ANNUAL STATEMENT

OF THE

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of _____

in the state of _____

TO THE

Insurance Department

OF THE

FOR THE YEAR ENDED

December 31, 2008

PROPERTY AND CASUALTY

2008

11837200820100010

ANNUAL STATEMENT

For the Year Ended December 31, 2008

OF THE CONDITION AND AFFAIRS OF THE

The Castle Hill Insurance Company

NAIC Group Code 3490 (Current Period) 3490 (Prior Period) **NAIC Company Code** 11837 **Employer's ID Number** 20-0317088

Organized under the Laws of Rhode Island , **State of Domicile or Port of Entry** Rhode Island

Country of Domicile US

Incorporated/Organized: October 17, 2003 **Commenced Business:** October 17, 2003

Statutory Home Office: One Beacon Centre (Street and Number), Warwick, RI 02886-1378 (City or Town, State and Zip Code)

Main Administrative Office: One Beacon Centre (Street and Number)

Warwick, RI 02886-1378 (City or Town, State and Zip Code) 401-825-2667 (Area Code) (Telephone Number)

Mail Address: One Beacon Centre (Street and Number or P.O. Box), Warwick, RI 02886-1378 (City or Town, State and Zip Code)

Primary Location of Books and Records: One Beacon Centre (Street and Number) Warwick, RI 02886-1378 (City or Town, State and Zip Code) 401-825-2667 (Area Code) (Telephone Number)

Internet Website Address: N/A

Statutory Statement Contact: Ann Lazzareschi (Name) 401-825-2621 (Area Code) (Telephone Number) (Extension)

alazzareschi@beaconmutual.com (E-Mail Address) 401-825-2659 (Fax Number)

OFFICERS

	Name	Title
1.	James Vincent Rosati	President & CEO
2.	Clifford Leo Parent Jr.	COO and Secretary
3.	Cynthia Lee Lawlor	Chief Financial Officer and Treasurer

VICE-PRESIDENTS

Name	Title	Name	Title
Michael Dennis Lynch	Vice President	Brian Joseph Spero	Vice President

DIRECTORS OR TRUSTEES

Margaret Mary Antone	Harry Robert Bacon	Raymond Christopher Coia	Richard James DeRienzo
Sandra Marie Powell	James Vincent Rosati	Michael John Ruggieri	Carol Elaine Saccucci
John Francis Treanor			

State of Rhode Island

County of Kent 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.

(Signature)	(Signature)	(Signature)
James Vincent Rosati	Clifford Leo Parent Jr.	Cynthia Lee Lawlor
(Printed Name)	(Printed Name)	(Printed Name)
1.	2.	3.
President & CEO	COO and Secretary	Chief Financial Officer and Treasurer
(Title)	(Title)	(Title)

Subscribed and sworn to before me this

_____ day of _____ , 2009

a. Is this an original filing? [X] Yes [ ] No

b. If no: 1. State the amendment number

2. Date filed

3. Number of pages attached

ASSETS

	Current Year 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
1. Bonds (Schedule D)	21,139,574		21,139,574	21,482,545
2. Stocks (Schedule D):				
2.1 Preferred stocks				
2.2 Common stocks				
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less $ 0 encumbrances)				
4.2 Properties held for the production of income (less $ 0 encumbrances)				
4.3 Properties held for sale (less $ 0 encumbrances)				
5. Cash ($ 5,336, Schedule E - Part 1), cash equivalents ($ 0, Schedule E - Part 2), and short-term investments ($ 1,222,727, Schedule DA)	1,228,063		1,228,063	416,690
6. Contract loans (including $ 0 premium notes)				
7. Other invested assets (Schedule BA)				
8. Receivables for securities				
9. Aggregate write-ins for invested assets				
10. Subtotals, cash and invested assets (Lines 1 to 9)	22,367,637		22,367,637	21,899,235
11. Title plants less $ 0 charged off (for Title insurers only)				
12. Investment income due and accrued	251,681		251,681	220,946
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection				
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ 0 earned but unbilled premiums)				
13.3 Accrued retrospective premiums				
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers				
14.2 Funds held by or deposited with reinsured companies				
14.3 Other amounts receivable under reinsurance contracts				
15. Amounts receivable relating to uninsured plans				
16.1 Current federal and foreign income tax recoverable and interest thereon	9,712		9,712	315
16.2 Net deferred tax asset				
17. Guaranty funds receivable or on deposit				
18. Electronic data processing equipment and software				
19. Furniture and equipment, including health care delivery assets ($ 0)				
20. Net adjustment in assets and liabilities due to foreign exchange rates				
21. Receivables from parent, subsidiaries and affiliates				
22. Health care ($ 0) and other amounts receivable				
23. Aggregate write-ins for other than invested assets				
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	22,629,030		22,629,030	22,120,496
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Total (Lines 24 and 25)	22,629,030		22,629,030	22,120,496

DETAILS OF WRITE-IN LINES				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 09 from overflow page				
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)				
2301.				
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)				

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8)		
2. Reinsurance payable on paid losses and loss adjustment expenses		
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)		
4. Commissions payable, contingent commissions and other similar charges		
5. Other expenses (excluding taxes, licenses and fees)	19,859	19,805
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	5,000	20,000
7.1 Current federal and foreign income taxes (including $ 0 on realized capital gains (losses))		
7.2 Net deferred tax liability	124,348	27,100
8. Borrowed money $ 0 and interest thereon $ 0		
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of $ 0 and including warranty reserves of $ 0)		
10. Advance premium		
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)		
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		
14. Amounts withheld or retained by company for account of others		
15. Remittances and items not allocated		
16. Provision for reinsurance (Schedule F, Part 7)		
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding		
19. Payable to parent, subsidiaries and affiliates	37,896	24,262
20. Payable for securities		
21. Liability for amounts held under uninsured plans		
22. Capital notes $ 0 and interest thereon $ 0		
23. Aggregate write-ins for liabilities		
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	187,103	91,167
25. Protected cell liabilities		
26. Total liabilities (Lines 24 and 25)	187,103	91,167
27. Aggregate write-ins for special surplus funds		
28. Common capital stock	5,000,000	5,000,000
29. Preferred capital stock	15,000,000	15,000,000
30. Aggregate write-ins for other than special surplus funds		
31. Surplus notes		
32. Gross paid in and contributed surplus		
33. Unassigned funds (surplus)	2,441,927	2,029,329
34. Less treasury stock, at cost:		
34.1 0 shares common (value included in Line 28 $ 0)		
34.2 0 shares preferred (value included in Line 29 $ 0)		
35. Surplus as regards policyholders (Lines 27 to 33, less 34) (Page 4, Line 39)	22,441,927	22,029,329
36. Totals (Page 2, Line 26, Col. 3)	22,629,030	22,120,496

