



ANNUAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2008
OF THE CONDITION AND AFFAIRS OF THE
Stonewall Insurance Company

NAIC Group Code 1343, 1343 NAIC Company Code 22276 Employer's ID Number 63-0202590
Organized under the Laws of Rhode Island, State of Domicile or Port of Entry Rhode Island
Country of Domicile United States
Incorporated/Organized 02/10/1866 Commenced Business 02/10/1866
Statutory Home Office 200 Metro Center Blvd, Suite 8, Warwick, RI 02886
Main Administrative Office 200 Metro Center Blvd, Suite 8, Warwick, RI 02886 401-921-5234
Mail Address 200 Metro Center Blvd, Suite 8, Warwick, RI 02886
Primary Location of Books and Records 200 Metro Center Blvd, Suite 8, Warwick, RI 02886 401-921-5234-207
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OFFICERS

Table with 4 columns: Name, Title, Name, Title. Officers include Karl John Wall (President & Chief Operating Officer), Thomas John Balkan (Secretary), Robert Barry Carlson (Treasurer).

OTHER OFFICERS

Table with 4 columns: Name, Title, Name, Title. Officers include Raymond Michael Rizzi (Vice President), Joseph Patrick Follis (Vice President).

DIRECTORS OR TRUSTEES

Table with 4 columns: Name, Name, David Browne #, Philip Raygorodetsky #. Directors include Karl John Wall, Robert Barry Carlson, David Tepperman #.

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.

Karl John Wall
President & Chief Operating Officer

Robert Barry Carlson
Treasurer

Thomas John Balkan
Secretary

Subscribed and sworn to before me this 15 day of February, 2008

a. Is this an original filing? Yes [ X ] No [ ]
b. If no,
1. State the amendment number
2. Date filed 02/28/2009
3. Number of pages attached

Teresa M. Reali Notary Public
April 11, 2010

**ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Stonewall Insurance Company**

**ASSETS**

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	54,195,551		54,195,551	45,394,008
2. Stocks (Schedule D):				
2.1 Preferred stocks .....	0		0	0
2.2 Common stocks .....	1,110,197		1,110,197	981,649
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens .....			0	0
3.2 Other than first liens .....			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ ..... encumbrances).....			0	0
4.2 Properties held for the production of income (less \$ ..... encumbrances) .....			0	0
4.3 Properties held for sale (less \$ ..... encumbrances) .....			0	0
5. Cash (\$ .....915,466 , Schedule E, Part 1), cash equivalents (\$ .....0 , Schedule E, Part 2) and short-term investments (\$ .....21,567,433 , Schedule DA).....	22,482,899		22,482,899	37,605,524
6. Contract loans, (including \$ .....premium notes)			0	0
7. Other invested assets (Schedule BA) .....	1,360,749	1,360,749	0	0
8. Receivables for securities .....	195,670		195,670	0
9. Aggregate write-ins for invested assets .....	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9) .....	79,345,066	1,360,749	77,984,317	83,981,181
11. Title plants less \$ .....charged off (for Title insurers only).....			0	0
12. Investment income due and accrued .....	536,720		536,720	553,461
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection .....			0	0
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ .....earned but unbilled premium).....			0	0
13.3 Accrued retrospective premium.....			0	0
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers .....	9,686,930		9,686,930	8,991,376
14.2 Funds held by or deposited with reinsured companies .....			0	0
14.3 Other amounts receivable under reinsurance contracts .....			0	0
15. Amounts receivable relating to uninsured plans .....			0	0
16.1 Current federal and foreign income tax recoverable and interest thereon .....	311,449		311,449	772,716
16.2 Net deferred tax asset .....			0	0
17. Guaranty funds receivable or on deposit .....			0	0
18. Electronic data processing equipment and software.....			0	0
19. Furniture and equipment, including health care delivery assets (\$ ..... ).....			0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates .....			0	0
21. Receivables from parent, subsidiaries and affiliates .....			0	0
22. Health care (\$ ..... ) and other amounts receivable.....			0	0
23. Aggregate write-ins for other than invested assets .....	771,519	771,519	0	654,603
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	90,651,684	2,132,268	88,519,416	94,953,337
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	0
26. Total (Lines 24 and 25)	90,651,684	2,132,268	88,519,416	94,953,337
<b>DETAILS OF WRITE-INS</b>				
0901. ....				
0902. ....				
0903. ....				
0998. Summary of remaining write-ins for Line 9 from overflow page .....	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998)(Line 9 above)	0	0	0	0
2301. Misc Receivable.....	771,519	771,519	0	654,603
2302. ....				
2303. ....				
2398. Summary of remaining write-ins for Line 23 from overflow page .....	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398)(Line 23 above)	771,519	771,519	0	654,603

**ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Stonewall Insurance Company**

**LIABILITIES, SURPLUS AND OTHER FUNDS**

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8) .....	77,027,200	78,196,877
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6) .....	428,200	353,312
3. Loss adjustment expenses (Part 2A, Line 35, Column 9) .....	29,136,511	31,158,527
4. Commissions payable, contingent commissions and other similar charges .....	0	0
5. Other expenses (excluding taxes, licenses and fees) .....	955,572	2,460
6. Taxes, licenses and fees (excluding federal and foreign income taxes) .....	0	0
7.1 Current federal and foreign income taxes (including \$ ..... on realized capital gains (losses)) .....	0	0
7.2 Net deferred tax liability .....	6,966,458	6,915,873
8. Borrowed money \$ ..... and interest thereon \$ .....	0	0
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ ..... and including warranty reserves of \$ ..... ) .....	0	0
10. Advance premium .....	0	0
11. Dividends declared and unpaid:		
11.1 Stockholders .....	0	0
11.2 Policyholders .....	0	0
12. Ceded reinsurance premiums payable (net of ceding commissions) .....	22,383	22,383
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19) .....	1,310,148	1,310,148
14. Amounts withheld or retained by company for account of others .....	0	0
15. Remittances and items not allocated .....	0	0
16. Provision for reinsurance (Schedule F, Part 7) .....	811,026	1,301,569
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. Payable for securities .....	0	0
21. Liability for amounts held under uninsured plans .....	0	0
22. Capital notes \$ ..... and interest thereon \$ .....	0	0
23. Aggregate write-ins for liabilities .....	(86,672,373)	(83,644,642)
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23) .....	29,985,125	35,616,507
25. Protected cell liabilities .....	0	0
26. Total liabilities (Lines 24 and 25) .....	29,985,125	35,616,507
27. Aggregate write-ins for special surplus funds .....	13,500,464	9,892,267
28. Common capital stock .....	2,000,000	2,000,000
29. Preferred capital stock .....	0	0
30. Aggregate write-ins for other than special surplus funds .....	0	0
31. Surplus notes .....	0	0
32. Gross paid in and contributed surplus .....	73,966,820	73,966,820
33. Unassigned funds (surplus) .....	(30,932,991)	(26,522,261)
34. Less treasury stock, at cost:		
34.1 ..... shares common (value included in Line 28 \$ ..... ) .....	0	0
34.2 ..... shares preferred (value included in Line 29 \$ ..... ) .....	0	0
35. Surplus as regards policyholders (Lines 27 to 33, less 34) (Page 4, Line 39) .....	58,534,293	59,336,826
36. Totals (Page 2, Line 26, Col. 3)	88,519,418	94,953,333
<b>DETAILS OF WRITE-INS</b>		
2301. Retro Reinsurance .....	(86,672,373)	(83,644,642)
2302. ....		
2303. ....		
2398. Summary of remaining write-ins for Line 23 from overflow page .....	0	0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	(86,672,373)	(83,644,642)
2701. Special Surplus from Retro Reinsurance .....	13,500,464	9,892,267
2702. ....		
2703. ....		
2798. Summary of remaining write-ins for Line 27 from overflow page .....	0	0
2799. Totals (Lines 2701 through 2703 plus 2798) (Line 27 above)	13,500,464	9,892,267
3001. ....		
3002. ....		
3003. ....		
3098. Summary of remaining write-ins for Line 30 from overflow page .....	0	0
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)	0	0

**ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Stonewall Insurance Company**

**STATEMENT OF INCOME**

	1 Current Year	2 Prior Year
<b>UNDERWRITING INCOME</b>		
1. Premiums earned (Part 1, Line 35, Column 4) .....	0	0
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7) .....	2,829,061	5,144,756
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1) .....	2,858,127	4,052,193
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2) .....	2,416,308	2,533,371
5. Aggregate write-ins for underwriting deductions .....	0	0
6. Total underwriting deductions (Lines 2 through 5) .....	8,103,496	11,730,320
7. Net income of protected cells .....	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7) .....	(8,103,496)	(11,730,320)
<b>INVESTMENT INCOME</b>		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17) .....	3,294,875	3,654,144
10. Net realized capital gains (losses) less capital gains tax of \$ .....	219,457	546,632
11. Net investment gain (loss) (Lines 9 + 10) .....	3,514,332	4,200,776
<b>OTHER INCOME</b>		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$ .....		0
13. Finance and service charges not included in premiums .....		0
14. Aggregate write-ins for miscellaneous income .....	3,626,248	7,523,661
15. Total other income (Lines 12 through 14) .....	3,626,248	7,523,661
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15) .....	(962,916)	(5,883)
17. Dividends to policyholders .....		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) .....	(962,916)	(5,883)
19. Federal and foreign income taxes incurred .....	(356,191)	217,234
20. Net income (Line 18 minus Line 19) (to Line 22) .....	(606,725)	(223,117)
<b>CAPITAL AND SURPLUS ACCOUNT</b>		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2) .....	59,336,830	56,557,041
22. Net income (from Line 20) .....	(606,725)	(223,117)
23. Net transfers (to) from Protected Cell accounts .....		0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ .....	135,753	1,008,201
25. Change in net unrealized foreign exchange capital gain (loss) .....	0	17,416
26. Change in net deferred income tax .....	(50,585)	487,377
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Col. 3) .....	(771,519)	0
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1) .....	490,544	1,489,912
29. Change in surplus notes .....		0
30. Surplus (contributed to) withdrawn from protected cells .....		0
31. Cumulative effect of changes in accounting principles .....		0
32. Capital changes:		
32.1. Paid in .....		0
32.2. Transferred from surplus (Stock Dividend) .....		0
32.3. Transferred to surplus .....		0
33. Surplus adjustments:		
33.1. Paid in .....		0
33.2. Transferred to capital (Stock Dividend) .....		0
33.3. Transferred from capital .....		0
34. Net remittances from or (to) Home Office .....		0
35. Dividends to stockholders .....		0
36. Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1) .....	0	0
37. Aggregate write-ins for gains and losses in surplus .....	0	0
38. Change in surplus as regards policyholders for the year (Lines 22 through 37) .....	(802,533)	2,779,788
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 35) .....	58,534,297	59,336,830
<b>DETAILS OF WRITE-INS</b>		
0501. ....		
0502. ....		
0503. ....		
0598. Summary of remaining write-ins for Line 5 from overflow page .....	0	0
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above) .....	0	0
1401. Misc Income .....	21,241	5,933
1402. Charge-offs .....	(3,190)	(2,747,168)
1403. Retro Reinsurance .....	3,608,197	10,264,897
1498. Summary of remaining write-ins for Line 14 from overflow page .....	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above) .....	3,626,248	7,523,661
3701. Prior Period Adjustment Interest Paid to NICO .....		0
3702. Prior Period Adjustment for ULAE .....		0
3703. Prior Period Adjustment for Tax - ULAE .....		0
3798. Summary of remaining write-ins for Line 37 from overflow page .....	0	0
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above) .....	0	0

**CASH FLOW**

	1 Current Year	2 Prior Year
<b>Cash from Operations</b>		
1. Premiums collected net of reinsurance.....	0	0
2. Net investment income.....	3,115,487	3,827,263
3. Miscellaneous income.....	18,051	(2,741,236)
4. Total (Lines 1 through 3).....	3,133,538	1,086,027
5. Benefit and loss related payments.....	4,619,404	(15,177,702)
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions.....	6,343,339	7,590,783
8. Dividends paid to policyholders.....	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses).....	(817,458)	(2,008,280)
10. Total (Lines 5 through 9).....	10,145,285	(9,595,199)
11. Net cash from operations (Line 4 minus Line 10).....	(7,011,747)	10,681,227
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	21,186,402	10,312,866
12.2 Stocks.....	195,671	2,063,500
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).....	21,382,073	12,376,366
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	29,760,825	18,911,057
13.2 Stocks.....	0	0
13.3 Mortgage loans.....	0	0
13.4 Real estate.....	0	0
13.5 Other invested assets.....	0	0
13.6 Miscellaneous applications.....	195,670	0
13.7 Total investments acquired (Lines 13.1 to 13.6).....	29,956,495	18,911,057
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).....	(8,574,422)	(6,534,691)
<b>Cash from Financing and Miscellaneous Sources</b>		
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).....	463,550	(2,781,710)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	463,550	(2,781,709)
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17).....	(15,122,619)	1,364,826
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	37,605,526	36,240,700
19.2 End of year (Line 18 plus Line 19.1).....	22,482,907	37,605,526

Part 1

**NONE**

Part 1A

**NONE**

Part 1B

**NONE**

ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Stonewall Insurance Company

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire				.0	.0	.0	.0	.0
2. Allied lines				.0	.0	.0	.0	.0
3. Farmowners multiple peril				.0	.0	.0	.0	.0
4. Homeowners multiple peril				.0	.0	.0	.0	.0
5. Commercial multiple peril				.0	.0	.0	.0	.0
6. Mortgage guaranty				.0	.0	.0	.0	.0
8. Ocean marine				.0	.0	.0	.0	.0
9. Inland marine				.0	.0	.0	.0	.0
10. Financial guaranty				.0	.0	.0	.0	.0
11.1 Medical malpractice - occurrence				.0	.0	.0	.0	.0
11.2 Medical malpractice - claims-made				.0	.0	.0	.0	.0
12. Earthquake				.0	.0	.0	.0	.0
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				.0	.0	.0	.0	.0
17.1 Other liability - occurrence	2,045,155	762,842	461,513	2,346,484	39,164,831	40,996,469	514,846	.0
17.2 Other liability - claims-made	.0			.0	.0	.0	.0	.0
18.1 Products liability - occurrence	4,316,043		2,803,598	1,512,445	25,999,857	26,650,421	861,881	.0
18.2 Products liability - claims-made				.0	.0	.0	.0	.0
19.1,19.2 Private passenger auto liability				.0	.0	.0	.0	.0
19.3,19.4 Commercial auto liability				.0	.0	.0	.0	.0
21. Auto physical damage				.0	.0	.0	.0	.0
22. Aircraft (all perils)				.0	.0	.0	.0	.0
23. Fidelity				.0	.0	.0	.0	.0
24. Surety				.0	.0	.0	.0	.0
26. Burglary and theft				.0	.0	.0	.0	.0
27. Boiler and machinery				.0	.0	.0	.0	.0
28. Credit				.0	.0	.0	.0	.0
29. International		914		914	7,014,316	5,012,201	2,003,030	.0
30. Warranty				.0	.0	.0	.0	.0
31. Reinsurance - Nonproportional Assumed Property	XXX			.0	.0	.0	.0	.0
32. Reinsurance - Nonproportional Assumed Liability	XXX	138,894		138,894	4,848,196	5,537,786	(550,695)	.0
33. Reinsurance - Nonproportional Assumed Financial Lines	XXX			.0	.0	.0	.0	.0
34. Aggregate write-ins for other lines of business	.0	.0	.0	.0	.0	.0	.0	.0
35. TOTALS	6,361,198	902,651	3,265,111	3,998,738	77,027,200	78,196,877	2,829,061	0.0
<b>DETAILS OF WRITE-INS</b>								
3401.								
3402.								
3403.								
3498. Summary of remaining write-ins for Line 34 from overflow page	.0	.0	.0	.0	.0	.0	.0	.0
3499. Totals (Lines 3401 through 3403 + 3498) (Line 34 above)	0	0	0	0	0	0	0	0.0

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ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Stonewall Insurance Company

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES**

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Net Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire				.0				.0	
2. Allied lines				.0				.0	
3. Farmowners multiple peril				.0				.0	
4. Homeowners multiple peril				.0				.0	
5. Commercial multiple peril				.0				.0	
6. Mortgage guaranty				.0				.0	
8. Ocean marine				.0				.0	
9. Inland marine				.0				.0	
10. Financial guaranty				.0				.0	
11.1 Medical malpractice - occurrence				.0				.0	
11.2 Medical malpractice - claims-made				.0				.0	
12. Earthquake				.0				.0	
13. Group accident and health				.0			(a)	.0	
14. Credit accident and health (group and individual)				.0			(a)	.0	
15. Other accident and health				.0				.0	
16. Workers' compensation				.0				.0	
17.1 Other liability - occurrence	59,846,169	3,168,980	39,001,895	24,013,253	20,272,579	5,533,470	10,654,471	39,164,831	16,471,320
17.2 Other liability - claims-made				.0				.0	
18.1 Products liability - occurrence	41,055,745	730,705	24,324,891	17,461,559	13,907,421	1,275,909	6,645,032	25,999,857	11,128,076
18.2 Products liability - claims-made				.0				.0	
19.1,19.2 Private passenger auto liability				.0				.0	
19.3,19.4 Commercial auto liability				.0				.0	
21. Auto physical damage				.0				.0	
22. Aircraft (all perils)				.0				.0	
23. Fidelity				.0				.0	
24. Surety				.0				.0	
26. Burglary and theft				.0				.0	
27. Boiler and machinery				.0				.0	
28. Credit				.0				.0	
29. International		2,707,774	331,139	2,376,635		4,728,141	90,460	7,014,316	911,691
30. Warranty				.0				.0	
31. Reinsurance - Nonproportional Assumed Property	XXX			.0	XXX			.0	
32. Reinsurance - Nonproportional Assumed Liability	XXX	1,782,496	36,743	1,745,753	XXX	3,112,480	10,037	4,848,196	625,424
33. Reinsurance - Nonproportional Assumed Financial Lines	XXX			.0	XXX			.0	
34. Aggregate write-ins for other lines of business	.0	.0	.0	.0	.0	.0	.0	.0	.0
35. TOTALS	100,901,914	8,389,954	63,694,668	45,597,200	34,180,000	14,650,000	17,400,000	77,027,200	29,136,511
3401. DETAILS OF WRITE-INS									
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 through 3403 + 3498) (Line 34 above)	0	0	0	0	0	0	0	0	0

