line 29 above)	642,801	0
3201.			
3202.			
3203.			
3298.	Summary of remaining write-ins for Line 32 from overflow page	0	0
3299.	Totals (Lines 3201 thru 3203 plus 3298)(Line 32 above)	0	0

STATEMENT OF INCOME

		1 Current Year	2 Prior Year
	UNDERWRITING INCOME		
1.	Premiums earned (Part 1, Line 35, Column 4)	33,087,272	41,508,264
	DEDUCTIONS:		
2.	Losses incurred (Part 2, Line 35, Column 7)	27,440,676	24,395,923
3.	Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	7,579,764	6,869,035
4.	Other underwriting expenses incurred (Part 3, Line 25, Column 2)	12,632,944	16,379,061
5.	Aggregate write-ins for underwriting deductions	0	0
6.	Total underwriting deductions (Lines 2 through 5)	47,653,384	47,644,019
7.	Net income of protected cells	0	0
8.	Net underwriting gain or (loss) (Line 1 minus Line 6 plus Line 7)	(14,566,113)	(6,135,755)
	INVESTMENT INCOME		
9.	Net investment income earned (Exhibit of Net Investment Income, Line 17)	2,325,738	2,571,317
10.	Net realized capital gains or (losses) less capital gains tax of $ (346,033) (Exhibit of Capital Gains (Losses))	1,189,787	1,536,205
11.	Net investment gain (loss) (Lines 9 + 10)	3,515,525	4,107,522
	OTHER INCOME		
12.	Net gain (loss) from agents' or premium balances charged off (amount recovered $ 1,180 amount charged off $ 211,451)	(210,271)	(209,398)
13.	Finance and service charges not included in premiums	393,086	371,254
14.	Aggregate write-ins for miscellaneous income	(2,300,808)	(154,891)
15.	Total other income (Lines 12 through 14)	(2,117,993)	6,965
16.	Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	(13,168,581)	(2,021,268)
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)	(13,168,581)	(2,021,268)
19.	Federal and foreign income taxes incurred	(12,446)	(971,112)
20.	Net income (Line 18 minus Line 19)(to Line 22)	(13,156,135)	(1,050,156)
	CAPITAL AND SURPLUS ACCOUNT		
21.	Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	29,899,503	31,037,633
22.	Net income (from Line 20)	(13,156,135)	(1,050,156)
23.	Net transfers (to) from Protected Cell accounts	0	0
24.	Change in net unrealized capital gains or (losses) less capital gains tax of $ (122,230)	1,117,281	(17,673)
25.	Change in net unrealized foreign exchange capital gain (loss)	0	0
26.	Change in net deferred income tax	(4,030,232)	70,091
27.	Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3)	(143,059)	920,606
28.	Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	0	0
29.	Change in surplus notes	0	0
30.	Surplus (contributed to) withdrawn from protected cells	0	0
31.	Cumulative effect of changes in accounting principles	0	0
32.	Capital changes:		
	32.1 Paid in	0	0
	32.2 Transferred from surplus (Stock Dividend)	0	0
	32.3 Transferred to surplus	0	0
33.	Surplus adjustments:		
	33.1 Paid in	502,874	0
	33.2 Transferred to capital (Stock Dividend)	0	0
	33.3 Transferred from capital	0	0
34.	Net remittances from or (to) Home Office	0	0
35.	Dividends to stockholders	0	0
36.	Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1)	0	0
37.	Aggregate write-ins for gains and losses in surplus	(129,395)	(1,060,998)
38.	Change in surplus as regards policyholders for the year (Lines 22 through 37)	(15,838,666)	(1,138,130)
39.	Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37)	14,060,837	29,899,503
	DETAILS OF WRITE-INS		
0501.			
0502.			
0503.			
0598.	Summary of remaining write-ins for Line 5 from overflow page	0	0
0599.	Totals (Lines 0501 thru 0503 plus 0598)(Line 5 above)	0	0
1401.	Change in reserve for unsecured reinsurance recoverable	(2,684,960)	0
1402.	Retroactive reinsurance loss	642,801	0
1403.	Interest on funds held	(118,649)	(154,891)
1498.	Summary of remaining write-ins for Line 14 from overflow page	(140,000)	0
1499.	Totals (Lines 1401 thru 1403 plus 1498)(Line 14 above)	(2,300,808)	(154,891)
3701.	Correction of error (SSAP 3)	(129,395)	113,675
3702.	Effect of adoption of SSAP No 10R	0	(1,174,673)
3703.			
3798.	Summary of remaining write-ins for Line 37 from overflow page	0	0
3799.	Totals (Lines 3701 thru 3703 plus 3798)(Line 37 above)	(129,395)	(1,060,998)

CASH FLOW

		1 Current Year	2 Prior Year
	Cash from Operations		
1.	Premiums collected net of reinsurance	24,815,892	38,837,952
2.	Net investment income	2,959,138	3,443,060
3.	Miscellaneous income	445,624	43,806
4.	Total (Lines 1 through 3)	28,220,654	42,324,818
5.	Benefit and loss related payments	27,929,417	22,152,672
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0
7.	Commissions, expenses paid and aggregate write-ins for deductions	16,482,400	21,038,102
8.	Dividends paid to policyholders	0	0
9.	Federal and foreign income taxes paid (recovered) net of $ 0 tax on capital gains (losses)	(278,470)	30,439
10.	Total (Lines 5 through 9)	44,133,347	43,221,213
11.	Net cash from operations (Line 4 minus Line 10)	(15,912,693)	(896,395)
	Cash from Investments		
12.	Proceeds from investments sold, matured or repaid:		
	12.1 Bonds	55,471,426	65,613,538
	12.2 Stocks	0	1,607,050
	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	0
	12.7 Miscellaneous proceeds	0	0
	12.8 Total investment proceeds (Lines 12.1 to 12.7)	55,471,426	67,220,588
13.	Cost of investments acquired (long-term only):		
	13.1 Bonds	51,707,040	46,696,762
	13.2 Stocks	0	835,392
	13.3 Mortgage loans	0	0
	13.4 Real estate	0	0
	13.5 Other invested assets	1,034,000	3,500,000
	13.6 Miscellaneous applications	0	0
	13.7 Total investments acquired (Lines 13.1 to 13.6)	52,741,040	51,032,154
14.	Net increase (decrease) in contract loans and premium notes	0	0
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	2,730,386	16,188,434
	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	0
	16.3 Borrowed funds	0	0
	16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0
	16.5 Dividends to stockholders	0	0
	16.6 Other cash provided (applied)	15,079,324	(16,469,273)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	15,079,324	(16,469,273)
	RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	1,897,017	(1,177,234)
19.	Cash, cash equivalents and short-term investments:		
	19.1 Beginning of year	324,877	1,502,111
	19.2 End of period (Line 18 plus Line 19.1)	2,221,894	324,877

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

20.0001.	Reserve for unsecured reinsurance recoverable	2,547,400	0
20.0002.	Change in gross paid in and contributed surplus	502,874	0
20.0003.	Premium balances charged off	211,451	209,846
20.0004.	Allowance for doubtful accounts	140,000	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

	Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums Dec. 31 Prior Year - per Col. 3, Last Year's Part 1	3 Unearned Premiums Dec. 31 Current Year - per Col. 5 Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1.	Fire	505,148	302,566	286,408	521,306
2.	Allied lines	287,112	131,802	151,840	267,074
3.	Farmowners multiple peril	0	81	74	7
4.	Homeowners multiple peril	3,867,622	4,162,534	2,718,633	5,311,523
5.	Commercial multiple peril	5,316,229	4,550,257	2,741,635	7,124,851
6.	Mortgage guaranty	0	0	0	0
8.	Ocean marine	328,842	3,191	85,665	246,368
9.	Inland marine	209,635	243,348	136,416	316,567
10.	Financial guaranty	0	0	0	0
11.1	Medical professional liability - occurrence	0	0	0	0
11.2	Medical professional liability - claims-made	0	0	0	0
12.	Earthquake	3,508	2,302	1,935	3,875
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	6,310,035	4,247,436	1,856,482	8,700,989
17.1	Other liability - occurrence	1,008,732	911,540	487,454	1,432,818
17.2	Other liability - claims-made	313,915	159,635	39,996	433,554
17.3	Excess workers' compensation	(32,540)	36,583	0	4,043
18.1	Products liability - occurrence	168,105	93,238	74,902	186,441
18.2	Products liability - claims-made	0	0	0	0
19.1, 19.2	Private passenger auto liability	1,729,582	1,034,418	840,129	1,923,871
19.3, 19.4	Commercial auto liability	3,179,680	2,046,063	1,421,871	3,803,872
21.	Auto physical damage	1,360,988	772,858	634,536	1,499,310
22.	Aircraft (all perils)	0	0	0	0
23.	Fidelity	6,425	3,537	2,093	7,869
24.	Surety	58,115	39,219	29,908	67,426
26.	Burglary and theft	268	135	139	264
27.	Boiler and machinery	(2,283)	4,610	2,928	(601)
28.	Credit	0	0	0	0
29.	International	0	0	0	0
30.	Warranty	0	0	0	0
31.	Reinsurance - nonproportional assumed property	(252,047)	1,451,821	0	1,199,774
32.	Reinsurance - nonproportional assumed liability	(90,277)	126,348	0	36,071
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	24,276,794	20,323,522	11,513,044	33,087,272
	DETAILS OF WRITE-INS				
3401.					
3402.					
3403.					
3498.	Summary of remaining write-ins for Line 34 from overflow page	0	0	0	0
3499.	Totals (Lines 3401 thru 3403 plus 3498)(Line 34 above)	0	0	0	0

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	286,408	0	0	0	286,408
2.	Allied lines	151,840	0	0	0	151,840
3.	Farmowners multiple peril	74	0	0	0	74
4.	Homeowners multiple peril	2,718,633	0	0	0	2,718,633
5.	Commercial multiple peril	2,741,635	0	0	0	2,741,635
6.	Mortgage guaranty	0	0	0	0	0
8.	Ocean marine	85,665	0	0	0	85,665
9.	Inland marine	136,416	0	0	0	136,416
10.	Financial guaranty	0	0	0	0	0
11.1	Medical professional liability - occurrence	0	0	0	0	0
11.2	Medical professional liability - claims-made	0	0	0	0	0
12.	Earthquake	1,935	0	0	0	1,935
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	1,856,482	0	0	0	1,856,482
17.1	Other liability - occurrence	487,454	0	0	0	487,454
17.2	Other liability - claims-made	39,996	0	0	0	39,996
17.3	Excess workers' compensation	0	0	0	0	0
18.1	Products liability - occurrence	74,902	0	0	0	74,902
18.2	Products liability - claims-made	0	0	0	0	0
19.1, 19.2	Private passenger auto liability	840,129	0	0	0	840,129
19.3, 19.4	Commercial auto liability	1,421,871	0	0	0	1,421,871
21.	Auto physical damage	634,536	0	0	0	634,536
22.	Aircraft (all perils)	0	0	0	0	0
23.	Fidelity	2,093	0	0	0	2,093
24.	Surety	29,908	0	0	0	29,908
26.	Burglary and theft	139	0	0	0	139
27.	Boiler and machinery	2,928	0	0	0	2,928
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	11,513,044	0	0	0	11,513,044
36.	Accrued retrospective premiums based on experience					0
37.	Earned but unbilled premiums					0
38.	Balance (Sum of Line 35 through 37)					11,513,044
	DETAILS OF WRITE-INS					
3401.						
3402.						
3403.						
3498.	Summary of remaining write-ins for Line 34 from overflow page	0	0	0	0	0
3499.	Totals (Lines 3401 thru 3403 plus 3498)(Line 34 above)	0	0	0	0	0

(a) State here basis of computation used in each case

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

	Line of Business	1 Direct Business (a)	Reinsurance Assumed 2 From Affiliates	3 From Non-Affiliates	Reinsurance Ceded 4 To Affiliates	5 To Non-Affiliates	6 Net Premiums Written Cols. 1+2+3-4-5
1.	Fire	278,496	1,580,497	0	1,353,845	0	505,148
2.	Allied lines	194,498	819,999	0	727,385	0	287,112
3.	Farmowners multiple peril	0	0	0	0	0	0
4.	Homeowners multiple peril	855	26,803,812	0	22,937,045	0	3,867,622
5.	Commercial multiple peril	2,507,802	5,316,946	0	2,508,519	0	5,316,229
6.	Mortgage guaranty	0	0	0	0	0	0
8.	Ocean marine	0	392,172	0	63,330	0	328,842
9.	Inland marine	(551,512)	759,386	0	(1,761)	0	209,635
10.	Financial guaranty	0	0	0	0	0	0
11.1	Medical professional liability - occurrence	0	0	0	0	0	0
11.2	Medical professional liability - claims-made	0	0	0	0	0	0
12.	Earthquake	597	67,325	0	64,414	0	3,508
13.	Group accident and health	0	0	0	0	0	0
14.	Credit accident and health (group and individual)	0	0	0	0	0	0
15.	Other accident and health	0	0	0	0	0	0
16.	Workers' compensation	0	6,310,035	0	0	0	6,310,035
17.1	Other liability - occurrence	298,491	2,172,978	0	1,462,737	0	1,008,732
17.2	Other liability - claims-made	(8,871)	1,393,200	0	1,070,414	0	313,915
17.3	Excess workers' compensation	0	(32,540)	0	0	0	(32,540)
18.1	Products liability - occurrence	(61,843)	168,105	0	(61,843)	0	168,105
18.2	Products liability - claims-made	0	0	0	0	0	0
19.1, 19.2	Private passenger auto liability	1,770,828	15,179,449	0	15,220,695	0	1,729,582
19.3, 19.4	Commercial auto liability	990,625	3,179,680	0	990,625	0	3,179,680
21.	Auto physical damage	1,390,499	12,862,023	0	12,891,534	0	1,360,988
22.	Aircraft (all perils)	0	0	0	0	0	0
23.	Fidelity	254	6,425	0	254	0	6,425
24.	Surety	0	58,115	0	0	0	58,115
26.	Burglary and theft	1,064	268	0	1,064	0	268
27.	Boiler and machinery	28,764	(2,283)	0	28,764	0	(2,283)
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	(252,047)	0	0	0	(252,047)
32.	Reinsurance - nonproportional assumed liability	XXX	(90,277)	0	0	0	(90,277)
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	6,840,547	76,693,268	0	59,257,021	0	24,276,794
	DETAILS OF WRITE-INS						
3401.							
3402.							
3403.							
3498.	Summary of remaining write-ins for Line 34 from overflow page	0	0	0	0	0	0
3499.	Totals (Lines 3401 thru 3403 plus 3498)(Line 34 above)	0	0	0	0	0	0