DETAILS OF WRITE-IN LINES		
2301.		
2302.		
2303.		
2398. Summary of remaining write-ins for Line 23 from overflow page		
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)		
2701.		
2702.		
2703.		
2798. Summary of remaining write-ins for Line 27 from overflow page		
2799. Totals (Lines 2701 through 2703 plus 2798) (Line 27 above)		
3001.		
3002.		
3003.		
3098. Summary of remaining write-ins for Line 30 from overflow page		
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)		

STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4)		
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7)		
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)		
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	70,978	46,396
5. Aggregate write-ins for underwriting deductions		
6. Total underwriting deductions (Lines 2 through 5)	70,978	46,396
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(70,978)	(46,396)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	892,324	855,252
10. Net realized capital gains (losses) less capital gains tax of $ 19,732 (Exhibit of Capital Gains (Losses))	(258,745)	(2,118)
11. Net investment gain (loss) (Lines 9 + 10)	633,579	853,134
OTHER INCOME		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered $ 0 amount charged off $ 0)		
13. Finance and service charges not included in premiums		
14. Aggregate write-ins for miscellaneous income	(88)	(41)
15. Total other income (Lines 12 through 14)	(88)	(41)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	562,513	806,697
17. Dividends to policyholders		
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	562,513	806,697
19. Federal and foreign income taxes incurred	52,667	134,893
20. Net income (Line 18 minus Line 19) (to Line 22)	509,846	671,804
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	22,029,329	21,360,098
22. Net income (from Line 20)	509,846	671,804
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of $ 0		
25. Change in net unrealized foreign exchange capital gain (loss)		
26. Change in net deferred income tax	(97,248)	(2,573)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Col. 3)		
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)		
29. Change in surplus notes		
30. Surplus (contributed to) withdrawn from protected cells		
31. Cumulative effect of changes in accounting principles		
32. Capital changes:		
32.1 Paid in		
32.2 Transferred from surplus (Stock Dividend)		
32.3 Transferred to surplus		
33. Surplus adjustments:		
33.1 Paid in		
33.2 Transferred to capital (Stock Dividend)		
33.3 Transferred from capital		
34. Net remittances from or (to) Home Office		
35. Dividends to stockholders		
36. Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1)		
37. Aggregate write-ins for gains and losses in surplus		
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	412,598	669,231
39. Surplus as regards policyholders, as of December 31 current year (Lines 21 plus Line 38) (Page 3, Line 35)	22,441,927	22,029,329

DETAILS OF WRITE-IN LINES		
0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 05 from overflow page		
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 05 above)		
1401. Interest income (expense)	(88)	(41)
1402.		
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page		
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	(88)	(41)
3701.		
3702.		
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page		
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)		

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance		
2. Net investment income	960,157	967,369
3. Miscellaneous income	(88)	(41)
4. Total (Lines 1 through 3)	960,069	967,328
5. Benefit and loss related payments		
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	85,924	40,753
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of $ 0 tax on capital gains (losses)	81,796	138,062
10. Total (Lines 5 through 9)	167,720	178,815
11. Net cash from operations (Line 4 minus Line 10)	792,349	788,513
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	12,022,340	6,434,714
12.2 Stocks		
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains (or losses) on cash, cash equivalents and short-term investments	1,316	(364)
12.7 Miscellaneous proceeds		2,052
12.8 Total investment proceeds (Lines 12.1 to 12.7)	12,023,656	6,436,402
13. Cost of investments acquired (long-term only):		
13.1 Bonds	12,018,267	6,742,002
13.2 Stocks		
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications		
13.7 Total investments acquired (Lines 13.1 to 13.6)	12,018,267	6,742,002
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	5,389	(305,600)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	13,635	(162,367)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	13,635	(162,367)
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)	811,373	320,546
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	416,690	96,144
19.2 End of year (Line 18 plus Line 19.1)	1,228,063	416,690

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

20.0001		
20.0002		
20.0003		

NONE Underwriting and Investment Exhibit - Part 1

NONE Underwriting and Investment Exhibit - Part 1A

NONE Underwriting and Investment Exhibit - Part 1B

NONE Underwriting and Investment Exhibit - Part 2

NONE Underwriting and Investment Exhibit - Part 2A

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				
1.2 Reinsurance assumed				
1.3 Reinsurance ceded				
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)				
2. Commission and brokerage:				
2.1 Direct, excluding contingent				
2.2 Reinsurance assumed, excluding contingent				
2.3 Reinsurance ceded, excluding contingent				
2.4 Contingent—direct				
2.5 Contingent—reinsurance assumed				
2.6 Contingent—reinsurance ceded				
2.7 Policy and membership fees				
2.8 Net commission and brokerage (2.1+2.2-2.3+2.4+2.5-2.6+2.7)				
3. Allowances to manager and agents				
4. Advertising				
5. Boards, bureaus and associations				
6. Surveys and underwriting reports				
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries		23,021	3,139	26,160
8.2 Payroll taxes		1,624	221	1,845
9. Employee relations and welfare		6,930	945	7,875
10. Insurance		1,031	141	1,172
11. Directors' fees				
12. Travel and travel items				
13. Rent and rent items		1,527	208	1,735
14. Equipment		2,978	406	3,384
15. Cost or depreciation of EDP equipment and software				
16. Printing and stationery		1,483	202	1,685
17. Postage, telephone and telegraph, exchange and express		1,023	104	1,127
18. Legal and auditing		6,549	879	7,428
19. Totals (Lines 3 to 18)		46,166	6,245	52,411
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of $ 0				
20.2 Insurance department licenses and fees		24,813	6,067	30,880
20.3 Gross guaranty association assessments				
20.4 All other (excluding federal and foreign income and real estate)				
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		24,813	6,067	30,880
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses			63,522	63,522
25. Total expenses incurred		70,979	75,834	(a) 146,813
26. Less unpaid expenses—current year		24,859		24,859
27. Add unpaid expenses—prior year		39,805		39,805
28. Amounts receivable relating to uninsured plans, prior year				
29. Amounts receivable relating to uninsured plans, current year				
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)		85,925	75,834	161,759

