

ANNUAL STATEMENT

OF THE

of _____

in the state of _____

TO THE

Insurance Department

OF THE

FOR THE YEAR ENDED

December 31, 2010

PROPERTY AND CASUALTY

2010



11837201020100100

ANNUAL STATEMENT

For the Year Ended December 31, 2010
OF THE CONDITION AND AFFAIRS OF THE

The Castle Hill Insurance Company

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

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

Country of Domicile US

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

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

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

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

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

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

Internet Web Site Address N/A

Statutory Statement Contact: Ann Lazzareschi 401-825-2621
(Name) (Area Code) (Telephone Number) (Extension)
alazzareschi@beaconmutual.com 401-825-2659
(E-Mail Address) (Fax Number)

OFFICERS

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

VICE-PRESIDENTS

Name	Title	Name	Title
<u>Michael Dennis Lynch</u>	<u>Vice President</u>	<u>Brian Joseph Spero</u>	<u>Vice President</u>

DIRECTORS OR TRUSTEES

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

State of Rhode Island

County of Kent ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

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

Subscribed and sworn to (or affirmed) before me on this _____ day of _____, 2011, by _____

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

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D)	22,674,865		22,674,865	22,321,700
2. Stocks (Schedule D):				
2.1 Preferred stocks				
2.2 Common stocks				
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ 0 encumbrances)				
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$ 4,713, Schedule E - Part 1), cash equivalents (\$ 1,139,950, Schedule E - Part 2), and short-term investments (\$ 12,065, Schedule DA)	1,156,728		1,156,728	784,610
6. Contract loans (including \$ 0 premium notes)				
7. Derivatives				
8. Other invested assets (Schedule BA)				
9. Receivables for securities				
10. Securities lending reinvested collateral assets				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	23,831,593		23,831,593	23,106,310
13. Title plants less \$ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	219,681		219,681	229,306
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection				
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums)				
15.3 Accrued retrospective premiums				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers				
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans				
18.1 Current federal and foreign income tax recoverable and interest thereon				2,524
18.2 Net deferred tax asset				
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software				
21. Furniture and equipment, including health care delivery assets (\$ 0)				
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates				
24. Health care (\$ 0) and other amounts receivable				
25. Aggregate write-ins for other than invested assets				
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	24,051,274		24,051,274	23,338,140
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	24,051,274		24,051,274	23,338,140

DETAILS OF WRITE-IN LINES				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page	NONE			
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501.				
2502.				
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page	NONE			
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)				

LIABILITIES, SURPLUS AND OTHER FUNDS

	1	2
	Current Year	Prior Year
1. Losses (Part 2A, Line 35, Column 8)		
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)		
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)		
4. Commissions payable, contingent commissions and other similar charges		
5. Other expenses (excluding taxes, licenses and fees)	11,564	11,308
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	15,500	10,000
7.1 Current federal and foreign income taxes (including \$ 9,375 on realized capital gains (losses))	27,985	102,279
7.2 Net deferred tax liability	11,946	109,845
8. Borrowed money \$ 0 and interest thereon \$ 0		
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ 0 and including warranty reserves of \$ 0)		
10. Advance premium		
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)		
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		
14. Amounts withheld or retained by company for account of others		
15. Remittances and items not allocated		
16. Provision for reinsurance (Schedule F, Part 7)		
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding		
19. Payable to parent, subsidiaries and affiliates	18,412	14,305
20. Derivatives		
21. Payable for securities		
22. Payable for securities lending		
23. Liability for amounts held under uninsured plans		
24. Capital notes \$ 0 and interest thereon \$ 0		
25. Aggregate write-ins for liabilities		
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	85,407	247,737
27. Protected cell liabilities		
28. Total liabilities (Lines 26 and 27)	85,407	247,737
29. Aggregate write-ins for special surplus funds		
30. Common capital stock	5,000,000	5,000,000
31. Preferred capital stock	15,000,000	15,000,000
32. Aggregate write-ins for other than special surplus funds		
33. Surplus notes		
34. Gross paid in and contributed surplus		
35. Unassigned funds (surplus)	3,965,867	3,090,403
36. Less treasury stock, at cost:		
36.1 0 shares common (value included in Line 30 \$ 0)		
36.2 0 shares preferred (value included in Line 31 \$ 0)		
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39)	23,965,867	23,090,403
38. Totals (Page 2, Line 28, Col. 3)	24,051,274	23,338,140