(a) Including \$ ..... 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 .....	2,499,413			2,499,413
1.2 Reinsurance assumed .....	17,248			17,248
1.3 Reinsurance ceded .....	589,782			589,782
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3) .....	1,926,879	0	0	1,926,879
2. Commission and brokerage:				
2.1 Direct, excluding contingent .....				0
2.2 Reinsurance assumed, excluding contingent .....				0
2.3 Reinsurance ceded, excluding contingent .....				0
2.4 Contingent-direct .....				0
2.5 Contingent-reinsurance assumed .....				0
2.6 Contingent-reinsurance ceded .....				0
2.7 Policy and membership fees .....				0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7) .....	0	0	0	0
3. Allowances to manager and agents .....				0
4. Advertising .....				0
5. Boards, bureaus and associations .....				0
6. Surveys and underwriting reports .....				0
7. Audit of assureds' records .....				0
8. Salary and related items:				
8.1 Salaries .....				0
8.2 Payroll taxes .....				0
9. Employee relations and welfare .....				0
10. Insurance .....	0	28,714		28,714
11. Directors' fees .....				0
12. Travel and travel items .....	0	4,099		4,099
13. Rent and rent items .....				0
14. Equipment .....				0
15. Cost or depreciation of EDP equipment and software .....				0
16. Printing and stationery .....				0
17. Postage, telephone and telegraph, exchange and express .....				0
18. Legal and auditing .....	850,038	1,493,069		2,343,108
19. Totals (Lines 3 to 18) .....	850,038	1,525,883	0	2,375,921
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ .....	872	713		1,585
20.2 Insurance department licenses and fees .....	75,127	61,467		136,594
20.3 Gross guaranty association assessments .....	5,211	4,264		9,475
20.4 All other (excluding federal and foreign income and real estate) .....				0
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4) .....	81,210	66,444	0	147,654
21. Real estate expenses .....				0
22. Real estate taxes .....				0
23. Reimbursements by uninsured plans .....				0
24. Aggregate write-ins for miscellaneous expenses .....	0	823,981	0	823,981
25. Total expenses incurred .....	2,858,127	2,416,308	0	(a) 5,274,435
26. Less unpaid expenses - current year .....	29,136,511	955,572		30,092,083
27. Add unpaid expenses - prior year .....	31,158,527	2,460		31,160,987
28. Amounts receivable relating to uninsured plans, prior year .....	0	0	0	0
29. Amounts receivable relating to uninsured plans, current year .....				0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29) .....	4,880,143	1,463,196	0	6,343,339
<b>DETAILS OF WRITE-INS</b>				
2401. Run-Off Expenses .....	0	814,500		814,500
2402. Consulting fees .....	0	9,481		9,481
2403. Misc Expenses .....				0
2498. Summary of remaining write-ins for Line 24 from overflow page .....	0	0	0	0
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above) .....	0	823,981	0	823,981

(a) Includes management fees of \$ 1,810,000 to affiliates and \$ to non-affiliates.

**EXHIBIT OF NET INVESTMENT INCOME**

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 1,058,223	955,565
1.1 Bonds exempt from U.S. tax	(a) 26,979	26,979
1.2 Other bonds (unaffiliated)	(a) 1,776,777	1,810,220
1.3 Bonds of affiliates	(a) 0	0
2.1 Preferred stocks (unaffiliated)	(b) 0	0
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)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 619,480	671,954
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	0	0
10. Total gross investment income	3,481,459	3,464,718
11. Investment expenses		(g) 152,465
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h) 17,378
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		0
16. Total deductions (Lines 11 through 15)		169,843
17. Net investment income (Line 10 minus Line 16)		3,294,875
<b>DETAILS OF WRITE-INS</b>		
0901. Warrants for Holly Performance		
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 9, above)	0	0
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		0
1599. Totals (Lines 1501 through 1503) plus 1598 (Line 15, above)		0

(a) Includes \$ 398,271 accrual of discount less \$ 202,142 amortization of premium and less \$ 163,172 paid for accrued interest on purchases.  
 (b) Includes \$ accrual of discount less \$ 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 \$ paid for accrued interest on purchases.  
 (d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.  
 (e) Includes \$ 13,590 accrual of discount less \$ 7,442 amortization of premium and less \$ 18,904 paid for accrued interest on purchases.  
 (f) Includes \$ accrual of discount less \$ amortization of premium.  
 (g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.  
 (h) Includes \$ interest on surplus notes and \$ interest on capital notes.  
 (i) Includes \$ depreciation on real estate and \$ 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	13,841		13,841		
1.1 Bonds exempt from U.S. tax			0		
1.2 Other bonds (unaffiliated)	9,946		9,946	7,204	
1.3 Bonds of affiliates	0	0	0	0	0
2.1 Preferred stocks (unaffiliated)	0	0	0	0	0
2.11 Preferred stocks of affiliates	0	0	0	0	0
2.2 Common stocks (unaffiliated)	195,670	0	195,670	128,549	0
2.21 Common stocks of affiliates	0	0	0	0	0
3. Mortgage loans	0	0	0	0	0
4. Real estate	0	0	0	0	0
5. Contract loans	0	0	0	0	0
6. Cash, cash equivalents and short-term investments	0	0	0	0	0
7. Derivative instruments	0	0	0	0	0
8. Other invested assets	0	0	0	0	0
9. Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10. Total capital gains (losses)	219,458	0	219,458	135,753	0
<b>DETAILS OF WRITE-INS</b>					
0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 9, above)	0	0	0	0	0

**EXHIBIT OF NONADMITTED ASSETS**

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Nonadmitted Assets	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. Other invested assets (Schedule BA) .....	1,360,749	1,360,749	0
8. Receivables for securities .....	0	0	0
9. Aggregate write-ins for invested assets .....	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9) .....	1,360,749	1,360,749	0
11. Title plants (for Title insurers only).....	0	0	0
12. Investment income due and accrued .....	0	0	0
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection .....	0	0	0
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	0	0	0
13.3 Accrued retrospective premiums.....	0	0	0
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers .....	0	0	0
14.2 Funds held by or deposited with reinsured companies .....	0	0	0
14.3 Other amounts receivable under reinsurance contracts .....	0	0	0
15. Amounts receivable relating to uninsured plans .....	0	0	0
16.1 Current federal and foreign income tax recoverable and interest thereon .....	0	0	0
16.2 Net deferred tax asset.....	0	0	0
17. Guaranty funds receivable or on deposit .....	0	0	0
18. Electronic data processing equipment and software.....	0	0	0
19. Furniture and equipment, including health care delivery assets.....	0	0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates .....	0	0	0
21. Receivables from parent, subsidiaries and affiliates .....	0	0	0
22. Health care and other amounts receivable.....	0	0	0
23. Aggregate write-ins for other than invested assets .....	771,519	0	(771,519)
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	2,132,268	1,360,749	(771,519)
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
26. Total (Lines 24 and 25)	2,132,268	1,360,749	(771,519)
<b>DETAILS OF WRITE-INS</b>			
0901. ....			
0902. ....			
0903. ....			
0998. Summary of remaining write-ins for Line 9 from overflow page .....	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998)(Line 9 above)	0	0	0
2301. Misc Receivable.....	771,519	0	(771,519)
2302. ....			
2303. ....			
2398. Summary of remaining write-ins for Line 23 from overflow page .....	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398)(Line 23 above)	771,519	0	(771,519)

## NOTES TO FINANCIAL STATEMENTS

### 1. Summary of Significant Accounting Policies

- A. The accompanying financial statements of the Company have been prepared in conformity with accounting practice prescribed or permitted by the NAIC *Accounting Practices and Procedures* manual and the State of Rhode Island.
- B. The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.
- C. The Company uses the following accounting policies:
1. Short-term investments are stated at cost.
  2. Bonds, including issuer obligations, mortgage-backed securities and asset-backed securities rated 1 and 2 are stated at amortized cost using the interest method; all others are stated at the lower of amortized cost or market.
  3. Common Stocks, other than investments in stocks of subsidiaries and affiliates, are reported at fair market values as determined by the Securities Valuation of the NAIC.
  4. Preferred Stocks – High quality redeemable preferred stocks (NAIC designations 1 and 2), which have characteristics of debt securities, shall be valued at cost or amortized costs. All other redeemable preferred stocks (NAIC designations 3 – 6 shall be reported at the lower of cost, amortized cost or fair value.
  5. Mortgage Loans – Not Applicable
  6. Loan-Backed Securities – Not Applicable
  7. Investments in subsidiaries, controlled and affiliated companies – Not Applicable
  8. Investments in joint ventures, partnerships and limited liability companies – Not Applicable
  9. Derivatives – Not Applicable
  10. Premium Deficiency – Not Applicable
  11. Loss/Claim Adjustment Expenses – Asbestos, Environmental and Other Latent Injury Type Claims  
Direct Losses – An exposure analysis on an account by account basis is performed and the appropriate reserves are established whether it be case reserves or a bulk IBNR reserve. IBNR reserves are established for the unknown or unreported cases, adverse development on known cases and allocated adjustment expenses.
  12. Capitalization Policy – Not Applicable.
  13. Pharmaceutical Rebate Receivables – Not Applicable

### 2. Accounting Changes and Corrections of Errors

- A. There were no adjustments recorded during 2007 or 2008.
- B. Disclosure for Insurers Upon Initial Implementation of Codification  
 The Company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the State of Rhode Island. Effective January 1, 2001, the State of Rhode Island required that insurance companies domiciled in the State of Rhode Island prepare their statutory basis financial statements in accordance with the NAIC *Accounting Practices and Procedures* manual, Version effective January 1, 2001, subject to any deviations prescribed or permitted by the State of Rhode Island insurance commissioner.

### 3. Business Combinations and Goodwill (A-C)

Not Applicable

### 4. Discontinued Operations

Not Applicable

### 5. Investments (A-G)

Not Applicable

### 6. Joint Ventures, Partnerships and Limited Liabilities Companies (A-B)

Not Applicable

### 7. Investment Income

#### A. Accrued Investment Income

The Company nonadmits investment income due and accrued if amounts are over 90 days past due (180 days for mortgage loans or amounts on mortgage loans in default).