DETAILS OF WRITE-IN LINES				
2401. Investment Expenses			63,522	63,522
2402.				
2403.				
2498. Sum of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)			63,522	63,522

(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) 57,999	76,796
1.1	Bonds exempt from U.S. tax	(a) 427,822	392,568
1.2	Other bonds (unaffiliated)	(a) 438,376	485,568
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b)	
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)		
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c)	
4.	Real estate	(d)	
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e) 13,229	13,229
7.	Derivative instruments	(f)	
8.	Other invested assets		
9.	Aggregate write-ins for investment income		
10.	Total gross investment income	937,426	968,161
11.	Investment expenses		(g) 69,770
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g) 6,067
13.	Interest expense		(h)
14.	Depreciation on real estate and other invested assets		(i)
15.	Aggregate write-ins for deductions from investment income		
16.	Total deductions (Lines 11 through 15)		75,837
17.	Net investment income (Line 10 minus Line 16)		892,324

DETAILS OF WRITE-IN LINES			
0901.			
0902.			
0903.			
0998.	Summary of remaining write-ins for Line 09 from overflow page		
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)		

NONE

1501.		
1502.		
1503.		
1598.	Summary of remaining write-ins for Line 15 from overflow page	
1599.	Totals (Lines 1501 through 1503 plus 1598) (Line 15 above)	

NONE

(a) Includes $ 32,784 accrual of discount less $ 132,669 amortization of premium and less $ 89,097 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 $ 1,317 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 $ 69,770 investment expenses and $ 6,067 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	26,604		26,604		
1.1	Bonds exempt from U.S. tax	(3,824)		(3,824)		
1.2	Other bonds (unaffiliated)	5,216	(267,010)	(261,794)		
1.3	Bonds of affiliates					
2.1	Preferred stocks (unaffiliated)					
2.11	Preferred stocks of affiliates					
2.2	Common stocks (unaffiliated)					
2.21	Common stocks of affiliates					
3.	Mortgage loans					
4.	Real estate					
5.	Contract loans					
6.	Cash, cash equivalents and short-term investments					
7.	Derivative instruments					
8.	Other invested assets					
9.	Aggregate write-ins for capital gains (losses)					
10.	Total capital gains (losses)	27,996	(267,010)	(239,014)		

DETAILS OF WRITE-IN LINES						
0901.						
0902.						
0903.						
0998.	Summary of remaining write-ins for Line 09 from overflow page					
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)					

NONE

NONE Exhibit of Nonadmitted Assets

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

   A. Accounting Practices

   The accompanying financial statements of The Castle Hill Insurance Company (the "Company") have been prepared in conformity with insurance accounting practices prescribed or permitted by the Rhode Island Insurance Department. The State of Rhode Island requires insurance companies domiciled in the State of Rhode Island to prepare their statutory financial statements in accordance with the National Association of Insurance Commissioners' (NAIC) Accounting Practices and Procedures Manual.

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

   The preparation of the financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements along with the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

   C. Accounting Policies

   1. Short-term investments are stated at amortized value using the interest method. Non-investment grade short-term investments are stated at the lower of amortized value or fair market value.

   2. Bonds not backed by other loans are stated at amortized value using the interest method. Non-investment grade bonds are stated at the lower of amortized value or fair market value.

   3. Common stocks are stated at fair market value.

   4. Redeemable preferred stocks are stated at cost or amortized cost in accordance with NAIC guidance. Perpetual preferred stocks are stated at fair market value. Non-investment grade preferred stocks are stated at the lower of amortized value or fair value.

   5. The Company does not own mortgage loans.

   6. Loan-backed securities are stated at amortized value. The prospective adjustment method is used to value all loan-backed securities. Non-investment grade loan-backed securities are stated at the lower of amortized value or fair value.

   7. The Company has no investments in subsidiaries, controlled, and affiliated companies.

   8. The Company has no investments in joint ventures, partnerships, and limited liability companies.

   9. The Company does not invest in derivatives.

   10. No premium deficiency reserve has been calculated as the Company has not commenced insurance operations.

   11. Liabilities for losses and loss adjustment expenses are not required as the Company has not commenced insurance operations.

   12. No changes have been made to the capitalization policy.

   13. The Company has no pharmaceutical rebate receivables.

2. Accounting Changes and Corrections of Errors

   A. Accounting Changes Other than Codification and Corrections of Errors

   Not applicable

3. Business Combinations and Goodwill

   A. There were no business combinations.

4. Discontinued Operations

   Not applicable

NOTES TO FINANCIAL STATEMENTS

5. Investments

A. Mortgage Loans

The Company does not invest in mortgages loans, including mezzanine real estate loans.

B. Debt Restructuring

The Company does not invest in debt restructuring.

C. Reverse Mortgages

The Company does not invest in reverse mortgages.

D. Loan-Backed Securities

1. The Company does not utilize the retrospective method.

2. Prepayment assumptions for single class and multi-class mortgage backed/ asset-backed securities were obtained from broker dealer survey values.

3. The Company did not change from the retrospective to prospective adjustment method for any securities.

E. Repurchase Agreements

Not applicable

F. Writedowns for Impairments of Real Estate, Real Estate Sales and Retail Land Sales

Not applicable

G. Low Income Housing Tax Credits

Not applicable

6. Joint Ventures, Partnerships and Limited Liability Companies

A. The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies that exceed 10% of its admitted assets

B. As no joint ventures, partnerships, or limited liability companies are owned, there were no impairments during the year.