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

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

	Line of Business	Losses Paid Less Salvage 1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 -3)	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.	Fire	23,222	690,437	528,025	185,634	138,253	38,979	284,908	54.7
2.	Allied lines	81,665	(234,650)	(159,543)	6,558	70,571	51,035	26,095	9.8
3.	Farmowners multiple peril	0	0	0	0	(1)	0	(1)	(19.6)
4.	Homeowners multiple peril	0	11,388,886	9,662,357	1,726,529	1,153,371	1,054,455	1,825,445	34.4
5.	Commercial multiple peril	3,043,338	6,438,268	5,025,789	4,455,817	8,324,817	7,041,932	5,738,702	80.5
6.	Mortgage guaranty	0	0	0	0	0	0	0	0.0
8.	Ocean marine	0	(115,608)	(118,215)	2,607	148,528	3,718	147,417	59.8
9.	Inland marine	0	186,998	275,944	(88,946)	67,249	(22,619)	922	0.3
10.	Financial guaranty	0	0	0	0	0	0	0	0.0
11.1	Medical professional liability - occurrence	0	0	0	0	0	0	0	0.0
11.2	Medical professional liability - claims-made	0	0	0	0	0	0	0	0.0
12.	Earthquake	0	0	0	0	7	(4)	11	0.3
13.	Group accident and health	0	0	0	0	0	0	0	0.0
14.	Credit accident and health (group and individual)	0	0	0	0	0	0	0	0.0
15.	Other accident and health	0	0	0	0	0	0	0	0.0
16.	Workers' compensation	0	6,214,722	577,919	5,636,803	11,202,522	8,870,285	7,969,040	91.6
17.1	Other liability - occurrence	176,149	1,658,270	692,433	1,141,986	3,705,657	3,188,489	1,659,154	115.8
17.2	Other liability - claims-made	0	47,677	3,595	44,082	474,286	74,100	444,268	102.5
17.3	Excess workers' compensation	0	852,552	0	852,552	2,848,481	3,170,502	530,531	13,122.2
18.1	Products liability - occurrence	0	76,138	0	76,138	170,644	122,896	123,886	66.4
18.2	Products liability - claims-made	0	0	0	0	0	0	0	0.0
19.1, 19.2	Private passenger auto liability	2,606,790	9,423,699	10,392,433	1,638,056	1,667,163	2,203,342	1,101,878	57.3
19.3, 19.4	Commercial auto liability	680,487	3,868,483	1,112,500	3,436,470	6,220,063	5,266,460	4,390,073	115.4
21.	Auto physical damage	775,837	8,199,555	7,847,987	1,127,405	82,987	28,226	1,182,166	78.8
22.	Aircraft (all perils)	0	0	0	0	0	0	0	0.0
23.	Fidelity	0	(30)	0	(30)	4,046	2,477	1,539	19.6
24.	Surety	0	5,888	0	5,888	34,378	5,983	34,283	50.8
26.	Burglary and theft	0	0	0	0	54	(82)	136	51.4
27.	Boiler and machinery	38,703	(4,654)	38,703	(4,654)	(1,311)	3,454	(9,419)	1,568.5
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	1,559,007	0	1,559,007	209,768	(45,539)	1,814,314	151.2
32.	Reinsurance - nonproportional assumed liability	XXX	214,760	0	214,760	18,609	58,040	175,329	486.1
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	7,426,192	50,470,398	35,879,927	22,016,663	36,540,142	31,116,129	27,440,676	82.9
	DETAILS OF WRITE-INS								
3401.									
3402.									
3403.									
3498.	Summary of remaining write-ins for Line 34 from overflow page	0	0	0	0	0	0	0	0.0
3499.	Totals (Lines 3401 thru 3403 plus 3498)(Line 34 above)	0	0	0	0	0	0	0	0.0

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE NORTH EAST INSURANCE COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

		Reported Losses				Incurred But Not Reported			8	9
		1	2	3	4	5	6	7		
	Line of Business	Direct	Reinsurance Assumed	Deduct Reinsurance Recoverable	Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	Direct	Reinsurance Assumed	Reinsurance Ceded	Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Net Unpaid Loss Adjustment Expenses
1.	Fire	0	484,976	368,962	116,014	23,409	104,792	105,962	138,253	13,482
2.	Allied lines	(3,784)	57,850	11,892	42,174	15,521	68,631	55,755	70,571	9,727
3.	Farmowners multiple peril	0	0	0	0	0	(1)	0	(1)	(1)
4.	Homeowners multiple peril	0	4,560,258	3,782,405	777,853	56	1,362,127	986,665	1,153,371	339,485
5.	Commercial multiple peril	1,452,911	6,088,482	3,040,064	4,501,329	2,840,064	4,676,313	3,692,889	8,324,817	1,712,737
6.	Mortgage guaranty	0	0	0	0	0	0	0	0	0
8.	Ocean marine	0	3,692	1,097	2,595	0	145,933	0	148,528	34,433
9.	Inland marine	0	31,449	(5,350)	36,799	126,801	68,111	164,462	67,249	17,364
10.	Financial guaranty	0	0	0	0	0	0	0	0	0
11.1	Medical professional liability - occurrence	0	0	0	0	0	0	0	0	0
11.2	Medical professional liability - claims-made	0	0	0	0	0	0	0	0	0
12.	Earthquake	0	0	0	0	64	7	64	7	3
13.	Group accident and health	0	0	0	0	0	0	0	(a) 0	0
14.	Credit accident and health (group and individual)	0	0	0	0	0	0	0	0	0
15.	Other accident and health	0	0	0	0	0	0	0	(a) 0	0
16.	Workers' compensation	0	6,880,814	2,053,035	4,827,779	0	6,244,384	(130,359)	11,202,522	2,027,772
17.1	Other liability - occurrence	293,700	2,963,891	1,389,400	1,868,191	557,366	3,288,593	2,008,493	3,705,657	918,863
17.2	Other liability - claims-made	0	305,067	223,632	81,435	922	392,851	922	474,286	57,319
17.3	Excess workers' compensation	0	1,847,222	0	1,847,222	0	1,001,259	0	2,848,481	179,268
18.1	Products liability - occurrence	0	62,268	0	62,268	57,243	108,376	57,243	170,644	78,743
18.2	Products liability - claims-made	0	0	0	0	0	0	0	0	0
19.1, 19.2	Private passenger auto liability	2,108,172	9,297,336	10,126,386	1,279,122	759,435	2,757,941	3,129,335	1,667,163	228,052
19.3, 19.4	Commercial auto liability	1,090,467	3,505,136	1,416,369	3,179,234	663,997	3,248,953	872,121	6,220,063	899,619
21.	Auto physical damage	2,138	(396,968)	(371,949)	(22,881)	233,582	102,504	230,218	82,987	37,988
22.	Aircraft (all perils)	0	0	0	0	0	0	0	0	0
23.	Fidelity	0	0	0	0	138	4,046	138	4,046	838
24.	Surety	0	11,630	0	11,630	0	22,748	0	34,378	857
26.	Burglary and theft	0	0	0	0	82	54	82	54	8
27.	Boiler and machinery	0	(2,647)	0	(2,647)	2,499	1,336	2,499	(1,311)	828
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	119,249	0	119,249	XXX	90,519	0	209,768	13,102
32.	Reinsurance - nonproportional assumed liability	XXX	10	0	10	XXX	18,599	0	18,609	2,690
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	4,943,604	35,819,715	22,035,943	18,727,376	5,281,179	23,708,076	11,176,489	36,540,142	6,573,177
	DETAILS OF WRITE-INS									
3401.										
3402.										
3403.										
3498.	Summary of remaining write-ins for Line 34 from overflow page	0	0	0	0	0	0	0	0	0
3499.	Totals (Lines 3401 thru 3403 plus 3498)(Line 34 above)	0	0	0	0	0	0	0	0	0

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

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	2,076,116	0	0	2,076,116
	1.2 Reinsurance assumed	13,110,043	0	0	13,110,043
	1.3 Reinsurance ceded	7,606,395	0	0	7,606,395
	1.4 Net claim adjustment service (1.1 + 1.2 - 1.3)	7,579,764	0	0	7,579,764
2.	Commission and brokerage:				
	2.1 Direct excluding contingent	0	957,591	0	957,591
	2.2 Reinsurance assumed, excluding contingent	0	9,915,743	0	9,915,743
	2.3 Reinsurance ceded, excluding contingent	0	10,025,240	0	10,025,240
	2.4 Contingent - direct	0	18,733	0	18,733
	2.5 Contingent - reinsurance assumed	0	531,055	0	531,055
	2.6 Contingent - reinsurance ceded	0	18,733	0	18,733
	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	1,379,149	0	1,379,149
3.	Allowances to managers and agents	0	0	0	0
4.	Advertising	0	30,910	0	30,910
5.	Boards, bureaus and associations	0	391,839	0	391,839
6.	Surveys and underwriting reports	0	199,241	0	199,241
7.	Audit of assureds' records	0	91,824	0	91,824
8.	Salary and related items:				
	8.1 Salaries	1,533,908	3,647,856	0	5,181,764
	8.2 Payroll taxes	115,182	273,919	0	389,101
9.	Employee relations and welfare	208,613	496,112	0	704,725
10.	Insurance	16,204	38,536	0	54,740
11.	Directors' fees	0	0	0	0
12.	Travel and travel items	45,262	107,640	0	152,902
13.	Rent and rent items	120,416	286,367	0	406,783
14.	Equipment	464,180	1,103,888	0	1,568,068
15.	Cost or depreciation of EDP equipment and software	197,635	470,005	0	667,640
16.	Printing and stationery	16,867	40,112	0	56,979
17.	Postage, telephone and telegraph, exchange and express	95,025	225,982	0	321,007
18.	Legal and auditing	149,883	356,444	0	506,327
19.	Totals (Lines 3 to 18)	2,963,175	7,760,675	0	10,723,850
20.	Taxes, licenses and fees:				
	20.1 State and local insurance taxes deducting guaranty association credits of $ 0	0	1,155,731	0	1,155,731
	20.2 Insurance department licenses and fees	0	385,017	0	385,017
	20.3 Gross guaranty association assessments	0	0	0	0
	20.4 All other (excluding federal and foreign income and real estate)	0	0	0	0
	20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)	0	1,540,747	0	1,540,747
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	(2,963,175)	1,952,372	64,040	(946,763)
25.	Total expenses incurred	7,579,764	12,632,944	64,040	(a) 20,276,748
26.	Less unpaid expenses - current year	6,573,177	2,081,231	0	8,654,408
27.	Add unpaid expenses - prior year	4,638,551	2,034,153	0	6,672,704
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)	5,645,139	12,585,866	64,040	18,295,045
	DETAILS OF WRITE-INS				
2401.	Investment Expense	0	0	64,040	64,040
2402.	Service fees and Timeslip Billings	(2,963,175)	(114,994)	0	(3,078,170)
2403.	Service fees	0	1,889,564	0	1,889,564
2498.	Summary of remaining write-ins for Line 24 from overflow page	0	177,803	0	177,803
2499.	Totals (Lines 2401 thru 2403 plus 2498)(Line 24 above)	(2,963,175)	1,952,372	64,040	(946,763)

(a) Includes management fees of $ 0 to affiliates and $ 0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. Government bonds	(a) 39,828	46,318
1.1	Bonds exempt from U.S. tax	(a) 403,007	295,934
1.2	Other bonds (unaffiliated)	(a) 1,906,624	1,817,268
1.3	Bonds of affiliates	(a) 0	0
2.1	Preferred stocks (unaffiliated)	(b) 126,174	126,175
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) 438	438
7	Derivative instruments	(f) 0	0
8.	Other invested assets	34,615	102,692
9.	Aggregate write-ins for investment income	953	953
10.	Total gross investment income	2,511,639	2,389,778
11.	Investment expenses		(g) 64,040
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)		64,040
17.	Net investment income (Line 10 minus Line 16)		2,325,738
	DETAILS OF WRITE-INS		
0901.	Other Income	953	953
0902.			
0903.			
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	953	953
1501.			
1502.			
1503.			
1598.	Summary of remaining write-ins for Line 15 from overflow page		0
1599.	Totals (Lines 1501 thru 1503 plus 1598) (Line 15, above)		0

(a) Includes $ 58,182 accrual of discount less $ 569,720 amortization of premium and less $ 393,489 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 $ 0 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	(16,990)	0	(16,990)	0	0
1.1	Bonds exempt from U.S. tax	287,912	0	287,912	0	0
1.2	Other bonds (unaffiliated)	1,102,749	(561)	1,102,188	(222,772)	0
1.3	Bonds of affiliates	0	0	0	0	0
2.1	Preferred stocks (unaffiliated)	0	0	0	(126,452)	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	(440,535)	(88,821)	(529,356)	440,535	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	903,741	0
9.	Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10.	Total capital gains (losses)	933,136	(89,382)	843,754	995,052	0
	DETAILS OF WRITE-INS					
0901.						
0902.						
0903.						
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	0	0	0	0	0

EXHIBIT OF NON-ADMITTED 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	1,009,784	876,955	(132,829)
	15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	0	0	0
	15.3 Accrued retrospective premiums	1,716	6,888	5,172
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	0	0	0
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	785,952	356,112	(429,840)
26.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	1,797,452	1,239,955	(557,497)
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0	0
28.	Total (Lines 26 and 27)	1,797,452	1,239,955	(557,497)
	DETAILS OF WRITE-INS			
1101.				
1102.				
1103.				
1198.	Summary of remaining write-ins for Line 11 from overflow page	0	0	0
1199.	Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above)	0	0	0
2501.	Prepaid expenses	402,680	278,951	(123,729)
2502.	Advances to TPA's	101,625	0	(101,625)
2503.	Intangibles renewals	0	49,088	49,088
2598.	Summary of remaining write-ins for Line 25 from overflow page	281,647	28,073	(253,574)
2599.	Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	785,952	356,112	(429,840)

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of North East Insurance Company (the Company or NEIC) are presented on the basis of accounting practices prescribed or permitted by Maine Bureau of Insurance (ME SAP).

The Company's ultimate parent is Tower Group International, Ltd. (Tower). Tower offers a broad range of commercial, specialty and personal property and casualty insurance products and services through its subsidiaries to businesses and to individuals. On March 13, 2013, Tower and Tower Group, Inc. (TGI) completed a merger transaction under which the company, formerly known as Canopius Holdings Bermuda Limited was renamed Tower Group International, Ltd. and became the ultimate parent company. Refer to Note 22 for additional information.

The Company is a party to a Pooling Agreement (the Intercompany Pooling Agreement). Effective January 1, 2013, the Intercompany Pooling Agreement was amended to reflect the following changes to the pooling percentages. The member companies, their National Association of Insurance Commissioners' (NAIC) company codes, inter-company pooling percentages and states of domicile are as follows:

		State of	Pooling Percentage	
Name of Insurer	**NAIC #**	**Domicile**	**2013**	**2012**
Tower Insurance Company of New York (TICNY) *	44300	New York	22%	37%
CastlePoint Insurance Company (CPIC)	17205	New York	22%	19%
CastlePoint National Insurance Company (CNIC)	40134	Illinois	21%	18%
Hermitage Insurance Company (HIC)	18376	New York	21%	13%
Preserver Insurance Company (PIC)	15586	New Jersey	8%	7%
North East Insurance Company (NEIC)	24007	Maine	4%	4%
Tower National Insurance Company (TNIC)	43702	Massachusetts	2%	2%

* Lead company and pool manager

Kodiak Insurance Company (KIC), Massachusetts Homeland Insurance Company (MHLIC) and York Insurance Company of Maine (YORK) are not members of the Intercompany Pooling Agreement, however, they cede 100% of their business to certain pool members under a quota share agreement.

ME SAP recognizes only statutory accounting practices prescribed or permitted by the State of Maine for determining and reporting the financial condition and results of operations of an insurance company, and for determining its solvency under the Maine Insurance Law. The NAIC *Accounting Practices and Procedure Manual* (NAIC SAP) has been adopted as a component of practices prescribed or permitted by Maine Bureau of Insurance. The Superintendent of Maine Bureau of Insurance has the right to permit other special practices that deviate from prescribed practices.