DETAILS OF WRITE-IN LINES		
2501.		
2502.		
2503.		
2598. Summary of remaining write-ins for Line 25 from overflow page		
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)		
2901.		
2902.		
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page		
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)		
3201.		
3202.		
3203.		
3298. Summary of remaining write-ins for Line 32 from overflow page		
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)		

STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4)		
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7)		
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)		
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	43,601	50,802
5. Aggregate write-ins for underwriting deductions		
6. Total underwriting deductions (Lines 2 through 5)	43,601	50,802
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(43,601)	(50,802)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	846,395	828,129
10. Net realized capital gains (losses) less capital gains tax of \$ 88,119 (Exhibit of Capital Gains (Losses))	180,809	126,820
11. Net investment gain (loss) (Lines 9 + 10)	1,027,204	954,949
OTHER INCOME		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ 0 amount charged off \$ 0)		
13. Finance and service charges not included in premiums		
14. Aggregate write-ins for miscellaneous income	(189)	(3,180)
15. Total other income (Lines 12 through 14)	(189)	(3,180)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	983,414	900,967
17. Dividends to policyholders		
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	983,414	900,967
19. Federal and foreign income taxes incurred	180,818	292,028
20. Net income (Line 18 minus Line 19) (to Line 22)	802,596	608,939
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	23,090,403	22,441,927
22. Net income (from Line 20)	802,596	608,939
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 0	(25,032)	25,034
25. Change in net unrealized foreign exchange capital gain (loss)		
26. Change in net deferred income tax	97,899	14,503
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Col. 3)		
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)		
29. Change in surplus notes		
30. Surplus (contributed to) withdrawn from protected cells		
31. Cumulative effect of changes in accounting principles		
32. Capital changes:		
32.1 Paid in		
32.2 Transferred from surplus (Stock Dividend)		
32.3 Transferred to surplus		
33. Surplus adjustments:		
33.1 Paid in		
33.2 Transferred to capital (Stock Dividend)		
33.3 Transferred from capital		
34. Net remittances from or (to) Home Office		
35. Dividends to stockholders		
36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1)		
37. Aggregate write-ins for gains and losses in surplus		
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	875,463	648,476
39. Surplus as regards policyholders, as of December 31 current year (Lines 21 plus Line 38) (Page 3, Line 37)	23,965,866	23,090,403

DETAILS OF WRITE-IN LINES		
0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 05 from overflow page	NONE	
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 05 above)		
1401. Interest income (expense)	(189)	(3,180)
1402.		
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page		
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	(189)	(3,180)
3701.		
3702.		
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page	NONE	
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)		

CASH FLOW

	1	2
Cash from Operations	Current Year	Prior Year
1. Premiums collected net of reinsurance		
2. Net investment income	998,635	981,497
3. Miscellaneous income	(189)	(3,180)
4. Total (Lines 1 through 3)	998,446	978,317
5. Benefit and loss related payments		
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	37,845	54,353
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$ 142,223 tax on capital gains (losses)	340,707	247,894
10. Total (Lines 5 through 9)	378,552	302,247
11. Net cash from operations (Line 4 minus Line 10)	619,894	676,070
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	10,293,160	6,915,994
12.2 Stocks		
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains (or losses) on cash, cash equivalents and short-term investments	12	
12.7 Miscellaneous proceeds		
12.8 Total investment proceeds (Lines 12.1 to 12.7)	10,293,172	6,915,994
13. Cost of investments acquired (long-term only):		
13.1 Bonds	10,545,055	8,011,950
13.2 Stocks		
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications		
13.7 Total investments acquired (Lines 13.1 to 13.6)	10,545,055	8,011,950
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(251,883)	(1,095,956)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	4,107	(23,567)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	4,107	(23,567)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	372,118	(443,453)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	784,610	1,228,063
19.2 End of year (Line 18 plus Line 19.1)	1,156,728	784,610