7. Investment Income

A. Due and accrued income was excluded from surplus on the following basis:

All investment income due and accrued with amounts that are over 90 days past due.

B. Amounts nonadmitted

None

8. Derivative Instruments

The Company has no derivative financial instruments.

9. Income Taxes

The Company was organized in October 2003 as a Chapter “C” entity. For tax purposes, the Company anticipates filing a Federal Form 1120PC. The Company has had only investment income since its organization.

A. Components of Net Deferred Tax Assets and Deferred Tax Liabilities

	Dec. 31, 2008	Dec. 31, 2007
Total of gross deferred tax assets	$0	$0
Total of deferred tax liabilities	$124,348	$27,100
Deferred tax asset nonadmitted	$0	$0
Net admitted deferred tax asset	$0	$0
(Increase) decrease in nonadmitted asset	$0	$0

NOTES TO FINANCIAL STATEMENTS

B. Unrecognized Deferred Tax Liabilities

None

C. Current Tax and Change in Deferred Tax

The provisions for income taxes incurred on earnings for the years ending December 31 are:

	2008	2007
Federal income tax expense	$73,364	$135,981
Federal income tax on net capital gains	$0	$0
Utilization of capital loss carry-forwards	$0	$0
Federal and foreign income taxes incurred	$0	$0

The main components of the deferred tax amounts are as follows:

	Dec. 31, 2008	Dec. 31, 2007
Deferred tax assets:		
Discounting of unpaid losses	$0	$0
Change in unearned premium reserve	$0	$0
Deferred compensation	$0	$0
Unrealized capital losses	$0	$0
Net capital loss carryforward	$0	$0
Other	$0	$0
Total deferred tax asset	$0	$0
Nonadmitted deferred tax assets	$0	$0
Admitted deferred tax assets	$0	$0
Deferred tax liabilities:		
Depreciation	$0	$0
Deferred market discount	$124,348	$27,100
Other	$0	$0
Total deferred tax liabilities	$124,348	$27,100
Net admitted deferred tax asset	$0	$0

The change in main components of DTA' and DTL's are as follows:

	Dec. 31, 2008	Dec. 31, 2007	Change
Total deferred tax assets	$0	$0	$0
Total deferred tax liabilities	$124,348	$27,100	$97,248
Net deferred tax asset (liability)	($124,348)	($27,100)	($97,248)
Tax effect of unrealized gains (losses)			$0
Change in net deferred income tax			($97,248)

D. The provision for federal 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:

	Dec. 31, 2008	Effective Tax Rate
Provision computed at statutory rate	$197,963	34.00%
Tax exempt income deduction	($113,452)	-19.49%
Dividends received deduction	$0	0.00%
Tax differentials on foreign earnings	$0	0.00%
Bond discount	($97,248)	-16.70%
Other	($11,147)	-1.91%
Total	($23,884)	-4.09%
Federal and foreign income taxes incurred	$73,364	12.60%
Change in net deferred income taxes	($97,248)	-16.70%
Total statutory income taxes	($23,884)	-4.09%

E. The Company does not have any federal tax carryforwards available for tax purposes nor has it had any federal taxes incurred in previous years that are available for recoupment in the event of future net losses.

F. The Company does not file a consolidated federal tax return with its parent corporation. Castle Hill is subject to all state and federal taxation applicable to Rhode Island insurance companies writing workers' compensation and employers' liability insurance and shall be solely responsible for the filing of all tax returns and the

NOTES TO FINANCIAL STATEMENTS

payment of all such taxes.

10. Information Concerning Parent, Subsidiaries and Affiliates

A. Nature of Relationships

The Company is a private corporation organized as a domestic stock insurance company under Articles of Incorporation approved by the Rhode Island Department of Business Regulation and filed with the Rhode Island Secretary of State on October 17, 2003. In accordance with the Articles of Incorporation, the Company is authorized to write workers' compensation and employers' liability insurance in the State of Rhode Island. All of the Company's issued and outstanding stock is owned by its parent, The Beacon Mutual Insurance Company of Warwick, Rhode Island (NAIC # 24017). In November 2003, the Beacon Mutual Insurance Company purchased the Company's outstanding stock for $1,000 per share for a total investment of $20,000,000. The Beacon Mutual Insurance Company owns five thousand (5,000) shares of the Company's common stock and fifteen thousand (15,000) shares of its preferred stock which represents 100% of the Company's authorized, issued and outstanding shares.

B. Detail of Transactions Greater than ½% of Admitted Assets

Not applicable

C. Change in Terms of Intercompany Arrangements

Not applicable

D. Amounts Due to or from Related Parties

The Company reported $37,896 at December 31, 2008 and $24,262 at December 31, 2007, respectively, due to its parent under the terms of its intercompany agreement.

E. Guarantees or Contingencies for Related Parties

Not applicable

F. Management, Service Contracts, Cost Sharing Arrangements

The Company entered into an intercompany management and service agreement with its parent, The Beacon Mutual Insurance Company, effective October 22, 2003. Under this agreement, Beacon will provide underwriting, claims, accounting and support services for the Company, as well as allow the use of Beacon equipment and facilities. Castle Hill will reimburse Beacon for all direct and directly allocable expenses of Castle Hill, plus a reasonable charge for overhead. The basis for calculating these charges will utilize methods designed to fairly and accurately allocate costs incurred by Beacon and Castle Hill, respectively.

G. Nature of Relationships that Could Affect Operations

The Company is owned 100% by The Beacon Mutual Insurance Company of Warwick, Rhode Island. The Company has an intercompany agreement under which its parent may provide significant insurance operations services on its behalf when the Company begins insurance operations.

H. Amount Deducted for Investment in Upstream Company

Not applicable

I. Detail of Investments in SCA Entity Greater than 10% of Admitted Assets

Not applicable

J. Writedown or Impairments of Investments in SCA Entities

No impairment was recorded in 2008.