A reconciliation of the Company's net loss and capital and surplus between NAIC SAP and ME SAP is shown below:

	State of Domicile	December 31, 2013	December 31, 2012
Net Income (Loss)			
(1) NEIC, state basis (Page 4, Line 20, Columns 1 & 2)	Maine	$ (13,156,135)	$ (1,050,156)
(2) State Prescribed Practices that increase/(decrease) NAIC SAP	Maine	-	-
(3) State Permitted Practices that increase/(decrease) NAIC SAP	Maine	-	-
(4) NAIC SAP (1 - 2 - 3 = 4)	Maine	$ (13,156,135)	$ (1,050,156)
Surplus			
(5) NEIC, state basis (Page 3, Line 37, Columns 1 & 2)	Maine	$ 14,060,837	$ 29,899,503
(6) State Prescribed Practices that increase/(decrease) NAIC SAP	Maine	-	-
(7) State Permitted Practices that increase/(decrease) NAIC SAP	Maine	-	-
(8) NAIC SAP (5 - 6 - 7 = 8)	Maine	$ 14,060,837	$ 29,899,503

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

The preparation of financial statements in conformity with ME SAP requires management to make estimates and assumptions that affect the reported assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. The significant estimates were used for reserves for losses and loss adjustment expenses (LAE), certain reinsurance balances, admissibility of deferred income taxes, allowance for doubtful accounts and the carrying value of certain investments. Actual results could differ from those estimates.

C. Accounting Policy

Premiums are generally earned pro-rata over the period the coverage is provided. Unearned premium represents the portion of premium written which is applicable to the unexpired term of the policies in force. The unearned premium reserve is computed by pro-rata methods for direct, assumed and ceded business.

NOTES TO FINANCIAL STATEMENTS

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

In addition, the Company uses the following accounting policies:

1. Investment grade short-term investments are stated at amortized cost. Non-investment grade short-term investments are stated at the lower of amortized cost or fair value.
2. Investment grade bonds, not backed by other loans, are stated at amortized cost using the scientific interest method. Non-investment grade bonds with NAIC designations of 3 through 6 are stated at the lower of amortized cost or fair value.
3. Common stocks, other than investments in stocks of subsidiaries and affiliates, are stated at fair value. Investment in affiliates is stated at statutory equity.
4. Investment grade redeemable preferred stocks are stated at amortized cost. Investment grade perpetual preferred stocks are stated at fair value. Non-investment grade preferred stocks are stated at the lower of amortized cost or fair value.
5. The Company has no mortgage loans.
6. Investment grade loan-backed securities are stated at amortized value. Non-investment grade loan-backed securities are stated at lower of amortized cost or fair value. The retrospective adjustment method is used to amortize all securities, excluding the structured securities below AA category which is amortized prospectively.
7. The Company carries its investments in North Atlantic Underwriters, Inc. at statutory equity.
8. Investments in limited partnerships are carried at the underlying audited GAAP equity of the investee or at fair value.
9. The Company has no derivative investments.
10. The Company considers anticipated investment income as a factor in the premium deficiency calculation.
11. Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed and any adjustments are reflected in the period such estimate is determined.
12. Capitalization policy changes from the prior period – not applicable.
13. Estimate pharmaceutical rebate receivables – not applicable.

2. Accounting Changes and Corrections of Errors

A. During 2013 and 2012, the Company identified errors related to the preparation of its 2012 and 2011 financial statements. These errors would have resulted in changes to the 2012 and 2011 financial statements but, as the amounts are not material, in accordance with SSAP No. 3 *Accounting Changes and Corrections of Errors* (SSAP 3), the corrections of errors have been recorded as an adjustment to the January 1, 2013 and 2012 policyholders' surplus. The impact of these errors as of December 31, 2012 and December 31, 2011 are as follows:

	2012 annual statement, as amended	Impact of error	2012 annual statement, if adjusted
Admitted assets	$ 105,889,594	$ (75,854)	$ 105,813,740
Liabilities	75,990,091	53,541	76,043,632
Capital and surplus	29,899,503	(129,395)	29,770,108
Total liabilities, capital and surplus	$ 105,889,594	$ (75,854)	$ 105,813,740
Net (loss)	$ (1,050,156)	$ (383,701)	$ (1,433,857)

The above 2012 errors relate to the reporting of (1) non-admitted asset adjustments; (2) deferred taxes; (3) federal income taxes: (4) allowance for doubtful accounts; (5) bad debt write-offs; and (6) leasehold balances .

	2011 annual statement, as issued	Impact of error	2011 annual statement, if adjusted
Admitted assets	$ 103,444,118	$ 5,236	$ 103,449,354
Liabilities	72,406,485	(108,439)	72,298,046
Capital and surplus	31,037,633	113,675	31,151,308
Total liabilities, capital and surplus	$ 103,444,118	$ 5,236	$ 103,449,354
Net income	$ 59,353	$ (94,378)	$ (35,025)

The above 2011 errors relate to the reporting of (1) federal income taxes; (2) other underwriting expenses; and (3) bad debt write-offs. Federal income taxes include both the effects of return to provision differences resulting from the filing of the 2011 tax return as well as corrections of the December 31, 2011 net deferred tax asset.

NOTES TO FINANCIAL STATEMENTS

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. The Company has no mortgage loans.
   B. The Company has no debt and performed no debt restructuring.
   C. The Company has no reverse mortgages.
   D. Loan-Backed Securities:

      1. For RMBS loan-backed securities, prepayment assumptions are obtained using Andrew Davidson & Co's Loan Dynamics model. CMBS loan-backed securities are protected against prepayments, therefore any cash flow variability is driven mostly by defaults and recovery, not prepay optionality.

      2. All securities within the scope of this statement with a recognized other-than-temporary impairment (OTTI), disclosed in the aggregate, classified on the basis for the other-than-temporary impairments:

	(1) Amortized Cost Basis Before Other-Than Temporary Impairment	(2) Other-Than-Temporary Impairment Recognized in Loss	(3) Fair Value *
OTTI recognized 1st Quarter			
a. Intent to sell	$ -	$ -	$ -
b. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis	-	-	-
c. Total 1st Quarter	$ -	$ -	$ -
OTTI recognized 2nd Quarter			
d. Intent to sell	$ -	$ -	$ -
e. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis	-	-	-
f. Total 2nd Quarter	$ -	$ -	$ -
OTTI recognized 3rd Quarter			
g. Intent to sell	$ -	$ -	$ -
h. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis	-	-	-
i. Total 3rd Quarter	$ -	$ -	$ -
OTTI recognized 4th Quarter			
j. Intent to sell	$ -	$ -	$ -
k. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis	561	561	-
l. Total 4th Quarter	$ 561	$ 561	$ -
m. Annual Aggregate Total		$ 561	

      3. For each security, by CUSIP, with a recognized OTTI, currently held by the reporting entity, as the present value of cash flows expected to be collected is less than the amortized cost basis of the securities:– not applicable.
      4. All impaired securities (fair value is less than cost or amortized cost) for which an OTTI has not been recognized in earnings as a realized loss (including securities with a recognized OTTI for non-interest related declines when a non-recognized interest related impairment remains):

         a) The aggregate amount of unrealized losses:

            1. Less than 12 Months $ 110,371
            2. 12 Months or Longer N/A

         b) The aggregate related fair value of securities with unrealized losses:

            1. Less than 12 Months $ 5,783,308
            2. 12 Months or Longer N/A

      5. Management regularly reviews the Company’s fixed-maturity and equity security portfolios to evaluate the necessity of recording impairment losses for other-than-temporary declines in the fair value of investments. In evaluating potential impairment, management considers, among other criteria:

NOTES TO FINANCIAL STATEMENTS

i. the overall financial condition of the issuer;
ii. the current fair value compared to amortized cost or cost, as appropriate;
iii. the length of time the security's fair value has been below amortized cost or cost;
iv. specific credit issues related to the issuer such as changes in credit rating, reduction or elimination of dividends or non-payment of scheduled interest payments;
v. whether management intends to sell the security and, if not, whether it is more likely than not that the Company will be required to sell the security before recovery of its amortized cost basis;
vi. specific cash flow estimations for certain mortgage-backed and asset-backed securities;
vii. current economic conditions. If an OTTI is determined for a fixed-maturity security, and management does not intend to sell and it is more likely than not that it will not be required to sell the security before recovery of cost or amortized cost, the credit portion is included in the statement of income in net realized investment gains (losses) and the non-credit portion is included in unassigned surplus (deficit). The credit portion results in a permanent reduction of the cost basis of the underlying investment and the security is amortized to the expected recovery amount. The determination of OTTI is a subjective process and different judgments and assumptions could affect the timing of loss realization;
viii. management implemented a threshold policy on impairments, whereby any individual security with a loss under $10 thousand, is deemed to be immaterial and will not be impaired.

E. Repurchase Agreement and/or Securities Lending Transactions – not applicable.
F. Real Estate – not applicable.
G. Low-income housing tax credits – not applicable.
H. Restricted Assets
1. Restricted Assets (Including Pledged)

Total restricted assets were $2,047,565 and $1,992,559 at December 31, 2013 and 2012, respectively. The allocation is as follows:

	Gross Restricted								Percentage	
	Current Year									
	1	2	3	4	5	6	7	8	9	10
Restricted Asset Category	Total General Account (G/A)	G/A Supporting Protecting Cell Account Activity (a)	Total Protected Cell Account Restricted Assets	Protected Cell Account Assets Supporting G/A Activity (b)	Total (1 plus 3)	Total From Prior Year	Increase/Decrease (5 minus 6)	Total Current Year Admitted Restricted	Gross Restricted to Total Assets	Admitted Restricted to Total Admitted Assets
a. Subject to Contractual obligation for which liability is not shown	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	0.00%	0.00%
b. Collateral held under security lending agreements	-	-	-	-	-	-	-	-	0.00%	0.00%
c. Subject to repurchase agreement	-	-	-	-	-	-	-	-	0.00%	0.00%
d. Subject to reverse repurchase agreement	-	-	-	-	-	-	-	-	0.00%	0.00%
e. Subject to dollar repurchase agreement	-	-	-	-	-	-	-	-	0.00%	0.00%
f. Subject to dollar reverse repurchase agreement	-	-	-	-	-	-	-	-	0.00%	0.00%
g. Placed under option contracts	-	-	-	-	-	-	-	-	0.00%	0.00%
h. Letter stock or securities restrictd as to sale	-	-	-	-	-	-	-	-	0.00%	0.00%
i. On deposit with states	2,047,565	-	-	-	2,047,565	1,992,559	55,006	2,047,565	2.55%	2.61%
j. On deposit with other regulatory bodies	-	-	-	-	-	-	-	-	0.00%	0.00%
k. Pledged as collateral not captured in other categories	-	-	-	-	-	-	-	-	0.00%	0.00%
l. Other restricted assets	-	-	-	-	-	-	-	-	0.00%	0.00%
m. Total Restricted Assets	$ 2,047,565	$ -	$ -	$ -	$ 2,047,565	$ 1,992,559	$ 55,006	$ 2,047,565	2.55%	2.61%

2. Detail of Assets Pledged as Collateral not captured in Other Categories – not applicable.

3. Detail of Other Restricted Assets – not applicable.

6. Joint Ventures, Partnerships and Limited Liability Companies

A. Investments in joint ventures, partnerships and limited liability companies that exceed 10% of the Company's admitted assets – not applicable.

B. Investments in impaired joint ventures, partnerships and limited liability companies – not applicable.

7. Investment Income

A. Due and Accrued Investment Income

The Company did not exclude any due and accrued investment income from surplus.

NOTES TO FINANCIAL STATEMENTS

B. Amounts Non-admitted – not applicable.

8. Derivative Instruments – not applicable.

9. Taxes

A. The components of the net deferred tax asset/(liability) at December 31 are as follows:

1.

	12/31/2013			12/31/2012			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
(a) Gross deferred tax assets	$ 9,627,571	$ 165,298	$ 9,792,869	$ 3,951,155	$ (749,246)	$ 3,201,909	$ 5,676,416	$ 914,544	$ 6,590,960
(b) Statutory valuation allowance adjustments	8,927,929	-	8,927,929	-	-	-	8,927,929	-	8,927,929
(c) Adjusted gross deferred tax assets (1a - 1b)	699,642	165,298	864,940	3,951,155	(749,246)	3,201,909	(3,251,513)	914,544	(2,336,969)
(d) Deferred tax assets nonadmitted	-	-	-	-	-	-	-	-	-
(e) Subtotal Net Admitted Deferred Tax Asset (1c - 1d)	699,642	165,298	864,940	3,951,155	(749,246)	3,201,909	(3,251,513)	914,544	(2,336,969)
(f) Deferred Tax Liabilities	699,642	165,298	864,940	16,193	-	16,193	683,449	165,298	848,747
(g) Net admitted deferred tax asset/(Net Deferred Tax L	$ -	$ -	$ -	$ 3,934,962	$ (749,246)	$ 3,185,716	$ (3,934,962)	$ 749,246	$ (3,185,716)

2.

	12/31/2013			12/31/2012			Change		
Admission Calculation Components SSAP No. 101	**Ordinary**	**Capital**	**Total**	**Ordinary**	**Capital**	**Total**	**Ordinary**	**Capital**	**Total**
(a) Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
(b) Adjusted Gross Deferred Tax Assets Expected to be Realized (Excluding The Amount of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation. (The Lesser of 2(b)1 and 2(b)2 Below)	-	-	-	3,348,607	-	3,348,607	(3,348,607)	-	(3,348,607)
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date	-	-	-	3,348,607	-	3,348,607	N/A	-	(3,348,607)
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold	2,008,903		2,008,903	4,075,224		4,075,224	N/A	-	(2,066,321)
(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	699,642	165,298	864,940	602,548	(749,246)	(146,698)	97,094	914,544	1,011,638
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101 Total (2(a) + 2(b) + 2(c))	699,642	165,298	864,940	3,951,155	(749,246)	3,201,909	(3,251,513)	914,544	(2,336,969)

3.

	2013	2012
(a) Ratio Percentage Used to Determine Recovery Period and Threshold Limitation Amount	613.20%	542.68%
(b) Amount of Adjusted Capital and Surplus Used to Determine Recovery Period and Threshold Limitation in 2(b)2 Above	30,243,146	$ 26,713,786

4.