#### B. Amounts Non-Admitted

Not Applicable

### 8. Derivative Instruments (A-F)

Not Applicable

### 9. Income Taxes

#### A. Components of the Admitted Net Deferred Tax Asset:

	<u>December 31, 2008</u>	<u>December 31, 2007</u>
Total gross deferred tax assets - Gross DTAs	7,923,383	8,478,038
Nonadmitted deferred tax assets	(1,424,269)	(1,687,946)
Total net DTAs	6,499,114	6,790,092
Total deferred tax liabilities - DTLs	(13,465,573)	(13,705,965)
Net deferred tax liability	<u>(6,966,458)</u>	<u>(6,915,873)</u>
Gross deferred tax assets	7,923,383	8,478,038
Non-admitted deferred tax asset	(1,424,269)	(1,687,946)
Admitted net deferred tax asset - DTA	<u>6,499,114</u>	<u>6,790,092</u>
Increase (Decrease) in net gross deferred tax asset	(554,655)	454,585
Increase in non-admitted gross DTAs	263,677	(123,980)
Increase (Decrease) in admitted net DTA	<u>(290,978)</u>	<u>330,605</u>

#### B. Not applicable

#### C. Significant Components of Income Taxes Incurred and Changes in Deferred Taxes

December 31, 2008 December 31, 2007

## NOTES TO FINANCIAL STATEMENTS

Current year estimated federal income expense (benefit)	(356,191)	182,839
True-up - 2005 carry back claim		34,395
Total current federal income tax expense	(356,191)	217,234

### Deferred Taxes: Gross DTAs/DTLs

	December 31, 2008	December 31, 2007
Capital Loss carryforward	0	106,091
Loss Reserve discount	3,730,389	4,021,367
Stocks and Bonds	1,424,269	1,581,855
Surplus Notes	2,768,725	2,768,725
Total gross deferred tax assets - Gross DTAs	7,923,383	8,478,038
Nonadmitted deferred tax assets	(1,424,269)	(1,687,946)
Net deferred tax asset	6,499,114	6,790,092
Reinsurance Recoverable	(186,399)	(345,854)
Note Payable - Nico	(1,957,341)	(1,957,341)
Retroactive Reinsurance	(11,321,833)	(11,402,769)
Total deferred tax liabilities (DTLs)	(13,465,573)	(13,705,965)
Net deferred tax liability - DTL	(6,966,458)	(6,915,873)

### D. Reconciliation of Expected to Actual Current Federal Income Tax Expense

#### Tax Expense - Current

	December 31, 2008	December 31, 2007
Statutory Income(Loss) - pre-tax	(962,916)	(5,885)
Eliminate Statutory Capital Gain offset by tax capital loss		(546,632)
Reinsurance written off-recovered	379,345	
Increase to Statutory Capital Gain	121,438	
Loss reserve discount	(855,816)	972,365
Reinsurance recoverable	468,987	1,363,908
Retroactive reinsurance recoverable	238,046	(902,809)
Market discount	(398,454)	(4,966)
Prior year true up 2005 NOL Carry back		101,162
Capital loss carryback to 2006		(312,033)
Tax exempt interest	(38,250)	(26,186)
Net Income	(1,047,620)	638,924
Tax Rate	34%	34%
Current Federal Income Tax Expense	(356,191)	217,234

E. The Company realized capital losses totaling \$777,410 for its tax year ended December 31, 2007. Such capital losses may be carried back and offset capital gains realized in 2004 and 2006. Capital gains remaining in 2006 after the capital loss carryback total \$235,851 and may be offset by capital losses realized through 2009. The Company also realized net operating losses totaling \$1,047,620 for the year ended 12/31/08. Such losses may be carried back and offset taxable income in 2006.

### F. Consolidated Federal Income Tax Return Filing and Income Tax Allocation Agreement:

- A Federal Tax Sharing Agreement, effective for tax years beginning on or after the first day of January, 2005 was entered into by Stonewall Insurance Company, Stonewall Acquisition Corporation and Seaton Insurance Company.
- The tax liability on the consolidated federal income tax return by each member under this Agreement shall be based on the separate tax return liability of each member for the applicable year. To the extent the sum of the separate tax returns liabilities of all members exceeds or is less than the consolidated tax liability, such differences shall be allocated to each member to the extent those members' items or attributes are reflected in the group tax liability.

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

#### A. Nature of Relationships

On June 13, 2008, Virginia Holdings Ltd acquired 44.4% of Stonewall Acquisition Corp., the parent of Stonewall Insurance Co. Virginia Holdings Ltd is ultimately owned by Enstar Group Ltd. Enstar (US) Inc, a subsidiary of Enstar Group Ltd, has been the Run-off Administrator for Stonewall Insurance Company since January 2006. The terms of the agreement between Enstar (US) Inc and Stonewall Insurance Co are contained in a written agreement between parties.

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

Pursuant to the Management Agreement with Enstar (US) Inc the Company incurred \$1,810,000 in fees and miscellaneous expenses

#### C. Change in terms of Intercompany Arrangements

Not Applicable

#### D. Amounts Due to or from Related Parties

None

#### E. Guarantees or Contingencies for related parties

Not Applicable

#### F. Related Parties Management Agreement

The Company has a management agreement with Enstar (US) Inc. On June 13, 2008, Virginia Holding Ltd acquired 44.4% of Stonewall Acquisition Corp, the parent of the Company. Enstar (US) Inc and Virginia Holding Ltd are both ultimately owned by Enstar Group Ltd. The management agreement between the Company and Enstar (US) Inc. provides certain run-off services for a fixed quarterly fee plus various other expenses. This agreement has been in place since January 2006.

#### G. Nature of Relationships that Could Affect Operations

All outstanding shares of the Company are owned by the Parent

#### H. Amount Deducted for Investment in Upstream Company

Not Applicable

#### I. Detail of Investment in Affiliates Greater than 10% of Admitted Assets

Not Applicable

#### J. Write down for Impairments of Investment in Subsidiary, Controlled or Affiliated Companies'

Not Applicable

#### K. Foreign Insurance Subsidiary Valuation

Not Applicable

#### L. Investments in downstream noninsurance

Not Applicable

## NOTES TO FINANCIAL STATEMENTS

### 11. Debt

Not applicable

### 12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans (A-F)

Not Applicable

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

#### A. Outstanding Shares

The Company does not have any preferred stock authorized or issued. The Company has one hundred thousand (100,000) share of twenty dollars (\$20) par value common stock and one hundred thousand (100,000) shares issued and outstanding.

#### B. Dividend Rate of Preferred Stock

Dividends on common stock are not cumulative and are payable when and as declared by the Board of Directors.

#### C, D & E – Dividend Restrictions

Dividends on common stock are paid as declared by the Board of Directors. Under the insurance regulations of Rhode Island, the maximum amount of dividends that the Company may pay to the shareholders in a twelve month period is limited to the lesser of the 10% of the most recent year-end policyholders' surplus or the net income for that same year-end

#### F. Mutual Surplus Advances

Not Applicable

#### G. Company Stock Held for Special Purposes

Not Applicable

#### H. Changes in Special Surplus Funds

Changes in balances of special surplus funds from the prior year are due to the changes in the Retroactive Reinsurance that is disclosed as a separate write-in. Refer to Note #23 (F)

#### I. Changes in Unassigned Funds

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

a) Unrealized gains or losses	\$135,752
b) Non-Admitted Asset Values	-0-
c) Separate Account Business	-0-
d) Asset Valuation Reserves	-0-
e) Provision for Reinsurance	490,543

#### J. Surplus Notes

Not Applicable

#### L. & M. Quasi Reorganizations

Not Applicable

### 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

In the 2008 reporting period, the company did not settle any claims that included extra contractual obligation or bad faith claims stemming from lawsuits.

#### E. All Other Contingencies

Not Applicable

### 15. Leases (A-B)

Not Applicable

### 16. Information About Financial Instruments With Off- Balance Sheet Risk and Financial Instruments With Concentration of Credit Risk (A-D)

Not Applicable

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

#### A. Transfers of Receivables Reported as Sales

Not Applicable

#### B. Transfer and Servicing of Financial Assets

Not Applicable

#### C. Wash Sales

Not Applicable

### 18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans (A-C)

Not Applicable

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

Not Applicable

### 20. Other Items

#### A. Extraordinary items

Not Applicable

#### B. Troubled Debt Restructuring

Not Applicable

#### C. Other Disclosures

Not Applicable

#### D. Uncollectible Premium Receivable

Not Applicable

#### E. Business Interruption Insurance Recoveries

Not Applicable

#### F. State Transferable Tax Credits

Not Applicable

#### G. The company has no tax deposits which are on deposit with the IRS under Section 6603

#### H. Hybrid Securities – NONE

#### I. Subprime Mortgage Related Risk Exposure - NONE

F. State Transferable Tax Credits

## NOTES TO FINANCIAL STATEMENTS

Not Applicable

**21. Events Subsequent**

Not Applicable

**22. Reinsurance****A. Unsecured Reinsurance Recoverables**

Non-affiliated unsecured aggregate recoverables as shown in Schedule F, Part 3 for paid and unpaid losses, including IBNR, unpaid adjustment expenses, and unearned premiums that exceed 3% of the Company's policyholders surplus are as follows (000's omitted):

	NAIC	FED ID	COMPANY	AMOUNT
	20699	06-0237820	ACE PROP & CAS (CAL UNION)	2,211
	19232	36-0719665	ALLSTATE INSURANCE COMPANY	4,222
	10227	13-4924125	AMERICAN RE-INSURANCE COMPANY	7,861
	25070	13-2781282	CLEARWATER REINSURANCE COMPANY	3,760
	22039	13-2673100	GENERAL REINSURANCE CORPORATION	7,389
	11266	13-6107326	GERLING GLOBAL REINSURANCE CORP	5,877
	21032	13-5009848	GERLING GLOBAL RE OF AMERICA	7,629
	22713	23-0723970	INA C/O CIGNA	1,793
	22047	13-2930109	NORTH STAR REINSURANCE COMPANY	5,085
	34835	13-1988169	NATIONAL REINSURANCE CORPORATION	4,047
	30058	75-1444207	SCOR REINSURANCE COMPANY	5,102
	25364	13-1675535	SWISS REINSURANCE AMERICA CORPORATION	4,677
	12858	62-0381170	TENNESSEE INSURANCE COMPANY	1,806
	33014	75-0784127	TRANSPORT INS COMPANY	5,136
	20583	13-1290712	XL REINSURANCE AMERICA, INC	10,648
			TOTAL	77,243

**B. Reinsurance Recoverable in Dispute**

Reinsurers that exceed 5% of surplus are identified below.