K. Foreign Insurance Subsidiary Valued Using CARVM

Not applicable

11. Debt

The Company does not have any capital notes or reverse repurchase agreements at December 31, 2008.

NOTES TO FINANCIAL STATEMENTS

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

    A. The Company has no defined benefit plans.

    B. The Company has no direct employees and, therefore, has no direct defined contribution plan. The Company has entered into an intercompany agreement with its parent to provide underwriting, claims, and support services for the Company. As such, an allocation of expenses related to the parent's qualified 401(k) defined contribution plan will be charged to the Company under this agreement, including wages and benefits.

    The Company's charge for pension expense under this intercompany agreement was $2,873 for 2008 and $3,004 for 2007.

    C. Multiemployer Plan

    Not applicable

    D. Consolidated/Holding Company Plans

    Not applicable

    E. Postemployment Benefits and Compensated Absences

    Not applicable. See the answer to 12(B) above.

    F. Impact of Medicare Modernization Act on Postretirement Benefits (INT 02-17)

    The Company does not sponsor a postretirement health care benefit plan.

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

    A. Authorized and Outstanding Shares

    Castle Hill Insurance Company has five thousand (5,000) shares of Common Stock and fifteen thousand (15,000) shares of Preferred Stock, which is 100% of the authorized, issued and outstanding shares as of December 31, 2008. Each share has a par value of $1,000.

    B. Dividend Rate of Preferred Stock

    If, when, and as declared by the Board of Directors in its discretion (see restrictions below), cumulative dividends at the rate of not less than four percent (4%) nor more than six percent (6%) per share per annum shall be paid to Preferred Stock holders. In the event of liquidation, holders of preferred stock are entitled to receive an amount equal to $1,000 per share.

    C. Dividend Restrictions

    Under the terms of its organization, the Company may not declare a dividend without the prior written approval of the Director of the Rhode Island Department of Business Regulation. Dividends or other distributions shall not be declared, paid, or set apart for any other stock of the corporation until Preferred Stockholders have been paid. The Company's Preferred Stock is cumulative.

    D. Amount of Ordinary Dividends that May Be Paid

    The Company is required to satisfy the legal minimum capital requirements of its domiciliary state-Rhode Island. No restrictions other than stated above.

    E. Restrictions on Unassigned Funds

    The Company cannot exceed a net premium to surplus ratio of 1:1 without prior written approval of the Director of the Rhode Island Department of Business Regulation.

    F. Mutual Surplus Advances

    Not applicable

    G. Company Stock Held for Special Purposes

    Not applicable

NOTES TO FINANCIAL STATEMENTS

H. Changes in Special Surplus Funds

Not applicable

I. Change in Unassigned Funds

The portion of unassigned funds (surplus) represented or reduced by each item below is as follows:

Unrealized gains (losses)	None

J. Surplus Notes

Not applicable

K. Impact of Quasi-Reorganizations

Not applicable

L. Date of Quasi-Reorganizations

Not applicable

M. Dividend Payments

None

14. Contingencies

A. Contingent Commitments

Not applicable

B. Assessments

Not applicable

C. Gain Contingencies

Not applicable

D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits

Not applicable

E. All Other Contingencies and Writedowns for Impairments

During 2008, the Company recognized other than temporary impairments. One bond was written down to its fair value of $28,500 resulting in a realized loss of $267,010.

15. Leases

A. Lessee Leasing Arrangements

1. Under the intercompany agreement described in Note 10(F) above, the company's parent, The Beacon Mutual Insurance Company, will provide underwriting, claims, accounting and support services for the Company, as well as allow the use of Beacon equipment and facilities. Castle Hill will reimburse Beacon for all direct and directly allocable expenses of Castle Hill, plus a reasonable charge for overhead. The basis for calculation these charges will utilize methods, designed to fairly and accurately allocate costs incurred by Beacon and Castle hill, respectively.

   These costs will include a reasonable charge for the use of leased hardware and office equipment. Rental expense for 2008 and 2007 was $1,735 and $1,195, respectively.

2. There are no future minimum aggregate rental commitments.

3. The Company is not involved in any sales – leaseback arrangement.

NOTES TO FINANCIAL STATEMENTS

B. Lessor Leasing Arrangements

Not applicable

16. Information About Financial Instruments With Off-Balance Sheet Risk

The Company does not have any financial instruments with off-balance sheet risk.

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

(A, B, C) Not applicable

18. Gain or Loss from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

The Company does not write Accident & Health business.

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

The Company does not utilize managing general agents or third party administrators to write business.

20. Other Items

A. Extraordinary Items

Not applicable

B. Trouble Debt Restructuring for Debtors

Not applicable

C. Other Disclosures

No securities other than those indicated in Schedule E Part 3 have been pledged as collateral.

D. Uncollectible Premiums Receivable

The Company has not yet begun insurance operations. Therefore, at December 31, 2008, the Company had admitted assets of $0 in premiums receivable due from policyholders, agents and ceding insurers.

E. Business Interruption Insurance Recoveries

There were no events that resulted in business interruption recoveries in 2008.

F. State Transferable Tax Credits

Not applicable

G. Hybrid Securities

The Company has no securities classified as hybrid securities at December 31, 2008.

H. Subprime Mortgage Related Risk Exposure

1. The Company has no direct subprime risk exposure. The Company manages its subprime risk exposure by limiting its holdings in these types of securities, continuing its conservative investment guidelines, maintaining high credit quality investments, and performing ongoing analysis of its portfolio.

2. Direct Exposure – Mortgage Loans

Not applicable

3. Direct Exposures – Other Investment Classes

Not applicable

4. Underwriting Exposure

Not applicable

NOTES TO FINANCIAL STATEMENTS

21. Events Subsequent

None

22. Reinsurance

A. Unsecured Reinsurance Recoverables

The Company has no unsecured reinsurance recoverables.

B. Reinsurance Recoverables in Dispute

The Company has no reinsurance recoverable balances in dispute at December 31, 2008.

C. Reinsurance Assumed and Ceded

Direct Unearned Premium Reserve at December 31, 2008 is $0. The Company has no contingent commission receivable at December 31, 2008.