	12/31/2013		12/31/2012		Change	
Impact of Tax Planning Strategies	Ordinary	Capital	Ordinary	Capital	Ordinary	Capital
(a) Determination of Adjusted Gross Deferred Tax Assets and Net Admitted Deferred Tax Assets. By Tax Character as a Percentage						
1. Adjusted Gross DTAs Amount From Note 9A1 (c)	$ 699,642	$ 165,298	$ 3,951,155	$ (749,246)	$ (3,251,513)	$ 914,544
2. Percentage of Adjusted Gross DTAs by Tax Character Attributable to The Impact of Tax Planning Strategies	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
3. Net Admitted Adjusted Gross DTAs Amount from Note 9A1(e)	$ 699,642	$ 165,298	$ 3,951,155	$ (749,246)	$ (3,251,513)	$ 914,544
4. Percentage of Net Admitted Adjusted Gross DTAs by Tax Character Admitted Because of The Impact of Tax Planning	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

B. Unrecognized DTLs – not applicable.

C. Current Tax and Change in Deferred Tax

1. Current income tax

	12/31/2013	12/31/2012	Change
(a) Federal	$ 109,210	$ (1,022,354)	$ 1,131,564
(b) Foreign	-	-	-
(c) Subtotal	109,210	(1,022,354)	1,131,564
(d) Federal income tax on net capital gains	(346,033)	533,691	(879,724)
(e) Utilization of capital loss carryforwards			-
(f) Other	(121,656)	51,243	(172,899)
(g) Federal and foreign income taxes incurred	$ (358,479)	$ (437,420)	$ 78,941

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities are as follows:

2. Deferred tax assets:

NOTES TO FINANCIAL STATEMENTS

	12/31/2013	12/31/2012	Change
(a) Ordinary:			
(1) Discounting of unpaid losses	$ 1,034,637	$ 1,238,434	$ (203,797)
(2) Unearned premium reserve	838,777	1,457,093	(618,316)
(3) Policyholder reserves			-
(4) Investments		77,109	(77,109)
(5) Deferred acquisition costs			-
(6) Policyholder dividends accrual			-
(7) Fixed assets & intangibles			-
(8) Compensation and benefits accrual		-	-
(9) Pension accrual			-
(10) Receivables - nonadmitted			-
(11) Other assets - nonadmitted	629,108	170,195	458,913
(12) Net operating loss carry-forward	5,843,957	846,640	4,997,317
(13) Tax credit carry-forward	46,530	126,796	(80,266)
(14) Deferred Rent			-
(15) Other (including items <5% of total ordinary tax assets)	1,234,562	34,888	1,199,674
(99) Subtotal	9,627,571	3,951,155	5,676,416
(b) Statutory valuation allowance adjustment	(8,927,929)	-	(8,927,929)
(c) Nonadmitted	-	-	-
(d) Admitted ordinary deferred tax assets (2a99 - 2b - 2c)	699,642	3,951,155	(3,251,513)
(e) Capital			
(1) Investments	28,436	(763,878)	792,314
(2) Net capital loss carry-forward	-	-	-
(3) Real estate	-	-	-
(4) Other (including items <5% of total capital tax assets)	-	-	-
(5) Unrealized capital losses	136,862	14,632	122,230
(99) Subtotal	165,298	(749,246)	914,544
(f) Statutory valuation adjustment	-	-	-
(g) Nonadmitted	-	-	-
(h) Admitted capital deferred tax assets (2e99 - 2f - 2g)	165,298	(749,246)	914,544
(i) Admitted deferred tax assets (2d + 2h)	$ 864,940	$ 3,201,909	$ (2,336,969)

3. Deferred tax liabilities:

	12/31/2013	12/31/2012	Change
(a) Ordinary:			
(1) Investments	$ 27,492	$ 7,103	$ 20,389
(2) Fixed assets - Capital Lease	-	-	-
(3) Deferred and uncollected premiums	-	-	-
(4) Policyholder reserves	14,981	9,090	5,891
(5) Discount of accrued salvage and subrogation			
(6) Other (including items <5% of total ordinary tax liabilities)	-	-	-
(99) Subtotal	42,473	16,193	26,280
(b) Capital			
(1) Investments	822,467	-	822,467
(2) Real estate		-	-
(3) Other (including items <5% of total capital tax liabilities)	-	-	-
(4) Unrealized capital gains	-	-	-
(99) Subtotal	822,467	-	822,467
(c) Deferred tax liabilities (3a99 + 3b99)	864,940	16,193	848,747

4.

Net deferred tax assets/liabilities (2i-3c)	$ -	$ 3,185,716	$ (3,185,716)

The change in net deferred income taxes is comprised of the following (this analysis is exclusive of nonadmitted assets as the Change in Nonadmitted Assets is reported separately from the Change in Net Deferred Income Taxes in the surplus section of the Annual Statement):

	12/31/2013	12/31/2012	Change
Total deferred tax assets	$ 9,792,869	$ 3,201,909	$ 6,590,960
Total deferred tax liabilities	(864,940)	(16,193)	(848,747)
Net deferred tax assets/liabilities	8,927,929	3,185,716	5,742,213
Statutory valuation allowance adjustment	(8,927,929)	-	(8,927,929)
Net deferred tax assets/liabilities after SVA	-	3,185,716	(3,185,716)
Tax effect on unrealized gain/(losses)	(136,862)	(14,632)	(122,230)
Statutory valuation allowance adjustment allocated to unrealized (+)	-	-	-
Tax effect of SSAP No. 3 adjustments	(722,287)	-	(722,287)
Change in net deferred income tax [(charge)/benefit]	$ (859,149)	$ 3,171,084	$ (4,030,233)

SSAP No. 3 Impact	Current	Deferred	Total
Net Operating Loss		$ 54,630	$ 54,630
Nonadmitted Assets		(11,228)	(11,228)
Other	25,638	143,269	168,907
Investments		615,881	615,881
Tax Credit Carry Forward		(80,265)	(80,265)
Valuation Allowance	-	-	-
Total SSAP No. 3 Adjustments	$ 25,638	$ 722,287	$ 747,925

D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate

NOTES TO FINANCIAL STATEMENTS

The provision for federal and foreign income taxes incurred is different from that which would be obtained by applying the statutory Federal income tax rate to income before income taxes. The significant items causing this difference are as follows:

	12/31/2013	Effective Tax Rate
Provision computed at statutory rate	$(4,730,115)	35.00%
Tax-Exempt Interest	(103,217)	0.76%
Dividends Received Deduction	(7,580)	0.06%
Proration	16,619	-0.12%
Meals & Entertainment	-	0.00%
Change in Statutory Valuation Allowance Adjustment	8,927,929	-66.06%
Change in nonadmitted assets	(458,913)	3.40%
Prior Year True Up	33,020	-0.24%
State Tax Expenses	(5,992)	0.03%
Foreign Tax Expense	-	0.00%
Others	3	0.00%
Total	$ 3,671,754	-27.17%
Federal and Foreign Income Taxes incurred	$ (12,446)	0.09%
Tax on Realized Capital Gains/(Losses)	(346,033)	2.56%
Change in net deferred income taxes	4,030,233	-29.82%
Total statutory income taxes	$ 3,671,754	-27.17%

E. Operating Loss and Tax Credit Carry forwards

1. At December 31, 2013, the Company has unused net operating loss carry forwards available to offset against future taxable income of $16,697,020.

   At December 31, 2013, the Company has no capital loss carryforwards.

   At December 31, 2013, the Company has AMT and foreign tax credit carryforwards of $132,943.

2. The Company has no income tax expense for 2013 and 2012 that is available for recoupment in the event of future net losses.

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

F. Consolidated Federal Income Tax Return

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

   i. Condor 2 Corporation.
   ii. Condor 3 Corporation.
   iii. Tower Group, Inc.
   iv. Tower Risk Management Corp.
   v. Tower Insurance Company of New York
   vi. Tower National Insurance Company
   vii. Preserver Group, Inc.
   viii. Preserver Insurance Company
   ix. North East Insurance Company
   x. North Atlantic Underwriters, Inc.
   xi. Mountain Valley Indemnity Company "MVIC" (January 1, 2012 to February 1, 2012)
   xii. Ocean II Corp.
   xiii. Ocean I Corp.
   xiv. CastlePoint Bermuda Holdings, Ltd.
   xv. CastlePoint Management Corp.
   xvi. CastlePoint Reinsurance Company, Ltd.
   xvii. CastlePoint Insurance Company
   xviii. CastlePoint Florida Insurance Company
   xix. HIG, Inc.
   xx. Hermitage Insurance Company
   xxi. Kodiak Insurance Company
   xxii. Specialty Underwriters Alliance, Inc.
   xxiii. CastlePoint National Insurance Company (f.k.a. SUA Insurance Company)
   xxiv. CastlePoint Risk Management of Florida, Corp.
   xxv. Massachusetts Homeland Insurance Company
   xxvi. York Insurance Company of Maine

2. The method of allocation among companies is subject to a written agreement, approved by the Board of Directors. Allocation is based upon separate return calculations with current credit for any net operating losses or other items utilized in the consolidated tax return.

G. Federal of Foreign Income Tax Loss Contingencies

NOTES TO FINANCIAL STATEMENTS

The Company has no tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within twelve months of the reporting date.

10. Information Concerning Parent, Subsidiaries and Affiliates

A. The Company is wholly owned subsidiary of Tower Insurance Company of New York (TICNY). The Company's ultimate parent is Tower Group International, Ltd., a Bermuda corporation.

B. The following table summarizes transactions (excluding reinsurance and cost allocation transactions) that occurred during 2013 between the Company and affiliated companies in which the value exceeded ½ of 1% of the Company's admitted assets of December 31, 2013:

			2013					
			Assets Received by the Company			Assets Transferred by the Company		
Date of Transaction	Explanation of Transaction	Name of Affiliate	Statement Value		Description	Statement Value		Description
July 17, 2013	Purchase of security	CastlePoint Insurance Company	$	905,385	Security	$	905,385	Cash

In 2013, the Company purchased investment from its affiliate, CastlePoint Insurance Company.

In 2012, the Company did not have any transactions with its parent, subsidiaries and affiliates (excluding reinsurance transactions, any non-insurance transactions that are less than ½ of 1% of the total admitted assets, and cost allocation transactions).

C. The Company did not change its methods of establishing terms regarding any affiliate transactions during the period ended December 31, 2013.

D. At December 31, 2013 and 2012, the Company reported the following receivable (payable) from its parent, subsidiaries and affiliates:

	December 31, 2013		December 31, 2012	
Admitted balances:				
TICNY, pool manager	$	9,374,928	$	27,675,399
Change in pooling participation (Note 1)		-		-
Restated TICNY, pool manager - December 31, 2012		9,374,928		27,675,399
Other pool member companies		(1,612,388)		(5,071,383)
Other affiliated companies less than 0.5% of admitted assets		-		(88,659)
Receivable/(payable) from parent, subsidiaries & affiliates	$	7,762,540	$	22,515,357

The terms of the settlement require that these amounts be settled within 45 days. Settlement of intercompany balances can be in the form of cash, securities or a combination thereof.

E. The Company has not entered into any guarantees or undertakings for the benefit of any affiliate. Refer to Note 14 for disclosure of any contingencies.

F. The Company has Service & Expense Sharing Agreements with its affiliates, TICNY. TICNY is the employer of staff that provides services to its affiliates under TGI that are participants in the Intercompany Pooling Agreement. Underwriting and Claim expenses are handled through the Intercompany Pooling Agreement, however the Service & Expense Sharing Agreements are in place for other services performed by TICNY's employees on behalf of the Company.

Tower has in place several intercompany reinsurance transactions between its U.S. based insurance subsidiaries and its Bermuda based insurance subsidiaries. The U.S. based insurance subsidiaries have historically reinsured on a quota share basis obligations to CastlePoint Reinsurance Company (CastlePoint Re), one of its Bermuda based insurance subsidiaries. The 2013 obligations that CastlePoint Re assumes from the U.S. based insurance subsidiaries are then retroceded to Tower Reinsurance, Ltd. (TRL), Tower's other Bermuda based insurance subsidiary. In addition, CastlePoint Re also entered into a loss portfolio transaction with TRL where its reserves associated with the U.S. insurance subsidiary business for underwriting years prior to 2013 were all transferred to TRL. CastlePoint Re is required to collateralize $648.8 million of its assumed reserves in a reinsurance trust for the benefit of TICNY, the lead pool company of the U.S. insurance companies. On February 05, 2014, the Bermuda Monetary Authority (BMA) approved the transfer of $167.3 million in unencumbered liquid assets from TRL to CastlePoint Re, allowing CastlePoint Re to increase the funding in the reinsurance trust for the benefit of TICNY. The New York State Department of Financial Services (NYDFS) has confirmed this will be acceptable for the purpose of admitted surplus and capital on TICNY's 2013 statutory basis financial statements. For the 2013 statutory basis financial statements, the Pool reflected a collateralized reinsurance trust of $581.7 million from CastlePoint Re. The shortfall of $67.1 million was recorded as a liability and expense. The Company recorded its share of the shortfall based upon its pooling allocation (refer to Note 23D).

G. All outstanding shares of the Company are owned by TICNY. The Company is controlled by its parent.

H. The amount deducted from the value of an upstream intermediate entity or ultimate parent owned, either directly or indirectly, via a downstream subsidiary, controlled, or affiliated entity – not applicable.

I. The Company has no investment in an SCA entity that exceeds 10% of admitted assets of the insurer.

J. The Company recognized an impairment write down for its investments in subsidiary, controlled or affiliated companies during the statement period.

NOTES TO FINANCIAL STATEMENTS

K. Investment in a foreign insurance subsidiary – not applicable.
L. Investment in a downstream non-insurance holding company – not applicable.

11. Debt

A. Debt including capital notes – not applicable
B. FHLB (Federal Home Loan Bank) agreements – not applicable.

12. Retirement Plans, Deferred Compensation, Post Employment Benefits, Compensated Absences and Other Post Retirement Benefit Plans

A. Defined Benefit Plan – not applicable.
B. Description of Investment Policies – not applicable.
C. Fair Value of Plan Assets – not applicable.
D. Rate of Return Assumptions – not applicable.
E. TICNY's employees are covered by a defined contribution Employee Pretax Saving Plan, the 401(k), sponsored by TGI. TGI matches $.50 for each dollar employees contribute to the plan, up to 8.0% of each employee's eligible contribution, each year. TICNY incurred $148,757 and $137,678 of expense for the years ended December 31, 2013 and 2012, respectively, related to the 401(k) sponsored plan.
F. Multiemployer Plans – not applicable.
G. Certain TGI employees are covered by a non-qualified Supplemental Employee Retirement Plan (SERP) sponsored by TGI. Eligibility is based on officer level and length of service. TGI contributes a percentage of each employee's eligible earnings ranging from 1.0% to 5.0% of earnings annually. The Company incurred $21,097 and $22,480 of expense for the years ended December 31, 2013 and 2012, respectively, related to the plan. The plan also permits eligible employees to make voluntary non-qualified deferrals to the plan from base salary and/or cash bonus compensation.
H. Post-employment Benefit and Compensated Absences – not applicable.
I. Impact of Medicare Modernization Act – not applicable.

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

(1) The Company has 12,000,000 shares of $1.0 par value common stock authorized and 3,049,000 shares issued and outstanding.
(2) The Company has no preferred stock outstanding.
(3) The Company may not pay dividends without prior approval of its domiciliary superintendent.
(4) The Company didn't pay any ordinary dividends in 2013 and 2012.
(5) Within the limitations of (3) above, there are no other restrictions placed on the portion of Company profits that may be paid as ordinary dividends to the Company's shareholders.
(6) There are no restrictions on the unassigned funds (surplus) of the Company other than those described above in paragraphs (3) and (5) and these unassigned funds (surplus) are held for the benefit of shareholders and policyholders.
(7) The Company is not a mutual company.
(8) The Company holds no stocks of affiliated companies held for special purposes.
(9) Changes in the balances of special surplus balances at December 31, 2013 are due to adjustments in the amounts of reserves transferred under retroactive reinsurance agreement that were in excess of the consideration paid. The December 31, 2012 balance is due to the reversal of balances calculated under SSAP 10R which were reversed in 2012 upon the adoption of SSAP 101..
(10) The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and (losses) – $286,810 and ($514,160) as of December 31, 2013 and 2012, respectively.
(11) Surplus Notes – not applicable.
(12) Impact of any restatement due to quasi-reorganizations – not applicable.
(13) Effective date of all quasi-reorganizations in the prior 10 years – not applicable.