<u>Name of Reinsurer</u>	<u>Amount in Dispute</u>	<u>Status of Dispute</u>
ACE PROP & CAS (CAL UNION)	1,249	Notification
ALLIANZ INSURANCE COMPANY	6	Notification
AMERICAN BANKERS INSURANCE CO	22	Notification
ARGONAUT INSURANCE COMPANY	283	Notification
CAPITOL INDEMNITY CORPORATION	6	Notification
CHIYODA FIRE	20	Notification
CLEARWATER RE INSURANCE CO	359	Notification
EMPLOYERS REINSURANCE CORP	5	Notification
FACTORY MUT INS (ALLENDALE)	32	Notification
GE RE INSURANCE CORP (KEMPER)	29	Notification
HARBOR SPECIALTY INSURANCE	41	Notification
INTEGON NATIONAL INSURANCE CO	6	Notification
MIDDLESEX INSURANCE COMPANY	37	Notification
PROGRESSIVE CASUALTY INSURANCE	12	Notification
PROGRESSIVE MAX INSURANCE CO	12	Notification
REPUBLIC INDEMNITY CO OF AMER	4	Notification
SENTRY INSURANCE A MUTUAL CO	9	Notification
SPECIALTY NATIONAL INSURANCE CO	9	Notification
SWISS RE (UNDERWRITERS RE)	32	Notification
TENNESSEE INSURANCE COMPANY	982	Notification
XL REINSURANCE AMERICA INC	453	Notification
Total in Dispute	3,608	

Reinsurance recoverables, which in aggregate exceed 10% of policyholders' surplus are indentified below: (000's omitted)

N/A

**C. Reinsurance Assumed and Ceded**

There is no amount of return commission due reinsurers if the agreements are cancelled as of December 31, 2007. The Company had no additional or return commissions predicated on loss experience or any other form of profit sharing arrangements included in this annual statement as a result of existing contractual arrangements. All contracts of reinsurance covering losses that have occurred prior to the inception of the contract (i.e. retroactive reinsurance) have been accounted for in conformity with NAIC guidelines.

**D. Uncollectible Reinsurance**

The company has written off certain Reinsurance Recoverables on loss and loss adjustment expense payments in the amount of \$623,260, which is reflected as:

a. Losses Incurred	\$0.00
b. Loss Adjustment Expenses Incurred	\$623,260
c. Premiums Earned	\$0.00
d. Other	\$0.00

## NOTES TO FINANCIAL STATEMENTS

<u>Name of Reinsurer</u>	<u>Amount Written off</u>
ALLSTATE	78
AMERICAN RE	384
CENTRAL NATIONAL	1,964
COMPAGNIE EUROPEANE	58,262
HOME INSURANCE COMPANY	83
LLOYDS	250,714
KANSA	180
NEW ENGLAND REINSURANCE	1,091
ONE BEACON	12
SWISS REINSURANCE	72,808
TIG INSURANCE	114
XL RE	199,174
Total	623,260

## E. Commutation of Ceded Reinsurance

The Company has reported in its operations in the current year as a result of commutation of reinsurance with the companies listed below, amounts that are reflected as:

There were no commutations completed in 2008

## F. Retroactive Reinsurance

The Company purchased one aggregate retrocessional agreement effective 5/1/2000 which provides reinsurance for the Company's run-off business

	<u>Assumed</u>	<u>Ceded</u>
1. Reserve Transferred		
1. Initial Reserves		108,858,672
2. Adjustments - Prior Year(s)	NONE	27,033,593
3. Adjustments - Current Year		3,608,199
4. Current Total		<u>139,500,465</u>
2. Consideration Paid or Received		
1. Initial Consideration		126,000,000
2. Adjustments - Prior Year(s)		-
3. Adjustments - Current Year	NONE	-
4. Current Total		<u>126,000,000</u>
3. Paid Losses Reimbursed or Recovered		
1. Prior Years(s)		52,247,624
2. Current Year	NONE	580,466
3. Current Total		<u>52,828,090</u>
4. Special Surplus from Retroactive Reinsurance		
1. Initial Surplus Gain/(Loss)		(16,395,916)
2. Adjustments - Prior Year(s)		26,288,182
3. Adjustments - Current Year	NONE	3,608,197
4. Current Year Restricted Surplus		<u>13,500,463</u>
5. Cumulative Total Transferred to Unassigned Funds		
5. Cedants and Reinsurers Involved in Transaction included in Section F, Above		

<u>Company</u>	<u>Assumed</u>	<u>Amount</u>	<u>Company</u>	<u>Ceded</u>	<u>Amount</u>
None			NAIC 20087, National Indemnity Company		139,500,463

6. List Total Paid Loss/LAE amounts recoverable and amounts more than 90 days overdue and collateral held as respects amounts recoverable from unauthorized reinsurers:

Authorized Reinsurers

<u>Company</u>	<u>Total Paid Loss/LAE Payable</u>	<u>Amounts Over 90 Days Overdue</u>
National Indemnity Company NAIC 20087	8,513,717	0

Unauthorized Reinsurers

None

## NOTES TO FINANCIAL STATEMENTS

G. Reinsurance Accounted for as a Deposit  
Not Applicable

**23. Retrospectively Rated Contracts (A-D)**  
Not Applicable

**24. Changes in Incurred Losses and Loss Adjustment Expenses**

Due to the run-off status of the Company, all incurred changes are attributable to insured events of the prior years. Net reserves (prior to retroactive reinsurance) for incurred losses and allocated loss adjustment expenses attributable to insured events of prior years has decreased by \$2,213,938 from \$97,400,028 in 2007 to \$95,186,090 in 2008 as a result of settlements and reserve re-estimation of unpaid losses and loss adjustment expenses on "Other Liability" and "Product Liability" lines of business. This long tail business is primarily related to Asbestos, Environment, Mass Tort and some Assumed business. All loss activity (excluding ULAE) is 100% reinsured either through standard reinsurance programs, Quota Share treaties or through retroactive reinsurance placed in 2000 resulting in zero net reserves. In addition, the Company is carrying a ULAE Reserve of \$10,977,621.

**25. Intercompany Pooling Arrangements (A-F)**  
Not Applicable

**26. Structured Settlements**

A. Reserves Released due to Purchase of Annuities

The Company purchased one (1) annuity during 1990, under which the Company is owner and payee, to fund future payments that is fixed or determinable by settlement provisions or by workings of statutes. The aggregate amount of this annuity is -0-. The total value of all annuities due from one life insurer does not equal or exceed 1% of the Company's policyholders' surplus.

B. Annuity Insurers with Balances due Greater than 1% of Policyholders' Surplus

Present value amounts due from one life insurer equaling or exceeding 1% of the Company's policyholders' surplus are:

Name & Location	Loss Reserves Eliminated by Annuities	Present Value Amount of Annuities
Genworth Financial Lynchburg, Virginia	1,581,073	1,360,459
Life Insurance Company of North America Hartford, Connecticut	1,479,323	1,337,248
Manufacturers Life Insurance Company Boston, Massachusetts	2,976,028	1,825,867
Symetra Life Insurance Seattle, Washington	1,333,000	1,899,969
Western National Life Insurance Company Amarillo, Texas	1,278,606	7,041,041

**27. Health Care Receivables (A-B)**  
Not Applicable

**28. Participating Accident and Health Policies**  
Not Applicable

**29. Premium Deficiency Reserves**  
Not Applicable

**30. High Deductibles**  
Not Applicable

**31. Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses**  
Not Applicable

**32. Asbestos/Environmental Reserves**  
Yes, the Company has exposure to both asbestos and environmental claims

**Asbestos:**

The Stonewall asbestos-related losses for each of the five most recent calendar years are as follows:

**Asbestos:**

***Direct***

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Beginning Reserves	\$ 145,434,000	\$ 170,860,000	\$ 140,389,000	\$ 103,728,000	\$ 103,565,000
Incurred Loss and LAE	31,697,000	(6,641,000)	(26,372,000)	1,043,000	(965,000)
Calendar Year Pymnts for Loss and LAE	6,271,000	23,830,000	10,289,000	1,206,000	3,765,000
Ending Reserves	\$ 170,860,000	\$ 140,389,000	\$ 103,728,000	\$ 103,565,000	\$ 98,835,000

The 2008 ending reserves above include a gross bulk reserve of \$36,174,000. The bulk reserve is a contingency for adverse development on known cases, unreported cases and allocated loss adjustment expense including coverage dispute. The bulk reserve are derived by independent actuarial studies.

***Assumed***

NOTES TO FINANCIAL STATEMENTS

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Beginning Reserves	\$ 2,184,000	\$ 2,443,000	\$ 2,274,000	\$ 2,296,000	\$ 2,027,000
Incurred Loss and LAE	382,000	1,136,000	27,000	(176,000)	2,495,000
Calendar Year Pymnts for Loss and LAE	123,000	1,305,000	5,000	93,000	-
Ending Reserves	\$ 2,443,000	\$ 2,274,000	\$ 2,296,000	\$ 2,027,000	\$ 4,522,000

The 2008 ending reserves above include a gross bulk reserve of \$3,062,000. The bulk reserve is a contingency for adverse development on known cases, unreported cases and allocated loss adjustment expense including coverage dispute. The bulk reserve are derived by independent actuarial studies.