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

20.0001		
20.0002		
20.0003		

NONE Underwriting and Investment Exhibit - Part 1

NONE Underwriting and Investment Exhibit - Part 1A

NONE Underwriting and Investment Exhibit - Part 1B

NONE Underwriting and Investment Exhibit - Part 2

NONE Underwriting and Investment Exhibit - Part 2A

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct				
1.2 Reinsurance assumed				
1.3 Reinsurance ceded				
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)				
2. Commission and brokerage:				
2.1 Direct, excluding contingent				
2.2 Reinsurance assumed, excluding contingent				
2.3 Reinsurance ceded, excluding contingent				
2.4 Contingent—direct				
2.5 Contingent—reinsurance assumed				
2.6 Contingent—reinsurance ceded				
2.7 Policy and membership fees				
2.8 Net commission and brokerage (2.1+2.2-2.3+2.4+2.5-2.6+2.7)				
3. Allowances to manager and agents				
4. Advertising				
5. Boards, bureaus and associations				
6. Surveys and underwriting reports				
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries		18,374	2,506	20,880
8.2 Payroll taxes		1,542	210	1,752
9. Employee relations and welfare		3,549	484	4,033
10. Insurance		921	125	1,046
11. Directors' fees				
12. Travel and travel items				
13. Rent and rent items		1,878	256	2,134
14. Equipment		2,805	383	3,188
15. Cost or depreciation of EDP equipment and software				
16. Printing and stationery		371	51	422
17. Postage, telephone and telegraph, exchange and express		921	79	1,000
18. Legal and auditing		3,080	420	3,500
19. Totals (Lines 3 to 18)		33,441	4,514	37,955
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ 0				
20.2 Insurance department licenses and fees		10,160	1,385	11,545
20.3 Gross guaranty association assessments				
20.4 All other (excluding federal and foreign income and real estate)				
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		10,160	1,385	11,545
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses			28,577	28,577
25. Total expenses incurred		43,601	34,476	78,077
26. Less unpaid expenses—current year		27,065		27,065
27. Add unpaid expenses—prior year		21,308		21,308
28. Amounts receivable relating to uninsured plans, prior year				
29. Amounts receivable relating to uninsured plans, current year				
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)		37,844	34,476	72,320

DETAILS OF WRITE-IN LINES				
2401. Investment Expenses			28,577	28,577
2402.				
2403.				
2498. Sum of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)			28,577	28,577

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

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 80,144	92,054
1.1 Bonds exempt from U.S. tax	(a) 275,525	280,562
1.2 Other bonds (unaffiliated)	(a) 533,786	507,221
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 1,041	1,035
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income		
10. Total gross investment income	890,496	880,872
11. Investment expenses		(g) 33,091
12. Investment taxes, licenses and fees, excluding federal income taxes		(g) 1,385
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Lines 11 through 15)		34,476
17. Net investment income (Line 10 minus Line 16)		846,396

DETAILS OF WRITE-IN LINES			
0901.	NONE		
0902.			
0903.			
0998. Summary of remaining write-ins for Line 09 from overflow page			
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 09 above)			
1501.	NONE		
1502.			
1503.			
1598. Summary of remaining write-ins for Line 15 from overflow page			
1599. Totals (Lines 1501 through 1503) plus 1598 (Line 15 above)			

- (a) Includes \$ 8,465 accrual of discount less \$ 151,080 amortization of premium and less \$ 64,279 paid for accrued interest on purchases.
- (b) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued dividends on purchases.
- (c) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (d) Includes \$ 0 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.
- (e) Includes \$ 716 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.
- (g) Includes \$ 33,091 investment expenses and \$ 1,385 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.
- (i) Includes \$ 0 depreciation on real estate and \$ 0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	112,772	(30,133)	82,639	(25,032)	
1.1 Bonds exempt from U.S. tax	21,163		21,163		
1.2 Other bonds (unaffiliated)	165,115		165,115		
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)					
2.21 Common stocks of affiliates					
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments	12		12		
7. Derivative instruments					
8. Other invested assets					
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)	299,062	(30,133)	268,929	(25,032)	