NOTES TO FINANCIAL STATEMENTS

14. Contingencies

A. The Company has contingent commitments in the following types of investments.

Total SSAP No. 97, Investments in Subsidiary, Controlled, and Affiliated Entities, A replacement of SSAP No. 88, and SSAP No. 48, Joint Venture, Partnerships and Limited Liability Company contingent liabilities: $5,818,000

1	2	3	4	5
Nature and circumstances of guarantee and key attributes, including date and duration of agreement.	Liability recognition of guarantee (Include amount recognized at inception. If no initial recognition, document exception allowed under SSAP 5R).	Ultimate financial statement impact if action under the guarantee is required.	Maximum potential amount of future payments (undiscounted) the guarantor could be required to make under the guarantee. If unable to develop an estimate, this should be specifically noted.	Current status of payment or performance risk of guarantee. Also provide additional discussion as warranted.
On 7/17/13, NEIC invested in a joint venture limited partnership with 150 Lincoln Dvelopment Holding Co. for an indefinite period of time.	$ -	$ 18,000	$ 18,000	Capital calls are current as of the date of reporting.
On 7/16/13, NEIC committed to Guggenheim Private Debt Fund Note for an indefinite period time.	-	5,800,000	5,800,000	No Contribution as of 12/31/2013
Total Contingencies	$ -	$ 5,818,000	$ 5,818,000	

(a)	Aggregate Maximum Potential of Future Paymnets of All Guarantees (undiscounted) the guarantor could be required to make under guarantees.	$ 5,818,000
(b)	Current Liability recogizned in F/S:	
	1. Noncontingent Liabilities	-
	2. Contingent Liabilities	-
(c)	Ultimate Financial Statement Impact if action under the guarantee is required.	
	1. Investmnet in SCA	-
	2. Joint venture	5,818,000
	3. Dividends to Stockholders (capital contribution)	-
	4. Expense	-
	5. Other	-
	6. Total	$ 5,818,000

B. Assessments

1. As of December 31, 2013, the Company has not received any notifications from any insolvency or any other regulatory entity for any possible assessment; therefore, the Company does not expect any insolvencies or assessments. At this ti me, the Company is unable to determine the possible amounts, if any of such assessments. Accordingly, the Company is unable to determine the impact, if any; such assessments may have on the Company's financial position or results of operation.

Premium based assessments, the event that obligates the entity is writing the premiums, or being obligated to write or renew the premiums on which the assessments are expected to be based. Some states require the entity to remain liable for assessments even though the insurance entity discontinues the writing of premiums. As such, a liability is recognized once this condition has been met. Pursuant to SSAP No. 35R, Guaranty Fund and Other Assessments, the accrual of prospective-premium based assessments is based on and limited in the same manner for which the liability is recognized. Premium base and loss base assessments for the Company for various insurance departments and boards were $375,903 and $345,462 for 2013 and 2012, respectively. These liabilities are usually paid in the calendar year following the establishment of the liability and/or within two years. Actual assessments have resulted in differences to the original estimated liability. As a result, the Company paid $338,786 and $171,627 for 2013 and 2012, respectively. State guaranty assessments are paid when notified by the state, usually a three year period. Premium tax offset or assets for guaranty fund payments in most states are realized within five years of the payment of the guaranty fund assessment.

The amount of recognized liabilities for premium base assessments and loss base assessments are shared by the members of the Intercompany Pooling Agreement.

a. Assets recognized from paid and accrued premium tax offsets and policy surcharges prior year-end	$ 24,741
b. Decreases current year:	
Policy surcharges paid & Premium base assessments paid	-
Premium tax offset applied	27,648
c. Increases current year:	
Policy surcharges accrual & premium base assessments accrual	-
Premium tax offset applied	31,863
d. Assets recognized from paid and accrued premium tax offsets and policy surcharges current year-end	$ 28,956

NOTES TO FINANCIAL STATEMENTS

C. Gain contingencies – not applicable.
D. Claims related to extra contractual obligation and bad faith losses stemming from lawsuits – not applicable.
E. Product Warranties – not applicable.
F. All Other Contingencies – not applicable.

15. Leases

A. Lessee Operating Lease:

1. The Company is not a party to the lease agreements. However, as a participant of the Intercompany Pooling Arrangement, the Company incurs 8% of the expense associated with leased office space and equipment in various locations. Following the allocation of expenses among Pool members, the lease expense for the Company in 2013 and 2012 was approximately $856,000 and $763,000 respectively in each year.

2. Leases having initial or remaining non-cancelable lease terms in excess of one year – not applicable.

3. Sale-Leaseback Transactions – not applicable.

B. Lessors Leases – not applicable.

16. Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentration of Credit Risk – not applicable.

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

A. Transfer of Receivables as Sales – not applicable.
B. Transfer and Servicing of Financial Assets – not applicable.
C. Wash Sales – not applicable.

18. Gain or Loss to the Insurer from Uninsured A & H Plans and the Uninsured Portion of Partially Insured Plans

A. Administrative Services Only (ASO) Plans – not applicable.
B. Administrative Services Contract (ASC) Plans – not applicable.
C. Medicare or Other Similarly Structured Cost Based Reimbursement Contracts – not applicable.

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators – not applicable.

20. Fair Value Measurement

A.

1. Fair Value Measurements at Reporting Date

	(1) Description	(2) (Level 1)	(3) (Level 2)	(4) (Level 3)	(5) Total
a.	Assets at fair value				
	Bonds	-	-	-	-
	U.S. Governments	-	-	-	-
	Industrial and Misc	-	4,002,810	-	4,002,810
	Hybrid Securities	-	-	-	-
	Parent, Subsidiaries and Affililates	-	-	-	-
	Total Bonds	-	4,002,810	-	4,002,810
	Perpertual Preferred stock				
	Induatrial and Misc	1,467,251	-	-	1,467,251
	Hybrid Securities	-	-	-	-
	Parent, Subsidiaries and Affililates	-	-	-	-
	Total Perpertual Preferred Stcks	1,467,251	-	-	1,467,251
	Total assets at fair value	$ 1,467,251	$ 4,002,810	$ -	$ 5,470,061
b.	Liabilities at fair value	$ -	$ -	$ -	$ -
	Derivative liabilities	-	-	-	-
	Total liabilities at fair value	$ -	$ -	$ -	$ -

The Company had no transfers between Level 1 and Level 2 of the fair value hierarchy.

2. The Company had no Level 3 assets at December 31, 2013 and December 31, 2012 that were valued at the fair value.

3. No transfers were made between levels during the reporting period.

4. Fair value measurement:

A. The valuation technique used for fair value measurement is the Market approach. No change in technique was made during the reporting period.

NOTES TO FINANCIAL STATEMENTS

B. Independent pricing services such as IDC or NAIC prices are used for fair valuation of assets categorized as Level 2. There were no assets categorized as Level 3 at the reporting date.

C. When measuring fair value, the Company process to validate the market prices obtained from the outside pricing sources include, but are not limited to, periodic evaluation of model pricing methodologies, the availability of observable inputs, market activity or liquidity. In circumstances where quoted market prices are unavailable, the Company utilizes fair value estimates based upon other observable inputs including matrix pricing, benchmarking interest rates, market comparables and other relevant inputs or based on unobservable inputs if observable inputs are not available.

5. The Company has no investments in derivatives.

B. Other Fair Value Disclosure – not applicable.

C. Types of Financial Instruments for which it is Practicable to Estimate Fair Value

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Bonds	$ 44,820,016	$ 44,819,782	$ -	$ 44,820,016	$ -	$ -
Perpetual Preferred Stock	1,467,251	1,467,251	1,467,251	-	-	-
Redeemable Preferred Stock	201,600	255,950	201,600	-	-	-
Cash, Cash equivalent & Short term investments	2,221,894	2,221,894	2,221,894	-	-	-
Other Invested Assets (1)	-	-	-	-	-	-
Receivable for securities	-	-	-	-	-	-
Total Assets	$ 48,710,761	$ 48,764,877	$ 3,890,745	$ 44,820,016	$ -	$ -
Financial Instruments-Liabilities	$ -	$ -	$ -	$ -	$ -	$ -
Total Liabilities	$ -	$ -	$ -	$ -	$ -	$ -

Note: (1) Excludes affiliated common stock, surplus notes & other invested assets which are reported under the Equity Method.

D. Reasons not practical to estimate Fair Value – not applicable.

21. Other Items

A. Extraordinary Items – not applicable.
B. Troubled Debt Restructuring – not applicable.
C. Other Disclosures and Unusual Items:

The NYDFS has issued orders for seven of Tower’s insurance subsidiaries, subjecting them to heightened regulatory oversight, which includes providing the NYDFS with increased information with respect to the insurance subsidiaries business, operations and financial condition. In addition, the NYDFS has placed limitations on payments and transactions outside the ordinary course of business and material changes in the insurance subsidiaries’ management and related matters.

The Massachusetts Division of Insurance (MDOI) and Tower management have agreed to certain restrictions on the operations of Tower’s two Massachusetts domiciled insurance subsidiaries. Tower management has agreed to cause these subsidiaries to provide the MDOI regulatory authority with increased information with respect to their business, operations and financial condition, as well as limitations on payments and transactions outside the ordinary course of business and material changes in their management and related matters.

The Maine Bureau of Insurance entered a Corrective Order imposing certain conditions on Maine domestic insurers YORK and NEIC. The Corrective Order imposes increased reporting obligations on YORK and NEIC with respect to business operations and financial condition and imposes restrictions on payments or other transfers of assets from YORK and NEIC outside the ordinary course of business.

D. Business Interruption Insurance Recoveries – not applicable.
E. Transferable or Non-Transferable State Tax Credits – not applicable.
F. Subprime Mortgage Related Risk Exposure:

1. Subprime Mortgage Exposures

Tower defines its exposure to subprime mortgage related risk through an analysis of the underlying collateral characteristics of its non-agency mortgage backed securities. Subprime collateral will generally be characterized by loans to borrowers with lower credit ratings, but may also include one or more of the following characteristics: incomplete or abbreviated loan documentation, higher loan to value ratios, non-conventional loan types, and other non-standard loan characteristics. The subprime designation is also cross-checked against market conventional definitions as reported by Loan Performance, rating agencies, Bloomberg, and Intex.

For all exposures rated below AA, OTTI analysis is performed whereby future security cash flows are modeled using industry standard loan level models. Unrealized losses are then deemed to be either temporary or other-than-temporary. If the losses are other-than-temporary, we record to impairment and adjust the book value to the new cost basis.

Future performance of securities and their intrinsic values are compared to market prices and trading levels in evaluating a buy/hold/sell strategy for existing positions. Trading of non-agency securities are managed by Tower asset managers in accordance to the management agreement which is approved by Tower management as set forth in the Tower Investment Policy Statement which has been approved by the Investment Committee of the Board of Directors.

2. Direct exposure through investments in subprime mortgage loans – not applicable.

3. Direct exposure through other investment – not applicable.

4. Underwriting Exposure – not applicable.

G. Offsetting and Netting Assets and Liabilities. – not applicable.

22. Event Subsequent

A. Type I – Recognized Subsequent Events – not applicable.

B. Type II – Nonrecognized Subsequent Events:

Plan of Merger

On January 3, 2014, Tower entered into an Agreement and Plan of Merger (ACP Re Merger Agreement) with ACP Re Ltd. (ACP Re), and a wholly-owned subsidiary of ACP Re (Merger Sub), pursuant to which, subject to the satisfaction or waiver of the conditions therein, it is expected that Merger Sub will merge with and into Tower, with Tower as the surviving corporation in the merger and a wholly owned subsidiary of ACP Re. The transaction is expected to close by the summer of 2014, subject to the satisfaction or waiver of the closing conditions contained in the ACP Re Merger Agreement. ACP Re is a Bermuda based reinsurance company. The controlling shareholder of ACP Re is a trust established by the founder of AmTrust Financial Services, Inc. (AmTrust), National General Holdings Corporation (NGHC) and Maiden Holdings, Ltd.

Pursuant to the terms of the ACP Re Merger Agreement, at the effective time of the merger, each outstanding share of Tower's common stock, par value $0.01 per share, following the settlement of all outstanding equity awards, will be converted into the right to receive $3.00 in cash, with an aggregate value of approximately $172.1 million.

Each of the parties has made representations and warranties in the ACP Re Merger Agreement. Tower has agreed to certain covenants and agreements, including, among others, (i) to conduct its business in the ordinary course of business, consistent with past practice, during the period between the execution of the ACP Re Merger Agreement and the closing of the merger, (ii) not to solicit alternate transactions, subject to a customary "fiduciary out" provision which allows Tower under certain circumstances to provide information to and participate in discussions with third parties with respect to unsolicited alternative acquisition proposals that Tower's Board of Directors has determined, in its good faith judgment, is appropriate in furtherance of the best interests of Tower, and (iii) to call and hold a special shareholders' meeting and recommend adoption of the ACP Re Merger Agreement.

Concurrently with the execution of the ACP Re Merger Agreement, several subsidiaries of Tower have entered into two Cut Through Reinsurance Agreements, pursuant to which a subsidiary of AmTrust and a subsidiary of NGHC will provide 100% quota share reinsurance and a cut through endorsement to cover all eligible new and renewal commercial and personal lines business, respectively, and at their option, losses incurred on or after January 1, 2014 on not less than 60% of the in-force business. Tower received confirmation on January 16, 2014 from AmTrust and NGHC that they would exercise such option to reinsure on a cut through basis losses incurred on or after January 1, 2014 under in-force policies with respect to (1) in the case of AmTrust, a significant majority of Tower's unearned premium reserves as of December 31, 2013 with respect to its ongoing commercial lines business, and (2) in the case of NGHC, 100% of Tower's unearned premium reserves as of December 31, 2013 with respect to its personal lines segment business. Tower will receive a 20% ceding commission from AmTrust or NGHC on all Tower premiums that are subject to the Cut Through Reinsurance Agreements.

Concurrently with the execution of the ACP Re Merger Agreement, the controlling shareholder of ACP Re has provided to Tower a guarantee for the payment of the merger consideration, effective upon the closing of the merger.

The ACP Re Merger Agreement was unanimously approved by the respective Boards of Directors of ACP Re and Tower, and is conditioned, among other things, on: (i) the approval of Tower's shareholders, (ii) receipt of governmental approvals, including antitrust and insurance regulatory approvals (on January 30, 2014, the Company was granted early termination of the Hart-Scott-Rodino waiting period), (iii) the absence of any law, order or injunction prohibiting the merger, (iv) the accuracy of each party's representations and warranties (subject to customary materiality qualifiers), and (v) each party's compliance with its covenants and agreements contained in the ACP Re Merger Agreement. In addition, ACP Re's obligation to consummate the merger is subject to the non-occurrence of any material adverse effect on Tower, as well as the absence of any insolvency-related event affecting Tower. The transaction is also conditioned on holders of not more than 15% of Tower's common stock dissenting to the merger.

There is no financing condition to consummation of the transactions contemplated by the ACP Re Merger Agreement.

The ACP Re Merger Agreement provides certain termination rights for each of Tower and ACP Re, and further provides that upon termination of the ACP Re Merger Agreement, under certain circumstances, Tower will be obligated to reimburse ACP Re for certain of its transaction expenses, subject to a cap of $2 million, and to pay ACP Re a termination fee of $8.18 million, net of any transaction expenses it has reimbursed.