*Net of Reinsurance*

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Beginning Reserves	\$ 44,654,000	\$ 56,851,000	\$ 47,359,000	\$ 40,772,000	\$ 46,382,000
Incurred Loss and LAE	13,825,000	515,000	(3,345,000)	8,444,000	(1,071,000)
Calendar Year Pymnts for Loss and LAE	1,628,000	10,007,000	3,242,000	2,834,000	886,000
Ending Reserves	\$ 56,851,000	\$ 47,359,000	\$ 40,772,000	\$ 46,382,000	\$ 44,425,000

The 2008 ending reserves above include a gross bulk reserve of \$22,024,000. The bulk reserve is a contingency for adverse development on known cases, unreported cases and allocated loss adjustment expense including coverage dispute. The bulk reserve are derived by independent actuarial studies. The net reserves to not reflect the 2000 purchase of retroactive reinsurance which is reflected in the balance sheet and income statement.

**Environmental**

*Direct*

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Beginning Reserves	\$ 93,298,000	\$ 71,673,000	\$ 53,938,000	\$ 47,474,000	\$ 45,410,000
Incurred Loss and LAE	(13,430,000)	(11,860,000)	(5,450,000)	(717,000)	(23,618,000)
Calendar Year Pymnts for Loss and LAE	8,195,000	5,875,000	1,014,000	1,347,000	3,527,000
Ending Reserves	\$ 71,673,000	\$ 53,938,000	\$ 47,474,000	\$ 45,410,000	\$ 18,265,000

The 2008 ending reserves above include a gross bulk reserve of \$6,685,000. The bulk reserve is a contingency for adverse development on known cases, unreported cases and allocated loss adjustment expense including coverage dispute. The bulk reserve are derived by independent actuarial studies.

*Assumed*

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Beginning Reserves	\$ 2,419,000	\$ 2,398,000	\$ 2,228,000	\$ 2,231,000	\$ 2,231,000
Incurred Loss and LAE	(21,000)	(170,000)	60,000	-	(1,748,000)
Calendar Year Pymnts for Loss and LAE	-	-	57,000	-	-
Ending Reserves	\$ 2,398,000	\$ 2,228,000	\$ 2,231,000	\$ 2,231,000	\$ 483,000

The 2008 ending reserves above include a gross bulk reserve of \$328,000. The bulk reserve is a contingency for adverse development on known cases, unreported cases and allocated loss adjustment expense including coverage dispute. The bulk reserve are derived by independent actuarial studies.

*Net of Reinsurance*

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Beginning Reserves	\$ 57,358,000	\$ 46,057,000	\$ 35,311,000	\$ 31,311,000	\$ 28,644,000
Incurred Loss and LAE	(7,845,000)	(7,411,000)	(3,496,000)	(1,350,000)	(15,317,000)
Calendar Year Pymnts for Loss and LAE	3,456,000	3,335,000	504,000	1,317,000	2,777,000
Ending Reserves	\$ 46,057,000	\$ 35,311,000	\$ 31,311,000	\$ 28,644,000	\$ 10,550,000

The 2008 ending reserves above include a gross bulk reserve of \$4,618,000. The bulk reserve is a contingency for adverse development on known cases, unreported cases and allocated loss adjustment expense including coverage dispute. The bulk reserve are derived by independent actuarial studies. The net reserves to not reflect the 2000 purchase of retroactive reinsurance which is reflected in the balance sheet and income statement.

**33. Subscriber Savings Account**  
Not Applicable

**34. Multi Peril Crop**  
Not Applicable

## NOTES TO FINANCIAL STATEMENTS

# 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 [ ] NA [ ]
- 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. ....12/31/2004
- 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. ....12/31/2004
- 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). ....05/17/2006
- 3.4 By what department or departments? Rhode Island Department of Business Regulation.....
- 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 [ X ] No [ ] NA [ ]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? ..... Yes [ X ] No [ ] NA [ ]
- 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, government, manager or attorney - in - fact).

1 Nationality	2 Type of Entity
Bermuda 55.6%.....	Limited Partnership.....
Bermuda 44.4%.....	Corporation.....

**ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Stonewall Insurance Company**

**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 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?  
 Deloitte & Touche  
 Stamford Harbor Park  
 333 Ludlow Street  
 Stamford, CT 06902
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?.....  
 Ernst and Young LLP, John Dawson, 200 Clarendon Street, Boston, MA 02116
- 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
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 [ ] No [ ]
- 12.3 Have there been any changes made to any of the trust indentures during the year? ..... Yes [ ] No [ ]
- 12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes? ..... Yes [ ] No [ ] NA [ ]
- 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? ..... 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.
- 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 [ ]

# GENERAL INTERROGATORIES

## 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) ..... \$ .....
- 18.2 Total amount of loans outstanding at 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 the 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 the 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 provide)
- 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 [ ]
- 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 [ ] 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..... \$ .....
  - 23.29 Other..... \$ .....
- 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 [ ] NA [ ]  
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. .... \$ .....

## GENERAL INTERROGATORIES

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 [  ] 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
Wachovia Bank.....	1525 West WT Harris Blvd Charlotte, NC 28288.....

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)	2 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 [  ]

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, brokers/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	2 Address
114949.....	Madison Scottsdale.....	8777 N. Gainey Center Dr, Ste 220 Scottsdale, AZ.....

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 [  ]

27.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
27.2999 TOTAL		0

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

**GENERAL INTERROGATORIES**

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.....	75,762,983	75,548,448	(214,535)
28.2 Preferred stocks.....	0		0
28.3 Totals	75,762,983	75,548,448	(214,535)

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

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?.....\$ .....0

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
.....	0
.....	0

31.1 Amount of payments for legal expenses, if any?.....\$ .....1,997,005

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
Riker Danzig.....	592,906
Cadwalader Wickersham.....	523,052

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**

(continued)

**PART 2 - PROPERTY & CASUALTY INTERROGATORIES**

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? ..... Yes [ ] No [ X ]
- 1.2 If yes, indicate premium earned on U.S. business only. .... \$ .....0
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? ..... \$ .....

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. .... \$ .....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 ..... .....

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 ..... .....

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 ..... .....

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 ..... .....

2. Health Test:

		1		2
		Current Year		Prior Year
2.1	Premium Numerator	\$ .....0	\$	.....0
2.2	Premium Denominator	\$ .....0	\$	.....0
2.3	Premium Ratio (2.1/2.2)	.....0.000		.....0.000
2.4	Reserve Numerator	\$ .....0	\$	.....0
2.5	Reserve Denominator	\$ .....106,591,911	\$	.....109,708,716
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..... \$ .....
- 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 [ ]
- 4.2 Does the reporting entity issue non-assessable policies?..... Yes [ ] No [ ]
- 4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders?..... %
- 4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums..... \$ .....

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 [ ] NA [ ]
- 5.22 As a direct expense of the exchange..... Yes [ ] No [ ] NA [ ]

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 & 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:.....  
 The Company is in run-off and has no inforce policies therefore has no need for new reinsurance agreements.....
- 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:.....  
 NA.....
- 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?.....  
 NA.....
- 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 uninsured catastrophic loss.  
 The Company is in run-off and has no need for catastrophic reinsurnace protection.....
- 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 [ ]
- 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 the 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 [ X ] No [ ]
- 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 agreements 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 30 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 [X] No [ ] N/A [ ]

**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 [ ] NA [ 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 the 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..... \$ .....  
 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 [ ]  
 14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements?..... Yes [ ] No [ ]  
 14.5 If 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 .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....
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 not 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..... \$ .....

**ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Stonewall Insurance Company**

**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
<b>Gross Premiums Written</b> (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)	0	0	0	0	0
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	0	0	0	0	0
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	0	0	0	0	0
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	0	0	0	0	0
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
6. Total (Line 35)	0	0	0	0	0
<b>Net Premiums Written</b> (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)	0	0	0	0	0
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	0	0	0	0	0
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	0	0	0	0	0
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	0	0	0	0	0
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
12. Total (Line 35)	0	0	0	0	0
<b>Statement of Income</b> (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(8,103,496)	(11,730,320)	4,473,154	4,990,407	(8,342,296)
14. Net investment gain (loss) (Line 11)	3,514,332	4,200,776	4,159,087	3,648,600	3,532,824
15. Total other income (Line 15)	3,626,248	7,523,661	(4,722,750)	(6,387,940)	4,878,996
16. Dividends to policyholders (Line 17)	0	0	0	0	0
17. Federal and foreign income taxes incurred (Line 19)	(356,191)	217,234	44,831	4,191,103	1,849,401
18. Net income (Line 20)	(606,725)	(223,117)	3,864,660	(1,940,035)	(1,779,877)
<b>Balance Sheet Lines</b> (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3)	88,519,416	94,953,337	106,071,349	107,796,014	96,540,478
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 13.1)	0	0	0	0	0
20.2 Deferred and not yet due (Line 13.2)	0	0	0	0	0
20.3 Accrued retrospective premiums (Line 13.3)	0	0	0	0	0
21. Total liabilities excluding protected cell business (Page 3, Line 24)	29,985,125	35,616,507	49,514,310	51,822,672	34,886,667
22. Losses (Page 3, Line 1)	77,027,200	78,196,877	75,990,964	85,967,513	103,904,839
23. Loss adjustment expenses (Page 3, Line 3)	29,136,511	31,158,527	32,165,995	33,203,151	23,128,885
24. Unearned premiums (Page 3, Line 9)	0	0	0	0	0
25. Capital paid up (Page 3, Lines 28 & 29)	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
26. Surplus as regards policyholders (Page 3, Line 35)	58,534,293	59,336,826	56,557,040	55,973,341	61,653,811
<b>Cash Flow</b> (Page 5)					
27. Net cash from operations (Line 11)	(7,011,747)	10,681,227	1,523,231	(25,200,009)	(12,251,285)
<b>Risk-Based Capital Analysis</b>					
28. Total adjusted capital	58,534,293	59,336,826	56,557,040	55,973,341	61,653,811
29. Authorized control level risk-based capital	15,718,955	15,264,871	15,795,915	17,906,772	19,383,908
<b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets</b> (Page 2, Col. 3)(Item divided by Page 2, Line 10, Col. 3) x 100.0					
30. Bonds (Line 1)	69.5	54.1	50.0	62.9	77.6
31. Stocks (Lines 2.1 & 2.2)	1.4	1.2	1.6	2.7	2.9
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)	28.8	44.8	48.4	34.4	19.5
35. Contract loans (Line 6)	0.0	0.0	0.0	0.0	0.0
36. Other invested assets (Line 7)	0.0	0.0	0.0	0.0	0.0
37. Receivables for securities (Line 8)	0.3	0.0	0.0	0.0	0.0
38. Aggregate write-ins for invested assets (Line 9)	0.0	0.0	0.0	0.0	0.0
39. Cash, cash equivalents and invested assets (Line 10)	100.0	100.0	100.0	100.0	100.0
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
40. Affiliated bonds, (Sch. D, Summary, Line 25, Col. 1)	0	0	0	0	0
41. Affiliated preferred stocks (Sch. D, Summary, Line 39, Col. 1)	0	0	0	0	0
42. Affiliated common stocks (Sch. D, Summary, Line 53, Col. 1)	0	0	0	0	0
43. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)	0	0	0	0	0
44. Affiliated mortgage loans on real estate	0	0	0	0	0
45. All other affiliated	0	0	0	0	0
46. Total of above Lines 40 to 45	0	0	0	0	0
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)	0.0	0.0	0.0	0.0	0.0

## FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2008	2 2007	3 2006	4 2005	5 2004
<b>Capital and Surplus Accounts (Page 4)</b>					
48. Net unrealized capital gains (losses) (Line 24) .....	135,753	1,008,201	(824,341)	(211,191)	852,863
49. Dividends to stockholders (Line 35) .....	0	0	0	0	0
50. Change in surplus as regards policyholders for the year (Line 38) .....	(802,533)	2,779,788	583,699	(5,680,469)	(5,765,431)
<b>Gross Losses Paid (Page 9, Part 2, Cols. 1 &amp; 2)</b>					
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) .....	7,124,040	1,215,314	12,790,390	27,691,558	11,893,768
52. Property lines (Lines 1, 2, 9, 12, 21 & 26) .....	0	0	0	0	0
53. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) .....	0	0	0	0	0
54. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) .....	914	0	0	0	27,302
55. Nonproportional reinsurance lines (Lines 31, 32 & 33) .....	138,894	555,652	27,382	536,513	515,156
56. Total (Line 35) .....	7,263,849	1,770,966	12,817,772	28,228,071	12,436,226
<b>Net Losses Paid (Page 9, Part 2, Col. 4)</b>					
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) .....	3,858,929	2,383,191	2,649,812	10,492,750	3,107,461
58. Property lines (Lines 1, 2, 9, 12, 21 & 26) .....	0	0	0	0	0
59. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) .....	0	0	0	0	0
60. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) .....	914	0	0	(76,359)	16,875
61. Nonproportional reinsurance lines (Lines 31, 32 & 33) .....	138,894	555,652	27,382	536,513	515,156
62. Total (Line 35) .....	3,998,738	2,938,843	2,677,194	10,952,904	3,639,492
<b>Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0</b>					
63. Premiums earned (Line 1) .....	100.0	100.0	100.0	100.0	100.0
64. Losses incurred (Line 2) .....	0.0	0.0	0.0	0.0	0.0
65. Loss expenses incurred (Line 3) .....	0.0	0.0	0.0	0.0	0.0
66. Other underwriting expenses incurred (Line 4) .....	0.0	0.0	0.0	0.0	0.0
67. Net underwriting gain (loss) (Line 8) .....	0.0	0.0	0.0	0.0	0.0
<b>Other Percentages</b>					
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) .....	0.0	0.0	0.0	0.0	0.0
69. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0) .....	0.0	0.0	0.0	0.0	0.0
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) .....	0.0	0.0	0.0	0.0	0.0
<b>One Year Loss Development (000 omitted)</b>					
71. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2 - Summary, Line 12, Col. 11) .....	3,712	7,108	(7,024)	(5,941)	6,529
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) .....	6.3	12.6	(12.5)	(9.6)	9.7
<b>Two Year Loss Development (000 omitted)</b>					
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) .....	10,820	84	(12,965)	588	13,141
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) .....	19.1	0.2	(21.0)	0.9	20.5

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

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments							12 Number of Claims Reported - Direct and Assumed	
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received		11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	XXX	XXX	XXX	7,264	3,265	2,517	590	2,953	0	0	8,879	XXX
2. 1999	0	0	0	0	0	0	0	0	0	0	0	XXX
3. 2000	0	0	0	0	0	0	0	0	0	0	0	XXX
4. 2001	0	0	0	0	0	0	0	0	0	0	0	XXX
5. 2002	0	0	0	0	0	0	0	0	0	0	0	XXX
6. 2003	0	0	0	0	0	0	0	0	0	0	0	XXX
7. 2004	0	0	0	0	0	0	0	0	0	0	0	XXX
8. 2005	0	0	0	0	0	0	0	0	0	0	0	XXX
9. 2006	0	0	0	0	0	0	0	0	0	0	0	XXX
10. 2007	0	0	0	0	0	0	0	0	0	0	0	XXX
11. 2008	0	0	0	0	0	0	0	0	0	0	0	XXX
12. Totals	XXX	XXX	XXX	7,264	3,265	2,517	590	2,953	0	0	8,879	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding - Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1. ....	109,292	63,695	48,830	17,400	0	0	27,039	8,880	10,978	0	0	106,164	XXX
2. ....	0	0	0	0	0	0	0	0	0	0	0	0	XXX
3. ....	0	0	0	0	0	0	0	0	0	0	0	0	XXX
4. ....	0	0	0	0	0	0	0	0	0	0	0	0	XXX
5. ....	0	0	0	0	0	0	0	0	0	0	0	0	XXX
6. ....	0	0	0	0	0	0	0	0	0	0	0	0	XXX
7. ....	0	0	0	0	0	0	0	0	0	0	0	0	XXX
8. ....	0	0	0	0	0	0	0	0	0	0	0	0	XXX
9. ....	0	0	0	0	0	0	0	0	0	0	0	0	XXX
10. ....	0	0	0	0	0	0	0	0	0	0	0	0	XXX
11. ....	0	0	0	0	0	0	0	0	0	0	0	0	XXX
12. Totals	109,292	63,695	48,830	17,400	0	0	27,039	8,880	10,978	0	0	106,164	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount					
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid				
1. ....	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	77,027	29,137				
2. ....	0	0	0	0.0	0.0	0.0	0	0	0	0	0				
3. ....	0	0	0	0.0	0.0	0.0	0	0	0	0	0				
4. ....	0	0	0	0.0	0.0	0.0	0	0	0	0	0				
5. ....	0	0	0	0.0	0.0	0.0	0	0	0	0	0				
6. ....	0	0	0	0.0	0.0	0.0	0	0	0	0	0				
7. ....	0	0	0	0.0	0.0	0.0	0	0	0	0	0				
8. ....	0	0	0	0.0	0.0	0.0	0	0	0	0	0				
9. ....	0	0	0	0.0	0.0	0.0	0	0	0	0	0				
10. ....	0	0	0	0.0	0.0	0.0	0	0	0	0	0				
11. ....	0	0	0	0.0	0.0	0.0	0	0	0	0	0				
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	77,027	29,137				

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.

**ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Stonewall Insurance Company**

**SCHEDULE P - PART 2 - SUMMARY**

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	One Year	Two Year
1. Prior	109,183	109,183	105,951	107,630	114,242	120,771	114,830	107,806	114,914	118,626	3,712	10,820
2. 1999	0	0	0	0	0	0	0	0	0	0	0	0
3. 2000	XXX	0	0	0	0	0	0	0	0	0	0	0
4. 2001	XXX	XXX	0	0	0	0	0	0	0	0	0	0
5. 2002	XXX	XXX	XXX	0	0	0	0	0	0	0	0	0
6. 2003	XXX	XXX	XXX	XXX	0	0	0	0	0	0	0	0
7. 2004	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0	0	0
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0	0
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	XXX
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	XXX	XXX
<b>12. Totals</b>											3,712	10,820

**SCHEDULE P - PART 3 - SUMMARY**

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008		
1. Prior	000	(2,214)	2,467	(6,812)	(7,546)	(2,449)	10,707	12,612	17,514	23,440	XXX	XXX
2. 1999	0	0	0	0	0	0	0	0	0	0	XXX	XXX
3. 2000	XXX	0	0	0	0	0	0	0	0	0	XXX	XXX
4. 2001	XXX	XXX	0	0	0	0	0	0	0	0	XXX	XXX
5. 2002	XXX	XXX	XXX	0	0	0	0	0	0	0	XXX	XXX
6. 2003	XXX	XXX	XXX	XXX	0	0	0	0	0	0	XXX	XXX
7. 2004	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0	XXX	XXX
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0	XXX	XXX
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	XXX	XXX
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	XXX
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	XXX	XXX