D. Uncollectible Reinsurance

None

E. Commutation of Ceded Reinsurance

The Company has not commuted any reinsurance agreements in the current or prior year.

F. Retroactive Reinsurance

None

G. Reinsurance Accounted for as a Deposit

Not applicable

23. Retrospectively Rated Contracts and Contracts Subject to Redetermination

Not applicable

24. Changes in Incurred Losses and Loss Adjustment Expenses

There are no reserve changes from prior year as the Company has not commenced insurance operations.

25. Intercompany Pooling Arrangements

Not applicable

26. Structured Settlements

H. Reserves Released due to Purchase of Annuities

The Company has not purchased annuities for which the Company is contingently liable.

I. Annuity Life Insurers with Balances due Greater than 1% of Policyholder's Surplus

Not applicable

27. Health Care Receivables

Not applicable

28. Participating Policies

Not applicable

29. Premium Deficiency Reserve

Not applicable

NOTES TO FINANCIAL STATEMENTS

30. High Deductibles

Not applicable

31. Discounting of Liabilities for Unpaid Losses and Unpaid Loss Adjustment Expenses

Not applicable

32. Asbestos/Environmental Reserves

Not applicable

33. Subscriber Savings Accounts

Not applicable

34. Multiple Peril Crop 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 [ ]

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? Rhode Island

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. 12/31/2007

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. 12/31/2007

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). 10/01/2008

3.4 By what department or departments?
Department of Business Regulation, RI

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

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

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

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

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

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

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

5.2 If yes, provide the name of 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]

GENERAL INTERROGATORIES

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 [ ] No [X]

7.2 If yes,

7.21 State the percentage of foreign control. _____

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

1 Nationality	2 Type of Entity

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 the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e., the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), 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 OTS	6 FDIC	7 SEC

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
An exemption has been received from the State of Rhode Island as insurance operations have not begun

10. 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?
An exemption has been received from the State of Rhode Island as insurance operations have not begun

11.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [ ] No [X]

11.11 Name of real estate holding company _____

11.12 Number of parcels involved _____

11.13 Total book/adjusted carrying value $ _____

11.2 If yes, provide explanation:

GENERAL INTERROGATORIES

12. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

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

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

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

12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes? Yes [ ] No [ ] N/A [X]

13.1 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?
(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. Yes [X] No [ ]

13.11 If the response to 13.1 is no, please explain:

13.2 Has the code of ethics for senior managers been amended? Yes [ ] No [X]

13.21 If the response to 13.2 is yes, provide information related to amendment(s).

13.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [ ] No [X]

13.31 If the response to 13.3 is yes, provide the nature of any waiver(s).

BOARD OF DIRECTORS

14. 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 [ ]

15. 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 [ ]

16. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes [X] No [ ]

FINANCIAL

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

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

18.11 To directors or other officers	$
18.12 To stockholders not officers	$
18.13 Trustees, supreme or grand (Fraternal only)	$

GENERAL INTERROGATORIES

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

18.21 To directors or other officers	$
18.22 To stockholders not officers	$
18.23 Trustees, supreme or grand (Fraternal only)	$

19.1 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]

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

19.21 Rented from others	$
19.22 Borrowed from others	$
19.23 Leased from others	$
19.24 Other	$

20.1 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]

20.2 If answer is yes:

20.21 Amount paid as losses or risk adjustment	$
20.22 Amount paid as expenses	$
20.23 Other amounts paid	$

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

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

INVESTMENT

22.1 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 22.3)? Yes [X] No [ ]

22.2 If no, give full and complete information relating thereto:

22.3 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 16 where this information is also provided)
The Company does not participate in security lending programs; therefore, 22.4, 22.5 and 22.6 are not applicable.

22.4 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [ ] No [X]

22.5 If answer to 22.4 is yes, report amount of collateral. $

22.6 If answer to 22.4 is no, report amount of collateral. $

23.1 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 19.1 and 22.3.) Yes [X] No [ ]

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

23.21	Subject to repurchase agreements	$
23.22	Subject to reverse repurchase agreements	$
23.23	Subject to dollar repurchase agreements	$
23.24	Subject to reverse dollar repurchase agreements	$
23.25	Pledged as collateral	$
23.26	Placed under option agreements	$
23.27	Letter stock or securities restricted as to sale	$
23.28	On deposit with state or other regulatory body	$ 1,000,243
23.29	Other	$

GENERAL INTERROGATORIES

23.3 For category (23.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

24.2 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.

25.1 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]

25.2 If yes, state the amount thereof at December 31 of the current year. $ _____

26. 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 3, III Conducting Examinations, F – Custodial or Safekeeping agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No [ ]

26.01 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
Bank of America	100 Westminster Street, Providence, RI 02903

26.02 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)

26.03 Have there been any changes, including name changes, in the custodian(s) identified in 26.01 during the current year? Yes [ ] No [X]

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

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

26.05 Identify all investment advisors, broker/dealers or individuals acting on behalf of broker/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(s)	3 Address
105900	New England Asset Management	76 Batterson Park Road, Farmington, CT 06032

27.1 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]

GENERAL INTERROGATORIES

27.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
27.2999 TOTAL		

27.3 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

28. 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 (+)
28.1 Bonds	22,362,296	22,159,895	(202,401)
28.2 Preferred stocks			
28.3 Totals	22,362,296	22,159,895	(202,401)

28.4 Describe the sources or methods utilized in determining the fair values:
NAIC Valuation of Securities, Automated Valuation Service, investment custodians

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

29.2 If no, list exceptions:

OTHER

30.1 Amount of payments to Trade associations, service organizations and statistical or Rating Bureaus, if any? $ _____

30.2 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

31.1 Amount of payments for legal expenses, if any? $ _____

31.2 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

GENERAL INTERROGATORIES

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

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

1 Name	2 Amount Paid

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [ ] No [X]

1.2 If yes, indicate premium earned on U.S. business only. $ _____

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? $ _____

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. $ _____

1.5 Indicate total incurred claims on all Medicare Supplement insurance. $ _____

1.6 Individual policies:

Most current three years:

1.61 Total premium earned $ _____

1.62 Total incurred claims $ _____

1.63 Number of covered lives _____

All years prior to most current three years:

1.64 Total premium earned $ _____

1.65 Total incurred claims $ _____

1.66 Number of covered lives _____

1.7 Group policies:

Most current three years:

1.71 Total premium earned $ _____

1.72 Total incurred claims $ _____

1.73 Number of covered lives _____

All years prior to most current three years:

1.74 Total premium earned $ _____

1.75 Total incurred claims $ _____

1.76 Number of covered lives _____

2. Health Test:

		1 Current Year	2 Prior Year
2.1	Premium Numerator	$ _____	$ _____
2.2	Premium Denominator	$ _____	$ _____
2.3	Premium Ratio (2.1/2.2)	_____	_____
2.4	Reserve Numerator	$ _____	$ _____
2.5	Reserve Denominator	$ _____	$ _____
2.6	Reserve Ratio (2.4/2.5)	_____	_____

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

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

3.21 Participating policies $ _____

3.22 Non-participating policies $ _____

4. For Mutual reporting entities and Reciprocal Exchanges only:

4.1 Does the reporting entity issue assessable policies? Yes [ ] No [X]

4.2 Does the reporting entity issue non-assessable policies? Yes [ ] No [X]

4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? _____

4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. $ _____

5. For Reciprocal Exchanges Only:

5.1 Does the exchange appoint local agents? Yes [ ] No [X]

5.2 If yes, is the commission paid:

5.21 Out of Attorney's-in-fact compensation Yes [ ] No [ ] N/A [X]

5.22 As a direct expense of the exchange Yes [ ] No [ ] N/A [X]

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 [X]

5.5 If yes, give full information

6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit loss:
Not applicable. Castle Hill has not yet commenced insurance operations.

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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:
Not applicable. Castle Hill is a monoline workers' compensation carrier and has not yet commenced insurance operations.

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?
Castle Hill does not write property insurance.

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 [ ] No [X]

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
Castle Hill has not yet commenced insurance operations.

7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? Yes [ ] No [X]

7.2 If yes, indicate the number of reinsurance contracts containing such provisions. _____

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 [ ] No [X]

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

9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.

9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:
(a) The entity does not utilize reinsurance; or, Yes [ ] No [X]
(b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes [ ] No [X]
(c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes [ ] No [X]

10. If the reporting entity has assumed risks from another entity, there should be charged on account of such 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 [ ] No [ ] N/A [X]

GENERAL INTERROGATORIES

PART 2 – PROPERTY & 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 13.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:

12.11 Unpaid losses $ _____

12.12 Unpaid underwriting expenses (including loss adjustment expenses) $ _____

12.2 Of the amount on Line 13.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds? $ _____

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 [ ] N/A [X]

12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:

12.41 From _____

12.42 To _____

12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting 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 current year:

12.61 Letters of Credit $ _____

12.62 Collateral and other funds $ _____

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): $ _____

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. _____

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

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

14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? Yes [ ] No [X]

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

14.5 If the answer to 14.4 is no, please explain:
Castle Hill has not yet commenced insurance operations.

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	$	$	$	$	$
16.12	Products	$	$	$	$	$
16.13	Automobile	$	$	$	$	$
16.14	Other*	$	$	$	$	$

* Disclose type of coverage: _____

GENERAL INTERROGATORIES

PART 2 – PROPERTY & 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	$
17.12	Unfunded portion of Interrogatory 17.11	$
17.13	Paid losses and loss adjustment expenses portion of Interrogatory 17.11	$
17.14	Case reserves portion of Interrogatory 17.11	$
17.15	Incurred but not reported portion of Interrogatory 17.11	$
17.16	Unearned premium portion of Interrogatory 17.11	$
17.17	Contingent commission portion of Interrogatory 17.11	$

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

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

FIVE – YEAR HISTORICAL DATA

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

	1 2008	2 2007	3 2006	4 2005	5 2004
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)					
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)					
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
6. Total (Line 35)					
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3,19.4)					
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)					
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
12. Total (Line 35)					
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(70,978)	(46,396)	(51,648)	(53,636)	(191,811)
14. Net investment gain (loss) (Line 11)	633,579	853,134	781,016	665,957	596,276
15. Total other income (Line 15)	(88)	(41)	(260)		(1,093)
16. Dividends to policyholders (Line 17)					
17. Federal and foreign income taxes incurred (Line 19)	52,667	134,893	147,281	146,160	100,389
18. Net income (Line 20)	509,846	671,804	581,827	466,161	302,983
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3)	22,629,030	22,120,496	21,606,680	21,047,216	20,798,329
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 13.1)					
20.2 Deferred and not yet due (Line 13.2)					
20.3 Accrued retrospective premiums (Line 13.3)					
21. Total liabilities excluding protected cell business (Page 3, Line 24)	187,103	91,167	246,580	255,534	469,334
22. Losses (Page 3, Line 1)					
23. Loss adjustment expenses (Page 3, Line 3)					
24. Unearned premiums (Page 3, Line 9)					
25. Capital paid up (Page 3, Lines 28 & 29)	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
26. Surplus as regards policyholders (Page 3, Line 35)	22,441,927	22,029,329	21,360,099	20,791,682	20,328,995
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	792,349	788,513	688,488	822,743	446,089
Risk-Based Capital Analysis					
28. Total adjusted capital	22,441,927	22,029,329	21,360,099	20,791,682	20,328,995
29. Authorized control level risk-based capital	77,333	63,907	66,255	72,660	70,702
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 10, Col. 3) x 100.0					
30. Bonds (Line 1)	94.5	98.1	99.6	99.5	98.8
31. Stocks (Lines 2.1 & 2.2)					
32. Mortgage loans on real estate (Lines 3.1 and 3.2)					
33. Real estate (Lines 4.1, 4.2 & 4.3)					
34. Cash, cash equivalents and short-term investments (Line 5)	5.5	1.9	0.5	0.5	1.2
35. Contract loans (Line 6)					
36. Other invested assets (Line 7)					
37. Receivables for securities (Line 8)					
38. Aggregate write-ins for invested assets (Line 9)					
39. Cash, cash equivalents and invested assets (Line 10)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
40. Affiliated bonds, (Sch. D, Summary, Line 25, Col. 1)					
41. Affiliated preferred stocks (Sch. D, Summary, Line 39, Col. 1)					
42. Affiliated common stocks (Sch. D, Summary, Line 53, Col. 1)					
43. Affiliated short-term investments (Schedule DA Verification, Col. 5, Line 10)					
44. Affiliated mortgage loans on real estate					
45. All other affiliated					
46. Total of above Lines 40 to 45					
47. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 46 above divided by Page 3, Col. 1, Line 35 x 100.0)					