Reinsurance Agreement

As a result of the Cut Through Reinsurance Agreements, the statutory capital of the members of the Intercompany Pooling Agreement and KIC, MHLIC and York (collectively Tower Pool Companies) will increase significantly from December 31, 2013 to January 1, 2014, as the Tower Pool Companies will transfer a significant portion of their commercial lines unearned premium reserve to a subsidiary of AmTrust and all of their personal lines segment unearned premium reserves to a subsidiary of NGHC. This UPR cession will also increase the risk based capital measured as of January 1, 2014 as compared to that measured as of December 31, 2013. The table below displays the statutory capital and risk based capital of the Tower Pool Companies as of December 31, 2013 and January 1, 2014:

	TICNY	CPIC	CNIC	HIC	PIC	NEIC	TNIC	KIC	MHLIC	YORK
RBC @ 12/31/13										
Authorized Control Level RBC	75,200	28,569	28,814	27,388	10,413	5,164	2,616	214	208	596
Total Adjusted Capital	136,436	3,238	30,504	(7,746)	9,965	14,061	3,299	21,346	8,611	45,526
RBC - 100% Authorized Control Level	181.4%	11.3%	105.9%	-28.3%	95.7%	272.3%	126.1%	999.9%	999.9%	999.9%
Estimated RBC @ 01/01/14										
Authorized Control Level RBC	74,035	21,303	21,852	20,404	7,718	3,842	1,962	214	208	596
Total Adjusted Capital	150,539	17,431	41,393	19,163	14,113	16,135	4,336	21,346	8,611	45,526
RBC - 100% Authorized Control Level	203.3%	81.8%	189.4%	93.9%	182.9%	420.0%	221.0%	999.9%	999.9%	999.9%

Going concern

There is no assurance that the closing of our proposed merger with ACP Re will occur. Consummation of the merger is subject to various conditions, including, among other things, the approval of the ACP Re Merger Agreement and the merger by the holders of a majority of our outstanding common shares, and certain other customary conditions, including, among other things, the absence of laws or judgments prohibiting or restraining the merger and the receipt of certain regulatory approvals. Tower cannot predict with certainty whether and when any of these conditions will be satisfied. In addition, the ACP Re Merger Agreement may be terminated under certain specified circumstances, including if the merger is not consummated on or before September 30, 2014 or if the special meeting of our shareholders is not convened and held on or prior to August 15, 2014. If the ACP Re Merger Agreement is not approved by Tower's shareholders or if the merger is not consummated for any other reason, the shareholders will not receive any payment for their shares in connection with the merger. Instead, Tower will remain an independent public company and the common shares will continue to be listed and traded on NASDAQ. There is, however, substantial doubt about Tower's ability to continue as a going concern. Recent declines in our financial strength and issuer credit ratings have materially adversely affected Tower's ability to write new business.

23. Reinsurance

A. Unsecured reinsurance recoverables that exceed 3.0% of the Company's policyholder surplus are as follows:

B. Reinsurance Recoverables in Dispute – not applicable.

NOTES TO FINANCIAL STATEMENTS

C. Reinsurance Assumed and Ceded

(1)

	Assumed Reinsurance		Ceded Reinsurance		Net Reinsurance	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
a. Affiliates	$ 38,321,000	$ 7,124,000	$ 30,647,000	$ 5,268,000	$ 7,674,000	$ 1,856,000
b. All Other	-	-	-	-	-	-
c. Total	$ 38,321,000	$ 7,124,000	$ 30,647,000	$ 5,268,000	$ 7,674,000	$ 1,856,000

d. Direct Unearned Premium Reserve: $ 3,839,000

(2) Additional or return commission predicated on loss experience or on any other form of profit sharing arrangements in this annual statement are as follows:

	Direct	Assumed	Ceded	Net
a. Contingent Commission	$ 167,000	$ -	$ -	$ 167,000
b. Sliding Scale Adjustment	-	-	-	-
c. Other Profit Commission Arrangements	-	-	-	-
d. Total	$ 167,000	$ -	$ -	$ 167,000

(3) Protected Cells – not applicable.

D. The Company has recorded an expense of $2,684,960 for unsecured balances recoverable from its affiliated reinsurer, CastlePoint Reinsurance Company, Ltd. (refer to Note 10F).

E. Commutation of Ceded Reinsurance – none.

F. Retroactive Reinsurance

1)

		Ceded
a. Reserves transferred.		
1)	Initial Reserves	$ 9,799,332
2)	Adjustments-Prior Year(s)	-
3)	Adjustments-Current Year	642,801
4)	Current Total	10,442,133
b. Consideration paid or received.		
1)	Initial Consideration	9,799,332
2)	Adjustments-Prior Year(s)	-
3)	Adjustments-Current Year	-
4)	Current Total	9,799,332
c. Paid losses reimbursed or recovered.		
1)	Prior Year	-
2)	Current Year	2,528,129
3)	Current Total	2,528,129
d. Special surplus from retroactive reinsurance.		
1)	Initial Surplus Gain or Loss	-
2)	Adjustments - Prior Year(s)	-
3)	Adjustments-Current Year	642,801
4)	Current Year Restricted Surplus	642,801
5)	Cumulative Total Transferred to Unassigned Funds.	-

e. All cedents and reinsurers involved in all transactions included in summary totals above are as follows:

NAIC/Alien Code	Company	Assumed	Ceded
90-0963313	Southport Re (Cayman), Ltd	$ -	$ 10,442,133

f.

1. Authorized Reinsurers None

2. Unauthorized Reinsurers

Company	Total Paid/Loss/LAE Recoverable	Amounts Over 90 Days Overdue	Collateral Held
Southport Re (Cayman), Ltd	$ 2,528,129	$ -	$ 2,528,129

3. Certified Reinsurers None

As a result of the announced merger agreement with ACP Re, it was decided that the Southport treaties should be commuted. As a result of a negotiation between the Company and Southport, all of these treaties were commuted effective as of February 19, 2014, with the result of the commutation being that all premiums paid to Southport by the

NOTES TO FINANCIAL STATEMENTS

Company were returned to the Company, and all liabilities assumed by Southport were cancelled, and such liabilities became the obligation of the Company.

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.

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

A. The Company estimates accrued retrospective premium not offset by retrospective return premiums, other liabilities to the same party (other than loss adjustment expense reserves), or collateral as permitted by SSAP No. 66, Retrospectively Rated Contracts, has been nonadmitted.

B. The Company records accrued retrospective premium as an adjustment to earned premium.

C. See Schedule P – Part 7A.

D. The Company does not have medical loss ratio rebates.

E. Ten percent of the amount of accrued retrospective premiums not offset by retrospective return premiums, other liabilities to the same party (other than loss and loss adjustment expense reserves), or collateral as permitted by SSAP No. 66, Retrospectively Rated Contracts, has been non admitted.

a.	Total accrued retro premium	$	42,561
b.	Unsecured amount		17,160
c.	Less: Nonadmitted amounts (10%)		1,716
d.	Less: Nonadmitted for any person for whom agents' balances or uncollected premiums are nonadmitted		-
e.	Admitted amounts	$	40,845

25. Change in Incurred Losses and Loss Adjustment Expenses

The incurred losses and balance sheet reserves are calculated based upon the current pooling percentage. Incurred losses attributable to insured events of prior years increased by $13,412,000 for the year 2013. The increase was due to higher than expected loss emergence and changes in actuarial assumptions that resulted in reserve strengthening for the commercial multi-peril, workers compensation, other liability, products, private passenger auto, auto liability, and auto physical damage lines of business; for the fire line of business there is a lower than expected loss emergence.

26. Intercompany Pooling Agreements

As stated in Note 1, the pooling participation of the members of the Intercompany Pooling Agreement was changed effective January 1, 2013. The prior year balances subject to the Intercompany Pooling Agreement have been changed to reflect the new pooling participation percentages.

A. The Company is a party to the Intercompany Pooling Agreement with certain other affiliates as discussed in Note 1. The Company's share is 4%. TICNY is the lead company and pool manager.

B. Pool participants other than pool manager cede 100% of gross business (direct and assumed) to pool manager, and pool manager assumes 100% of gross business with respect to policies issued and assumed by the pool participants other than pool manager. All lines of business are subject to the pooling arrangement. The pool manager cedes to the pool participants their respective share of the pool including business written net of cessions on its own account.

C. At the end of each quarter pool participants report to the pool manager premiums written, commissions, losses and LAE, salvage and subrogation recoveries received, unearned premiums and outstanding losses and LAE ceded to the pool. In turn, the pool manager reports similar information to each pool participant based upon their respective share.

D. The pool manager is responsible for securing reinsurance on the pool premiums from non affiliated re-insurers and affiliated insurer. Some pool participants have quota share reinsurance arrangements with other non-pool participants. Business assumed from non-pool insurance companies of TGI by pool participants enters the pool through pool participants. Notwithstanding this process, each pool participant has a contractual right of direct recovery from its own facultative re-insurers per the terms of the reinsurance agreement.

E. There are no discrepancies related to the pooled business between the assumed and ceded reinsurance schedules of the pool participants.

F. The pool manager establishes a provision for reinsurance for the pool and reflects Schedule F penalty for the pool. This balance is not pooled. Write-offs of uncollectible reinsurance are subject to the pooling arrangement and shared by all pool participants.

G. The pool manager collects all premiums and pays all losses and related underwriting expenses on behalf of the members. Amounts due to or from TICNY, the lead company pool manager, are settled in the next quarter. Amounts due to the pool participants as of December 31, 2013 are as disclosed in Note 10D.

NOTES TO FINANCIAL STATEMENTS

27. Structured Settlements

A. Reserves Released Due to Purchase of Annuities:

As a result of an acquisition in 2010, the Company became the owner of some structured settlements. Structured settlements involve the purchase of an annuity to fund future claim obligations. In the event the life insurers providing the annuity, on certain structured settlements, are not able to meet their obligations, the Company would be liable for the payments of benefits. As of December 31, 2013, the Company has not incurred a loss and there has been no default by any of the life insurers included in the transactions. Management believes that based on the financial strength of the life insurers involved in these structured settlements the likelihood of a loss is remote.
The estimated loss reserves eliminated by such structured settlement annuities and the unrecorded loss contingencies are as follows:

Loss Reserves Eliminated by Annuities	Unrecorded Loss Contingencies
$703,230	$703,230

B. Annuity Insurers with Balances Due Greater than 1 Percent of Policyholders' Surplus:

As of December 31, 2013, the Company had the following amounts of annuities in excess of 1 percent of its policyholders' surplus with the following life insurers:

Life Insurance Company and Location	Licensed in New York	Statement Value
Aviva Life & Annuity Company of New York	Yes	$431,779

28. Health Care Receivables

A. Pharmaceutical rebate receivables – not applicable.

B. Risk sharing receivables – not applicable.

29. Participating Policies – not applicable.

30. Premium Deficiency Reserves

1. Liability carried for premium deficiency reserves	$0
2. Date of the most recent evaluation of this liability	12/31/2013
3. Was anticipated investment income utilized in the calculation?	Yes

31. High Deductibles

As of December 31, 2013 and 2012, the amount of reserve credit recorded for high deductibles on unpaid claims was $412,000 and $462,000, respectively, and the amount billed and recoverable on paid claims was $258,843 and $201,750 respectively.

32. Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses

The Company discounts a portion of its workers compensation and general liability losses. The table used was the current life tables from the US government web page of SSI (2005 tables were used). An interest rate of 4.0% was used to discount the cash flow up to $1 million. For the business discounted the Company has significant reinsurance for 2010 and prior in place above $1 million, therefore there is no impact to the Company for losses over $1 million. For 2011 the Company retained 17.5% of losses excess of $2 million and ceded 100% of losses excess of $5 million. For 2012 the Company retained 50% of losses excess of $2 million and ceded 100% of losses excess of $5 million. For 2013 the Company retained 50% of losses excess of $2 million and ceded 100% of losses excess of $5 million.

Summary of tabular discounts:

Schedule P Lines of Business	Tabular Discount Included in Sch. P, Part 1 *	
	CASE	IBNR
Workers Compensation	$60,000	$155,000
Other Liability	20,000	52,000
Total	$80,000	$207,000

* must exclude medical loss reserves and all loss adjustemnt expense reserves

33. Asbestos/Environmental Reserves – not applicable.

34. Subscriber Savings Account – 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? Maine

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [ ] No [X]

2.2 If yes, date of change:

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2013

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. 12/31/2009

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). 11/29/2011

3.4 By what department or departments?
Maine Bureau of Insurance

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

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

4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
4.11 sales of new business? Yes [ ] No [X]
4.12 renewals? Yes [ ] No [X]

4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
4.21 sales of new business? Yes [ ] No [X]
4.22 renewals? Yes [ ] No [X]

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

5.2 If yes, provide the name of the 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 Name of Entity	2 NAIC Company Code	3 State of Domicile

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:

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 or government, manager or attorney in fact).

1 Nationality	2 Type of Entity
Bermuda	Corporation

GENERAL INTERROGATORIES

8.1 Is the company a subsidiary of a bank holding company regulated by 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 response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal 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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
PricewaterhouseCoopers LLP, 300 Madison Avenue, New York, New York 10017

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:

10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A 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:

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

10.6 If the response to 10.5 is no or n/a, please explain
Ultimate Parent, Tower Group International, Ltd., has an Audit Committee.

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?
Yi Jing, Towers Watson 175 Powder Forest Drive Weatogue, CT 06089-9658

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

12.12 Number of parcels involved 0

12.13 Total book/adjusted carrying value $ 0

12.2 If, yes provide explanation:

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

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

13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [ ] No [ ]

13.3 Have there been any changes made to any of the trust indentures during the year? Yes [ ] No [ ]

13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [ ] No [ ] N/A [ ]

14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No [ ]

(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
(c) Compliance with applicable governmental laws, rules and regulations;
(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
(e) Accountability for adherence to the code.

14.11 If the response to 14.1 is No, please explain:

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).

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).

GENERAL INTERROGATORIES

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

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 subordinate 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 with the official duties of such person? Yes [X] No [ ]

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [ ] No [X]

20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.11 To directors or other officers $ 0
- 20.12 To stockholders not officers $ 0
- 20.13 Trustees, supreme or grand (Fraternal Only) $ 0

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

21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [ ] No [X]

21.2 If yes, state the amount thereof at December 31 of the current year:
- 21.21 Rented from others $ 0
- 21.22 Borrowed from others $ 0
- 21.23 Leased from others $ 0
- 21.24 Other $ 0

22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [ ] No [X]

22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment $ 0
- 22.22 Amount paid as expenses $ 0
- 22.23 Other amounts paid $ 0

23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No [ ]

23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: $ 9,374,928

INVESTMENT

24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03) Yes [ ] No [X]

24.02 If no, give full and complete information relating thereto
Securities were restricted for special depsoits (as noted in Schedule E Part 3 and Schedule D Part 1).

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 has no security lending program.

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]

GENERAL INTERROGATORIES

24.10 For the reporting entity's security lending program state the amount of the following as 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 currently 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 Pledged as collateral $ 0
25.26 Placed under option agreements $ 0
25.27 Letter stock or other securities restricted as to sale $ 0
25.28 On deposit with state or other regulatory body $ 2,047,565
25.29 Other $ 0

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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.

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
The Northern Trust Company	50South La Salle Street, Chicago, IL 60603

28.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

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

28.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of brokers/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
37214	Cutwater Asset Management	113 King Street, Armonk, NY 10504
105900	General Re New England Asset Management	76 Batterson Park Road, Farmington, CT 06032
107200	Wells Capital Management	525 Market Street, 10th Fl., San Francisco, CA 94105
149663	Merit Investment Management	1 Righter Parkway, Suite 120, Wilmington, DE 19803

GENERAL INTERROGATORIES

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
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

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	44,819,782	44,820,016	234
30.2 Preferred stocks	1,723,201	1,668,851	(54,350)
30.3 Totals	46,542,983	46,488,867	(54,116)

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

Market value of bonds & stocks were determined from quotations received from IDC & other pricing sources.

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 [X] No [ ]

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [X] 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:

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

32.2 If no, list exceptions:

GENERAL INTERROGATORIES

OTHER

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? $ 294,987

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

1 Name	2 Amount Paid
Insurance Services Office, Inc.	201,169

34.1 Amount of payments for legal expenses, if any? $ 119,604

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

1 Name	2 Amount Paid
Willkie Farr & Gallagher LLP	76,107

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

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

1 Name	2 Amount Paid

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND 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	33,087,272	41,508,264
2.3	Premium Ratio (2.1/2.2)	0.000	0.000
2.4	Reserve Numerator	0	0
2.5	Reserve Denominator	54,711,997	56,625,716
2.6	Reserve Ratio (2.4/2.5)	0.000	0.000

3.1 Does the reporting entity issue both participating and non-participating policies? Yes [ ] No [X]

3.2 If yes, state the amount of calendar year premiums written on:

3.21 Participating policies $ 0
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 [ ] N/A [ ]
5.22 As a direct expense of the exchange Yes [ ] No [ ] N/A [ ]
5.3 What expenses of the Exchange are not paid out of the compensation of the Attorney-in-fact?