**SCHEDULE P - PART 4 - SUMMARY**

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
1. Prior	74,091	91,797	67,230	70,268	72,335	72,336	67,995	65,263	59,703	49,589
2. 1999	0	0	0	0	0	0	0	0	0	0
3. 2000	XXX	0	0	0	0	0	0	0	0	0
4. 2001	XXX	XXX	0	0	0	0	0	0	0	0
5. 2002	XXX	XXX	XXX	0	0	0	0	0	0	0
6. 2003	XXX	XXX	XXX	XXX	0	0	0	0	0	0
7. 2004	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0

ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Stonewall Insurance Company

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

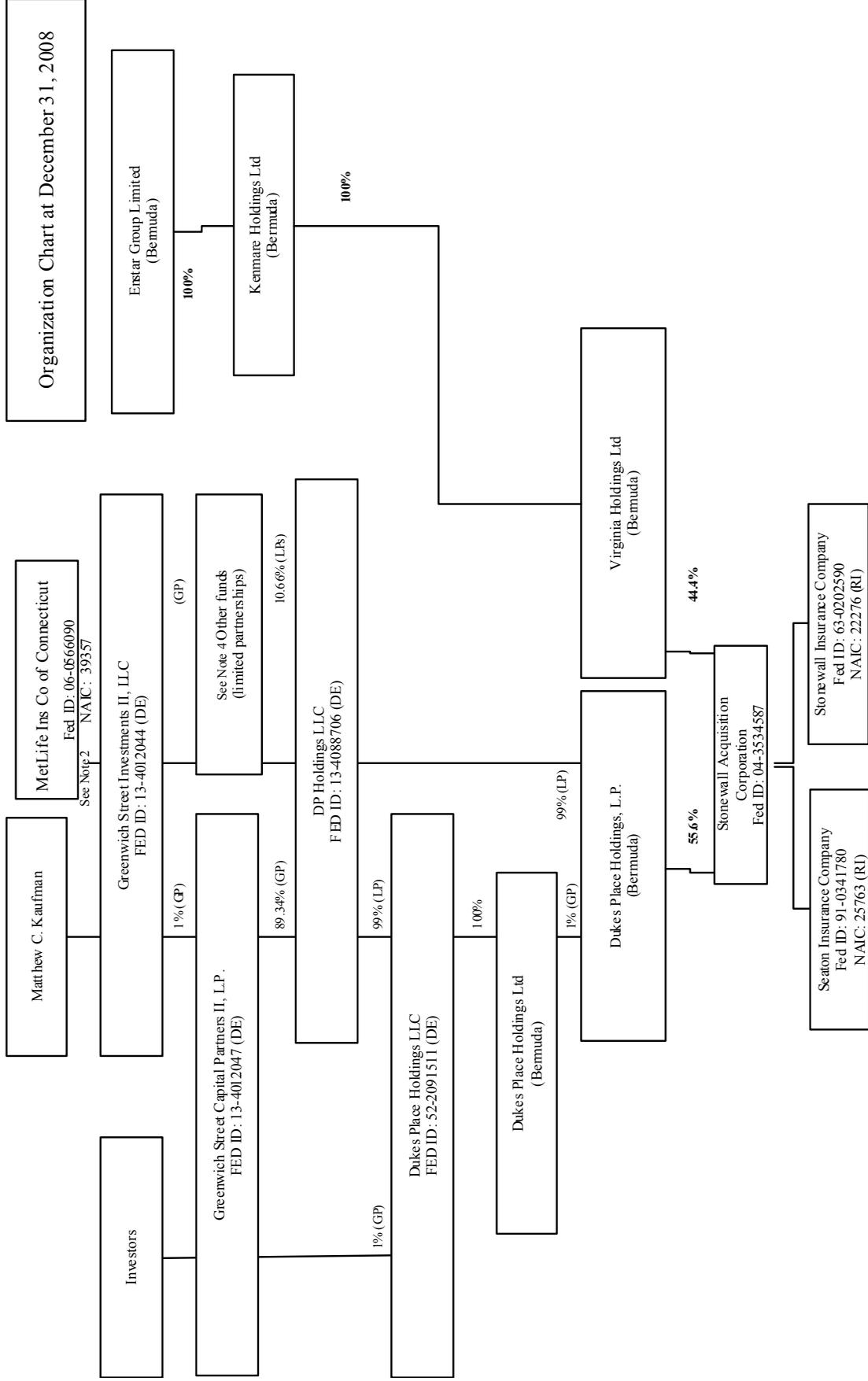
States, etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama	AL	L	0	0	0	(325,301)	1,941,180	0	0
2. Alaska	AK	L	0	0	0	0	0	0	0
3. Arizona	AZ	L	0	0	850,188	(2,309,678)	2,665,213	0	0
4. Arkansas	AR	L	0	0	0	(112,186)	669,449	0	0
5. California	CA	L	0	0	(5,520)	12,832,958	14,486,180	0	0
6. Colorado	CO	L	0	0	0	0	0	0	0
7. Connecticut	CT	N	0	0	0	0	0	0	0
8. Delaware	DE	L	0	0	0	(1,121,730)	6,693,724	0	0
9. District of Columbia	DC	N	0	0	0	0	0	0	0
10. Florida	FL	L	0	0	181,488	(431,779)	2,382,342	0	0
11. Georgia	GA	L	0	0	0	(112,173)	669,372	0	0
12. Hawaii	HI	N	0	0	0	0	0	0	0
13. Idaho	ID	L	0	0	0	0	0	0	0
14. Illinois	IL	L	0	0	166,058	(208,659)	3,028,889	0	0
15. Indiana	IN	L	0	0	0	0	0	0	0
16. Iowa	IA	L	0	0	0	0	0	0	0
17. Kansas	KS	L	0	0	0	6,020,642	7,911,982	0	0
18. Kentucky	KY	L	0	0	0	0	0	0	0
19. Louisiana	LA	L	0	0	0	(168,276)	1,004,158	0	0
20. Maine	ME	N	0	0	0	0	0	0	0
21. Maryland	MD	L	0	0	0	3,347	3,347	0	0
22. Massachusetts	MA	L	0	0	0	0	0	0	0
23. Michigan	MI	L	0	0	(8,112)	(7,334)	4,686	0	0
24. Minnesota	MN	L	0	0	0	0	0	0	0
25. Mississippi	MS	L	0	0	0	(2,422,834)	72	0	0
26. Missouri	MO	L	0	0	131,861	3,354,121	3,237,371	0	0
27. Montana	MT	L	0	0	0	0	0	0	0
28. Nebraska	NE	L	0	0	0	0	0	0	0
29. Nevada	NV	L	0	0	0	0	0	0	0
30. New Hampshire	NH	N	0	0	0	0	0	0	0
31. New Jersey	NJ	N	0	0	0	0	0	0	0
32. New Mexico	NM	L	0	0	0	0	0	0	0
33. New York	NY	L	0	0	2,261,438	(3,618,622)	3,092,626	0	0
34. North Carolina	NC	L	0	0	0	0	0	0	0
35. North Dakota	ND	L	0	0	0	0	0	0	0
36. Ohio	OH	L	0	0	88,708	5,286,231	5,361,822	0	0
37. Oklahoma	OK	L	0	0	0	16,413	834,805	0	0
38. Oregon	OR	L	0	0	750,000	298,654	361,461	0	0
39. Pennsylvania	PA	N	0	0	206,526	2,114,894	14,736,235	0	0
40. Rhode Island	RI	L	0	0	0	0	0	0	0
41. South Carolina	SC	L	0	0	0	0	0	0	0
42. South Dakota	SD	L	0	0	0	0	0	0	0
43. Tennessee	TN	L	0	0	738,562	(2,419,717)	234,280	0	0
44. Texas	TX	L	0	0	0	(3,842,613)	19,977,573	0	0
45. Utah	UT	L	0	0	0	0	0	0	0
46. Vermont	VT	N	0	0	0	0	0	0	0
47. Virginia	VA	L	0	0	0	(6,730,392)	40,162,421	0	0
48. Washington	WA	L	0	0	1,000,000	(563,091)	0	0	0
49. West Virginia	WV	N	0	0	0	0	0	0	0
50. Wisconsin	WI	L	0	0	0	(942,253)	5,622,728	0	0
51. Wyoming	WY	L	0	0	0	0	0	0	0
52. American Samoa	AS	N	0	0	0	0	0	0	0
53. Guam	GU	N	0	0	0	0	0	0	0
54. Puerto Rico	PR	N	0	0	0	0	0	0	0
55. U.S. Virgin Islands	VI	N	0	0	0	0	0	0	0
56. Northern Mariana Islands	MP	N	0	0	0	0	0	0	0
57. Canada	CN	N	0	0	0	0	0	0	0
58. Aggregate other alien	OT	XXX	0	0	0	0	0	0	0
59. Totals	(a) 42		0	0	6,361,197	4,590,622	135,081,916	0	0
<b>DETAILS OF WRITE-INS</b>									
5801.	XXX								
5802.	XXX								
5803.	XXX								
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0
5899. Totals (Lines 5801 through 5803 + 5898) (Line 58 above)	XXX	0	0	0	0	0	0	0	0

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

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

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

**PART 1 - ORGANIZATIONAL CHART**



Notes:  
 1. All subsidiaries are 100% owned unless otherwise indicated.  
 2. All determinations or actions taken by Greenwich Street Investments II, LLC with respect to DP Holdings LLC, Dukes Place Holdings, L.P., Dukes Place Holdings Limited, Dukes Place Holdings LLC or any subsidiary of the foregoing, shall be made solely by Matthew C. Kaufman.  
 3. Other subsidiary companies of Cavell Holdings Limited have not been listed as they are either not actively trading or are otherwise immaterial within the context of the Cavell group of companies.  
 4. Except for Greenwich Street Capital Partners II, L.P., with 89.34% no limit of partnership exceeds a 10% investment, the second largest holds 5.33%.

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