FIVE – YEAR HISTORICAL DATA

(Continued)

	1 2008	2 2007	3 2006	4 2005	5 2004
Capital and Surplus Accounts (Page 4)					
48. Net unrealized capital gains (losses) (Line 24)					
49. Dividends to stockholders (Line 35)					
50. Change in surplus as regards policyholders for the year (Line 38)	412,598	669,231	568,418	462,687	295,341
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
51. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)					
52. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
53. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
54. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)					
55. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
56. Total (Line 35)					
Net Losses Paid (Page 9, Part 2, Col. 4)					
57. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)					
58. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
59. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
60. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)					
61. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
62. Total (Line 35)					
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
63. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
64. Losses incurred (Line 2)					
65. Loss expenses incurred (Line 3)					
66. Other underwriting expenses incurred (Line 4)					
67. Net underwriting gain (loss) (Line 8)					
Other Percentages					
68. 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					
69. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)					
70. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 35, Col. 1 x 100.0)					
One Year Loss Development (000 omitted)					
71. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11)					
72. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 71 above divided by Page 4, Line 21, Col. 1 x 100.0)					
Two Year Loss Development (000 omitted)					
73. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12)					
74. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 73 above divided by Page 4, Line 21, Col. 2 x 100.0)					

NONE Schedule P - Part 1 - Summary

NONE Schedule P - Part 2, 3, 4 - Summary

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 Premium Written for Federal Purchasing Groups (Included in Col. 2)
1. Alabama	AL	N								
2. Alaska	AK	N								
3. Arizona	AZ	N								
4. Arkansas	AR	N								
5. California	CA	N								
6. Colorado	CO	N								
7. Connecticut	CT	N								
8. Delaware	DE	N								
9. District of Columbia	DC	N								
10. Florida	FL	N								
11. Georgia	GA	N								
12. Hawaii	HI	N								
13. Idaho	ID	N								
14. Illinois	IL	N								
15. Indiana	IN	N								
16. Iowa	IA	N								
17. Kansas	KS	N								
18. Kentucky	KY	N								
19. Louisiana	LA	N								
20. Maine	ME	N								
21. Maryland	MD	N								
22. Massachusetts	MA	N								
23. Michigan	MI	N								
24. Minnesota	MN	N								
25. Mississippi	MS	N								
26. Missouri	MO	N								
27. Montana	MT	N								
28. Nebraska	NE	N								
29. Nevada	NV	N								
30. New Hampshire	NH	N								
31. New Jersey	NJ	N								
32. New Mexico	NM	N								
33. New York	NY	N								
34. North Carolina	NC	N								
35. North Dakota	ND	N								
36. Ohio	OH	N								
37. Oklahoma	OK	N								
38. Oregon	OR	N								
39. Pennsylvania	PA	N								
40. Rhode Island	RI	L								
41. South Carolina	SC	N								
42. South Dakota	SD	N								
43. Tennessee	TN	N								
44. Texas	TX	N								
45. Utah	UT	N								
46. Vermont	VT	N								
47. Virginia	VA	N								
48. Washington	WA	N								
49. West Virginia	WV	N								
50. Wisconsin	WI	N								
51. Wyoming	WY	N								
52. American Samoa	AS	N								
53. Guam	GU	N								
54. Puerto Rico	PR	N								
55. U.S. Virgin Islands	VI	N								
56. Northern Mariana Islands	MP	N								
57. Canada	CN	N								
58. Aggregate Other Alien	OT	XXX								
59. Totals		(a) 1								

DETAILS OF WRITE-INS									
5801.	XXX								
5802.	XXX								
5803.	XXX								
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX								
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	XXX								

NONE

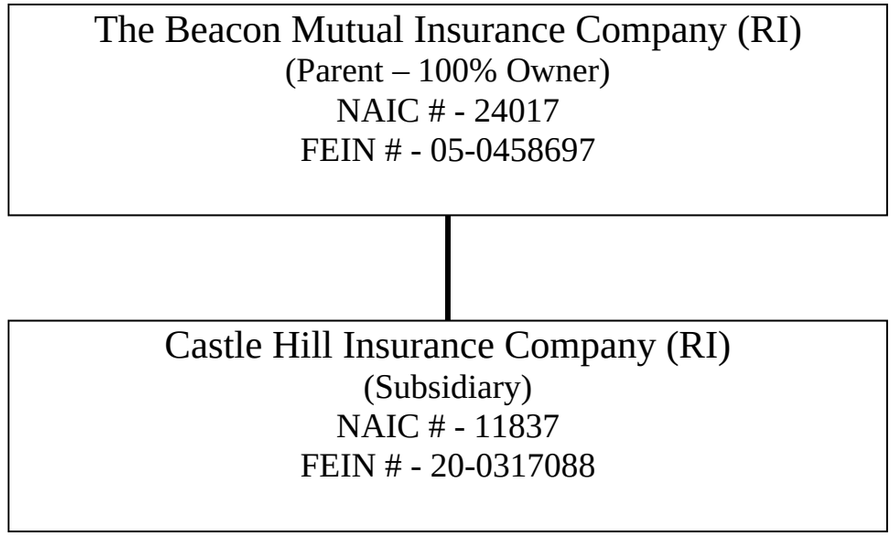
Explanation of basis of allocation of premiums by states, etc.

None

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

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



OVERFLOW PAGE FOR WRITE-INS

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