5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred? Yes [ ] No [ ]

5.5 If yes, give full information

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

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?
Tower Group, Inc. (TGI) purchased up to $60 million catastrophe protection for any one occurrence and has an underwriting focus on low to medium hazard risks.

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.
Maximum probable loss from concentration of property exposures are evaluated using the RMS and AIR models

6.3 What provision has this reporting entity made (such as a 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?
TGI maintains a catastrophe reinsurance program which provides coverage in the amount of $925 million in excess of $75 million. In addition, TGI purchased two original insured market loss warranty excess of loss reinsurance covers that pay up to $10 million excess of $10 million each in the event of windstorm market loss equal or greater than $10 billion.

6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes [X] No [ ]

6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss.

7.1 Has this 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 ratio cap, an aggregate limit or any similar provisions)? Yes [X] No [ ]

7.2 If yes, indicate the number of reinsurance contracts containing such provisions: 7

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

9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:
(a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
(b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
(c) Aggregate stop loss reinsurance coverage;
(d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
(e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
(f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity. Yes [ ] No [X]

9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
(a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
(b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract. Yes [ ] No [X]

9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:
(a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;
(b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
(c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.

9.4 Except for transactions meeting the requirements of paragraph 32 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
(a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes [X] No [ ]

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 [X] No [ ]

10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes [X] No [ ] N/A [ ]

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

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

12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:

12.11 Unpaid losses $ 27,819

12.12 Unpaid underwriting expenses (including loss adjustment expenses) $ 5,900

12.2 Of the amount on Line 15.3, Page 2, state the amount which is secured by letters of credit, collateral, and other funds $ 25,400

12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes [ ] No [X] 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 [ ] No [X]

12.6 If yes, state the amount thereof at December 31 of the 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): $ 65,000

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]

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. 28

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

14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:
Premiums and losses are ceded based on the individual company's participation and the contract terms as defined in the agreement

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 [X] No [ ]

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

15.1 Has the reporting entity guaranteed any financed premium accounts? Yes [ ] No [X]

15.2 If yes, give full information

16.1 Does the reporting entity write any warranty business? Yes [ ] No [X]
If yes, disclose the following information for each of the following types of warranty coverage:

	1 Direct Losses Incurred	2 Direct Losses Unpaid	3 Direct Written Premium	4 Direct Premium Unearned	5 Direct Premium Earned
16.11 Home	0	0	0	0	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:

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F - Part 3 that it excludes from Schedule F - Part 5? Yes [ ] No [X]

Incurred but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from inclusion in Schedule F - Part 5. Provide the following information for this exemption:

17.11	Gross amount of unauthorized reinsurance in Schedule F - Part 3 excluded from Schedule F - Part 5	$ 0
17.12	Unfunded portion of Interrogatory 17.11	$ 0
17.13	Paid losses and loss adjustment expenses portion of Interrogatory 17.11	$ 0
17.14	Case reserves portion of Interrogatory 17.11	$ 0
17.15	Incurred but not reported portion of Interrogatory 17.11	$ 0
17.16	Unearned premium portion of Interrogatory 17.11	$ 0
17.17	Contingent commission portion of Interrogatory 17.11	$ 0

Provide the following information for all other amounts included in Schedule F - P art 3 and excluded from Schedule F - Part 5, not included above.

17.18	Gross amount of unauthorized reinsurance in Schedule F - Part 3 excluded from Schedule F - Part 5	$ 0
17.19	Unfunded portion of Interrogatory 17.18	$ 0
17.20	Paid losses and loss adjustment expenses portion of Interrogatory 17.18	$ 0
17.21	Case reserves portion of Interrogatory 17.18	$ 0
17.22	Incurred but not reported portion of Interrogatory 17.18	$ 0
17.23	Unearned premium portion of Interrogatory 17.18	$ 0
17.24	Contingent commission portion of Interrogatory 17.18	$ 0

18.1 Do you act as a custodian for health savings accounts? Yes [ ] No [X]

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

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

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

FIVE-YEAR HISTORICAL DATA

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

		1 2013	2 2012	3 2011	4 2010	5 2009
	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)	31,360,137	40,553,963	38,080,759	39,150,760	30,165,749
2.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	17,403,140	30,289,378	18,271,696	22,289,022	7,561,371
3.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	35,048,068	32,012,235	47,424,472	37,789,686	15,848,750
4.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	64,794	64,074	4,255	5,871	910
5.	Nonproportional reinsurance lines (Lines 31, 32 & 33)	(342,324)	3,368,970	2,431,401	0	0
6.	Total (Line 35)	83,533,815	106,288,620	106,212,583	99,235,339	53,576,780
	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)	12,677,509	20,148,739	19,292,697	16,323,997	20,407,960
8.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	2,366,659	3,052,806	3,021,754	3,596,848	1,797,436
9.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	9,510,410	15,006,253	14,665,621	12,798,630	13,076,800
10.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	64,540	63,503	4,181	5,344	190
11.	Nonproportional reinsurance lines (Lines 31, 32 & 33)	(342,324)	3,368,970	2,431,401	0	0
12.	Total (Line 35)	24,276,794	41,640,271	39,415,654	32,724,819	35,282,386
	Statement of Income (Page 4)					
13	Net underwriting gain (loss) (Line 8)	(14,566,113)	(6,135,755)	(2,032,701)	(53,901)	308,047
14.	Net investment gain or (loss) (Line 11)	3,515,525	4,107,522	1,852,830	4,320,260	1,572,418
15.	Total other income (Line 15)	(2,117,993)	6,965	(13,008)	(64,451)	(59,712)
16.	Dividends to policyholders (Line 17)	0	0	0	0	0
17.	Federal and foreign income taxes incurred (Line 19)	(12,446)	(971,112)	(252,232)	745,548	1,021,995
18.	Net income (Line 20)	(13,156,135)	(1,050,156)	59,353	3,456,360	798,758
	Balance Sheet Lines (Pages 2 and 3)					
19.	Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	78,587,603	105,889,594	103,364,077	98,940,761	73,790,042
20.	Premiums and considerations (Page 2, Col. 3)					
	20.1 In course of collection (Line 15.1)	3,396,626	6,142,490	8,326,170	7,506,878	5,862,988
	20.2 Deferred and not yet due (Line 15.2)	6,246,063	7,128,634	5,905,218	6,257,729	5,339,720
	20.3 Accrued retrospective premiums (Line 15.3)	40,845	87,394	76,806	130,196	124,744
21.	Total liabilities excluding protected cell business (Page 3, Line 26)	64,526,766	75,990,091	72,326,444	77,908,002	51,413,330
22.	Losses (Page 3, Line 1)	36,540,142	31,116,129	29,676,798	27,873,095	22,494,554
23.	Loss adjustment expenses (Page 3, Line 3)	6,573,177	4,638,551	2,995,416	4,376,460	5,238,440
24.	Unearned premiums (Page 3, Line 9)	11,513,044	20,323,522	20,191,515	18,197,893	13,539,284
25.	Capital paid up (Page 3, Lines 30 & 31)	3,049,089	3,049,089	3,049,089	3,049,089	3,049,089
26.	Surplus as regards policyholders (Page 3, Line 37)	14,060,837	29,899,503	31,037,633	21,032,759	22,376,712
	Cash Flow (Page 5)					
27.	Net cash from operations (Line 11)	(15,912,693)	(1,030,932)	(300,795)	38,799,244	(2,482,661)
	Risk-Based Capital Analysis					
28.	Total adjusted capital	14,060,837	29,899,503	31,037,633	21,032,759	22,376,712
29.	Authorized control level risk-based capital	5,164,440	4,922,548	3,813,226	3,197,016	3,593,644
	Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Line divided by Page 2, Line 12, Col. 3) x100.0					
30.	Bonds (Line 1)	82.8	89.4	94.0	97.1	98.2
31.	Stocks (Lines 2.1 & 2.2)	3.2	3.6	3.8	1.2	2.1
32.	Mortgage loans on real estate (Lines 3.1 and 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)	4.1	0.6	2.2	1.8	(0.3)
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	XXX
37.	Other invested assets (Line 8)	9.9	6.4	0.0	0.0	0.0
38.	Receivables for securities (Line 9)	0.0	0.0	0.0	0.0	0.0
39.	Securities lending reinvested collateral assets (Line 10)	0.0	0.0	0.0	0.0	XXX
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 (Schedule D, Summary, Line 12, Col. 1)	0	0	0	0	0
43.	Affiliated preferred stocks (Schedule D, Summary, Line 18, Col. 1)	0	0	0	0	0
44.	Affiliated common stocks (Schedule D, Summary, Line 24, Col. 1)	0	88,821	88,821	88,821	0
45.	Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)	0	0	0	0	0
46.	Affiliated mortgage loans on real estate	0	0	0	0	0
47.	All other affiliated	0	0	0	0	0
48.	Total of above Lines 42 to 47	0	88,821	88,821	88,821	0
49.	Total Investment in Parent included in Lines 42 to 47 above	0	0	0	0	0
50.	Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0)	0.0	0.3	0.3	0.4	0.0

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2013	2 2012	3 2011	4 2010	5 2009
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24)	1,117,281	(17,673)	(78,341)	175,313	(333,844)
52. Dividends to stockholders (Line 35)	0	0	0	(4,700,000)	0
53. Change in surplus as regards policyholders for the year (Line 38)	(15,838,666)	(1,138,130)	10,004,874	(1,343,953)	1,744,290
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)	25,604,967	24,839,421	22,060,002	(1,847,582)	18,356,512
55. Property lines (Lines 1, 2, 9, 12, 21 & 26)	9,723,065	11,221,481	11,489,779	6,764,513	5,315,632
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	20,788,933	16,652,137	15,580,209	3,062,548	6,613,353
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	5,858	11,489	(21)	(35)	0
58. Nonproportional reinsurance lines (Lines 31, 32 & 33)	1,773,767	471,696	0	0	0
59. Total (Line 35)	57,896,590	53,196,223	49,129,969	7,979,444	30,285,497
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)	12,826,087	11,099,745	10,969,628	3,136,087	(293,020)
61. Property lines (Lines 1, 2, 9, 12, 21 & 26)	1,230,652	2,627,667	2,312,228	1,419,644	881,529
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	6,180,299	8,745,853	7,583,489	4,580,816	4,347,487
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	5,858	11,631	(21)	(35)	0
64. Nonproportional reinsurance lines (Lines 31, 32 & 33)	1,773,767	471,696	0	0	0
65. Total (Line 35)	22,016,663	22,956,592	20,865,324	9,136,512	4,935,996
Operating Percentages (Page 4) (Line 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)	82.9	58.8	60.6	51.7	50.6
68. Loss expenses incurred (Line 3)	22.9	16.5	9.3	10.3	12.2
69. Other underwriting expenses incurred (Line 4)	38.2	39.5	35.5	38.2	36.2
70. Net underwriting gain (loss) (Line 8)	(44.0)	(14.8)	(5.4)	(0.2)	1.0
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)	60.8	39.3	33.7	32.9	31.6
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	105.8	75.3	69.9	62.0	62.8
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)	172.7	139.3	127.0	155.6	157.7
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)	12,030	2,300	587	372	179
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)	40.2	7.4	2.8	1.7	0.9
Two Year Loss Development (000 omitted)					
76. Development in estimated losses and loss expenses incurred two years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Col. 12)	13,055	2,674	442	(372)	(723)
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)	42.1	12.7	2.0	(1.8)	(3.9)

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

If no, please explain:

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

($000 OMITTED)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12
	1	2	3	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10	11	Number of Claims Reported Direct and Assumed
	Direct and Assumed	Ceded	Net (1 - 2)	4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded	Salvage and Subrogation Received	Total Net Paid Cols (4 - 5 + 6 - 7 + 8 - 9)	
1. Prior	XXX	XXX	XXX	132	83	57	8	2	0	2	102	XXX
2. 2004	13,334	5,443	7,891	5,157	2,076	956	321	728	276	88	4,168	XXX
3. 2005	16,368	4,058	12,311	6,155	1,429	1,187	212	982	168	71	6,515	XXX
4. 2006	24,945	6,957	17,987	8,918	2,303	1,814	322	1,341	285	190	9,163	XXX
5. 2007	32,383	11,260	21,123	12,203	3,520	2,250	524	1,748	570	238	11,586	XXX
6. 2008	39,066	13,317	25,749	16,822	5,448	3,151	904	2,134	554	440	15,200	XXX
7. 2009	45,259	14,639	30,620	20,531	5,816	3,376	980	2,675	690	518	19,095	XXX
8. 2010	55,063	26,997	28,066	25,827	11,282	3,351	1,732	2,937	1,192	723	17,911	XXX
9. 2011	62,802	25,380	37,422	28,823	10,272	2,875	1,078	3,854	1,378	654	22,826	XXX
10. 2012	69,405	27,896	41,508	27,917	12,618	1,815	598	3,614	1,260	424	18,870	XXX
11. 2013	64,106	31,018	33,087	10,800	3,785	475	147	2,190	813	156	8,720	XXX
12. Totals	XXX	XXX	XXX	163,287	58,631	21,307	6,827	22,207	7,186	3,504	134,157	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23	24	25
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR						
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded	21 Direct and Assumed	22 Ceded	Salvage and Subrog-ation Anticipated	Total Net Losses and Expenses Unpaid	Number of Claims Outstand-ing Direct and Assumed
1. Prior	447	190	(13)	(18)	37	3	7	3	16	0	12	316	XXX
2. 2004	132	40	1	(5)	9	2	11	4	3	0	0	115	XXX
3. 2005	219	47	25	(2)	16	2	28	5	6	0	0	242	XXX
4. 2006	469	147	70	187	37	4	38	9	11	2	0	275	XXX
5. 2007	799	276	88	52	53	15	93	31	21	6	0	674	XXX
6. 2008	1,649	467	276	144	97	30	182	46	38	7	90	1,547	XXX
7. 2009	3,503	1,097	1,014	379	229	81	437	140	90	15	90	3,562	XXX
8. 2010	5,152	3,001	2,464	1,474	383	225	788	534	160	59	57	3,654	XXX
9. 2011	7,141	2,949	4,963	2,017	602	245	1,250	515	255	90	164	8,394	XXX
10. 2012	7,537	2,832	8,004	2,881	701	277	1,524	527	344	141	176	11,453	XXX
11. 2013	5,668	2,943	14,940	6,910	461	215	2,398	1,117	1,121	521	62	12,882	XXX
12. Totals	32,715	13,988	31,833	14,020	2,624	1,099	6,756	2,931	2,065	842	651	43,113	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred /Premiums Earned)			Nontabular Discount		34	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense	Inter-Company Pooling Participation Percentage	35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	262	54
2. 2004	6,998	2,715	4,283	52.5	49.9	54.3	0	0	4.0	98	17
3. 2005	8,617	1,860	6,756	52.6	45.8	54.9	0	0	4.0	199	43
4. 2006	12,698	3,260	9,438	50.9	46.9	52.5	0	0	4.0	205	70
5. 2007	17,254	4,994	12,260	53.3	44.3	58.0	0	0	4.0	560	114
6. 2008	24,349	7,601	16,748	62.3	57.1	65.0	0	0	4.0	1,314	233
7. 2009	31,855	9,198	22,657	70.4	62.8	74.0	0	0	4.0	3,041	521
8. 2010	41,063	19,498	21,565	74.6	72.2	76.8	0	0	4.0	3,141	513
9. 2011	49,764	18,544	31,221	79.2	73.1	83.4	0	0	4.0	7,137	1,257
10. 2012	51,457	21,134	30,323	74.1	75.8	73.1	0	0	4.0	9,828	1,625
11. 2013	38,053	16,451	21,602	59.4	53.0	65.3	0	0	4.0	10,755	2,127
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	36,540	6,573

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) 1 2004	2 2005	3 2006	4 2007	5 2008	6 2009	7 2010	8 2011	9 2012	10 2013	DEVELOPMENT 11 One Year	12 Two Year
1. Prior	4,203	4,183	4,428	4,749	4,369	4,182	4,236	4,441	4,563	4,596	32	155
2. 2004	4,241	3,909	3,875	3,718	3,729	3,751	3,703	3,749	3,828	3,828	0	80
3. 2005	XXX	6,748	6,245	5,947	5,999	6,163	5,833	5,857	5,867	5,936	69	79
4. 2006	XXX	XXX	9,470	9,247	8,799	8,935	8,450	8,348	8,285	8,373	88	25
5. 2007	XXX	XXX	XXX	11,023	11,352	10,929	10,831	10,773	10,906	11,068	161	295
6. 2008	XXX	XXX	XXX	XXX	13,275	13,741	14,098	14,036	14,283	15,137	855	1,102
7. 2009	XXX	XXX	XXX	XXX	XXX	16,939	17,863	17,879	18,246	20,597	2,350	2,717
8. 2010	XXX	XXX	XXX	XXX	XXX	XXX	15,951	16,468	17,660	19,718	2,058	3,250
9. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	23,226	23,439	28,579	5,140	5,353
10. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	26,489	27,765	1,276	XXX
11. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	19,625	XXX	XXX
										12. Totals	12,030	13,055

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) 1 2004	2 2005	3 2006	4 2007	5 2008	6 2009	7 2010	8 2011	9 2012	10 2013	11 Number of Claims Closed With Loss Payment	12 Number of Claims Closed Without Loss Payment
1. Prior	000	1,330	1,917	2,824	3,371	3,667	3,648	4,005	4,197	4,296	XXX	XXX
2. 2004	1,239	1,949	2,415	2,864	3,251	3,471	3,411	3,608	3,726	3,716	XXX	XXX
3. 2005	XXX	1,463	2,837	3,659	4,492	5,157	5,204	5,540	5,625	5,701	XXX	XXX
4. 2006	XXX	XXX	1,999	4,013	5,296	6,458	6,790	7,458	7,860	8,107	XXX	XXX
5. 2007	XXX	XXX	XXX	2,812	5,474	7,210	7,932	9,156	9,898	10,408	XXX	XXX
6. 2008	XXX	XXX	XXX	XXX	3,489	7,167	8,309	10,686	12,446	13,621	XXX	XXX
7. 2009	XXX	XXX	XXX	XXX	XXX	4,685	8,074	11,422	14,743	17,111	XXX	XXX
8. 2010	XXX	XXX	XXX	XXX	XXX	XXX	5,620	10,426	13,598	16,165	XXX	XXX
9. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	10,144	15,927	20,349	XXX	XXX
10. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	10,150	16,515	XXX	XXX
11. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	7,343	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 2004	2 2005	3 2006	4 2007	5 2008	6 2009	7 2010	8 2011	9 2012	10 2013
1. Prior	1,670	1,000	731	735	390	41	40	(21)	(20)	9
2. 2004	1,939	978	593	264	138	67	38	(1)	8	13
3. 2005	XXX	3,399	1,719	655	410	314	52	(30)	(21)	50
4. 2006	XXX	XXX	4,567	2,483	1,377	955	397	142	(32)	(88)
5. 2007	XXX	XXX	XXX	4,708	2,701	1,098	751	294	142	98
6. 2008	XXX	XXX	XXX	XXX	5,180	2,186	1,618	523	120	268
7. 2009	XXX	XXX	XXX	XXX	XXX	6,539	3,679	1,416	137	932
8. 2010	XXX	XXX	XXX	XXX	XXX	XXX	5,571	2,063	743	1,245
9. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	7,610	2,211	3,681
10. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	11,675	6,120
11. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	9,311

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

	States, Etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees, Less Return Premiums and Premiums on Policies Not Taken 2 Direct Premiums Written	 3 Direct Premiums Earned	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 (Included in Column 2)
1.	Alabama AL	N	0	0	0	0	0	0	0	0
2.	Alaska AK	N	0	0	0	0	0	0	0	0
3.	Arizona AZ	N	0	0	0	0	0	0	0	0
4.	Arkansas AR	N	0	0	0	0	0	0	0	0
5.	California CA	N	446,925	1,637,687	0	1,095,144	1,958,018	2,264,334	0	0
6.	Colorado CO	N	0	0	0	0	0	0	0	0
7.	Connecticut CT	N	0	0	0	0	0	0	0	0
8.	Delaware DE	N	0	0	0	0	0	0	0	0
9.	District of Columbia DC	L	1,280	1,280	0	0	0	0	0	0
10.	Florida FL	N	0	0	0	0	0	0	0	0
11.	Georgia GA	N	0	0	0	0	0	0	0	0
12.	Hawaii HI	N	0	0	0	0	0	0	0	0
13.	Idaho ID	N	0	0	0	0	0	0	0	0
14.	Illinois IL	N	0	0	0	0	0	0	0	0
15.	Indiana IN	N	0	0	0	0	0	0	0	0
16.	Iowa IA	N	0	0	0	0	0	0	0	0
17.	Kansas KS	N	0	0	0	0	0	0	0	0
18.	Kentucky KY	N	0	0	0	0	0	0	0	0
19.	Louisiana LA	L	0	0	0	0	0	0	0	0
20.	Maine ME	L	3,733,917	4,968,508	0	4,445,391	3,848,511	4,532,458	125,271	0
21.	Maryland MD	N	0	0	0	0	0	0	0	0
22.	Massachusetts MA	N	0	0	0	0	0	0	0	0
23.	Michigan MI	N	0	0	0	0	0	0	0	0
24.	Minnesota MN	N	0	0	0	0	0	0	0	0
25.	Mississippi MS	N	0	0	0	0	0	0	0	0
26.	Missouri MO	N	0	0	0	0	0	0	0	0
27.	Montana MT	N	0	0	0	0	0	0	0	0
28.	Nebraska NE	N	0	0	0	0	0	0	0	0
29.	Nevada NV	L	0	0	0	0	(94)	0	0	0
30.	New Hampshire NH	N	0	0	0	0	0	0	0	0
31.	New Jersey NJ	N	0	0	0	0	0	0	0	0
32.	New Mexico NM	N	0	0	0	0	0	0	0	0
33.	New York NY	L	2,711,833	3,276,030	0	1,885,658	2,615,266	3,427,031	92,404	0
34.	North Carolina NC	N	0	0	0	0	0	0	0	0
35.	North Dakota ND	E	(90,713)	(77,288)	0	0	961	961	0	0
36.	Ohio OH	N	0	0	0	0	0	0	0	0
37.	Oklahoma OK	N	0	0	0	0	0	0	0	0
38.	Oregon OR	N	0	0	0	0	0	0	0	0
39.	Pennsylvania PA	N	0	0	0	0	0	0	0	0
40.	Rhode Island RI	L	0	0	0	0	0	0	0	0
41.	South Carolina SC	N	0	0	0	0	0	0	0	0
42.	South Dakota SD	N	0	0	0	0	0	0	0	0
43.	Tennessee TN	N	0	0	0	0	0	0	0	0
44.	Texas TX	E	37,305	37,305	0	0	0	0	0	0
45.	Utah UT	L	0	0	0	0	0	0	0	0
46.	Vermont VT	N	0	0	0	0	0	0	0	0
47.	Virginia VA	N	0	0	0	0	0	0	0	0
48.	Washington WA	N	0	0	0	0	0	0	0	0
49.	West Virginia WV	N	0	0	0	0	0	0	0	0
50.	Wisconsin WI	N	0	0	0	0	0	0	0	0
51.	Wyoming WY	N	0	0	0	0	0	0	0	0
52.	American Samoa AS	N	0	0	0	0	0	0	0	0
53.	Guam GU	N	0	0	0	0	0	0	0	0
54.	Puerto Rico PR	N	0	0	0	0	0	0	0	0
55.	U.S. Virgin Islands VI	N	0	0	0	0	0	0	0	0
56.	Northern Mariana Islands MP	N	0	0	0	0	0	0	0	0
57.	Canada CAN	N	0	0	0	0	0	0	0	0
58.	Aggregate other alien OT	XXX	0	0	0	0	0	0	0	0
59.	Totals	(a) 7	6,840,547	9,843,522	0	7,426,192	8,422,663	10,224,784	217,675	0
	DETAILS OF WRITE-INS									
58001.		XXX								
58002.		XXX								
58003.		XXX								
58998.	Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0
58999.	Totals (Lines 58001 through 58003 plus 58998)(Line 58 above)	XXX	0	0	0	0	0	0	0	0

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

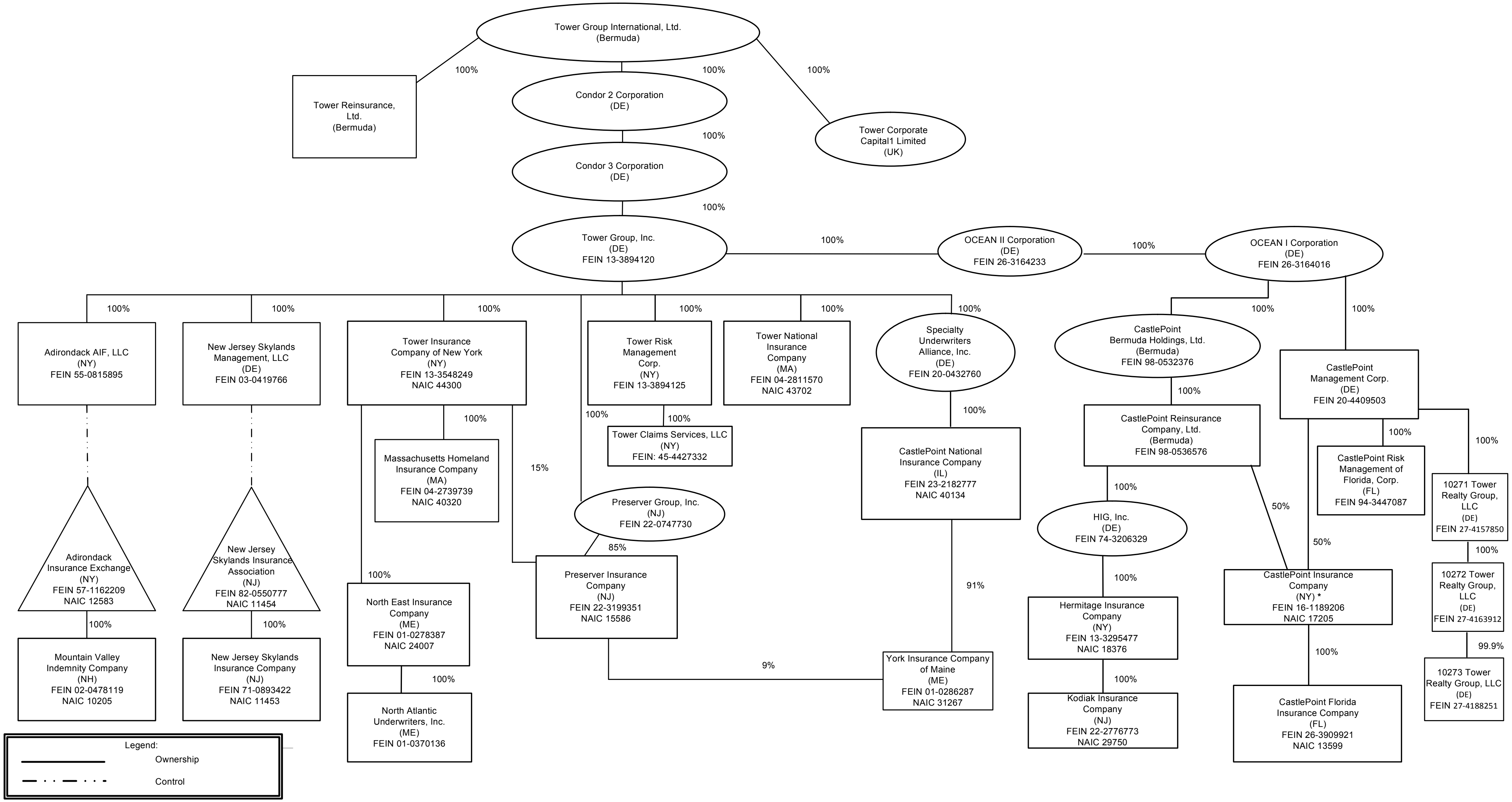
Explanation of basis of allocation of premiums by states, etc.

Allocation of premium by states is based on location of property, location of risk and location of primary garage.

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

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE NORTH EAST INSURANCE COMPANY

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



* All outstanding shares of CastlePoint Insurance Company ("CPIC") are owned 50% by CastlePoint Management Corp. ("CPM") and 50% by CastlePoint Reinsurance Company, Ltd. ("CPRe"). With respect to the ownership of CPIC, there are no voting rights preferences assigned to either CPM or CPRe.

OVERFLOW PAGE FOR WRITE-INS

Additional Write-ins for Assets Line 25

		Current Year 1 Assets	Current Year 2 Nonadmitted Assets	Current Year 3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
2504.	Involuntary fair plan assumed	404,603	0	404,603	445,488
2505.	Miscellaneous receivable	655,619	260,932	394,687	196,207
2506.	Worker's compensation fund assessment receivable	380,333	0	380,333	144,389
2507.	Receivable from residual market pools	293,670	0	293,670	305,325
2508.	Receivable for premium tax credits	28,956	0	28,956	24,741
2509.	State income tax recoverable	4,643	0	4,643	6,610
2510.	Prepaid expenses	402,680	402,680	0	0
2511.	Deposit and advances	20,715	20,715	0	0
2512.	Loss fund deposits	0	0	0	243,365
2597.	Summary of remaining write-ins for Line 25 from overflow page	2,191,219	684,327	1,506,892	1,366,125

Additional Write-ins for Liabilities Line 25

		1 Current Year	2 Prior Year
2504.	Deferred commission income	268,340	0
2505.	Miscellaneous liabilities	27,371	40,518
2506.	Workers' compensation fund assessment payable	17,333	101,286
2597.	Summary of remaining write-ins for Line 25 from overflow page	313,044	141,804

Additional Write-ins for Statement of Income Line 14

		1 Current Year	2 Prior Year
1404.	Allowance for doubtful accounts	(140,000)	0
1497.	Summary of remaining write-ins for Line 14 from overflow page	(140,000)	0

Additional Write-ins for Underwriting and Investment Exhibit Part 3 Line 24

		1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
2404.	Miscellaneous expense	0	177,803	0	177,803
2497.	Summary of remaining write-ins for Line 24 from overflow page	0	177,803	0	177,803

Additional Write-ins for Exhibit of Nonadmitted Assets Line 25

		1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
2504.	Deposit and advances	20,716	25,670	4,954
2505.	Miscellaneous receivable	260,931	2,403	(258,528)
2597.	Summary of remaining write-ins for Line 25 from overflow page	281,647	28,073	(253,574)

ALPHABETICAL INDEX

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