DETAILS OF WRITE-IN LINES					
0901.	NONE				
0902.					
0903.					
0998. Summary of remaining write-ins for Line 09 from overflow page					
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 09 above)					

NONE Exhibit of Nonadmitted Assets

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

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

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

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

C. Accounting Policies

1. Short-term investments are stated at amortized value using the interest method. Non-investment grade short-term investments are stated at the lower of amortized value or fair market value.
2. Bonds not backed by other loans are stated at amortized value using the interest method. Non-investment grade bonds are stated at the lower of amortized value or fair market value.
3. Common stocks are stated at fair market value.
4. Redeemable preferred stocks are stated at cost or amortized cost in accordance with NAIC guidance. Perpetual preferred stocks are stated at fair market value. Non-investment grade preferred stocks are stated at the lower of amortized value or fair value.
5. The Company does not own mortgage loans.
6. Loan-backed securities are stated at amortized value. The retrospective adjustment method is used to value all loan-backed securities. Non-investment grade loan-backed securities are stated at the lower of amortized value or fair value.
7. The Company has no investments in subsidiaries, controlled, and affiliated companies.
8. The Company has no investments in joint ventures, partnerships, and limited liability companies.
9. The Company does not invest in derivatives.
10. No premium deficiency reserve has been calculated as the Company has not commenced insurance operations.
11. Liabilities for losses and loss adjustment expenses are not required as the Company has not commenced insurance operations.
12. No changes have been made to the capitalization policy.
13. The Company has no pharmaceutical rebate receivables.

2. Accounting Changes and Corrections of Errors

A. Accounting Changes Other than Codification and Corrections of Errors

Not applicable

3. Business Combinations and Goodwill

There were no business combinations.

NOTES TO FINANCIAL STATEMENTS

4. Discontinued Operations

Not applicable

5. Investments

A. Mortgage Loans

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

B. Debt Restructuring

The Company does not invest in debt restructuring.

C. Reverse Mortgages

The Company does not invest in reverse mortgages.

D. Loan-Backed Securities

1. Prepayment assumptions for single class and multi-class mortgage backed/ asset-backed securities were obtained from an external investment manager.
2. The Company did not recognize any other-than-temporary impairments on loan backed or structured securities during 2010.
3. Not applicable.
4. The following summarizes gross unrealized investment losses on loan-backed and structured securities by the length of time that securities have continuously been in an unrealized loss position. All have been in a loss position for less than twelve months.

	Less Than	12 Months	12	or Longer	Total	
Type	Fair Value	Unrealized Losses	Months	Unrealized Losses	Fair Value	Unrealized Loss
			Fair Value			
Single Class MBS/ABS	\$2,598,074	\$(29,024)	-	-	\$2,598,074	\$(29,024)
Total	\$2,598,074	\$(29,024)	-	-	\$2,598,074	\$(29,024)

5. All loan-backed and structured securities in an unrealized loss position were reviewed to determine whether an other-than-temporary impairment should be recognized. For those securities in an unrealized loss position as of December 31, 2010, the Company has not made a decision to sell any such securities. The Company evaluated its cash flow requirements and believes that its liquidity is adequate and it will not be required to sell these securities before recovery of their cost basis. As of December 31, 2010, the Company can attest that it has the intent and believes that it has the ability to hold these securities long enough to allow the cost basis of these securities to be recovered. The conclusions are determined by a detailed analysis of the underlying credit and cash flows on each security. It is possible that the Company could recognize other-than-temporary impairments in the future on some of the securities held at December 31, 2010 if future events, information and the passage of time causes it to conclude that declines in value are other than temporary.

E. Repurchase Agreements

Not applicable

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

Not applicable

G. Low Income Housing Tax Credits

Not applicable

6. Joint Ventures, Partnerships and Limited Liability Companies

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

NOTES TO FINANCIAL STATEMENTS

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

7. Investment Income

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

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

- B. Amounts nonadmitted

None

8. Derivative Instruments

The Company has no derivative financial instruments.

9. Income Taxes

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

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

	<u>12/31/10</u>	<u>12/31/09</u>	<u>Change</u>
Total of gross deferred tax assets	-	-	-
Total of deferred tax liabilities	\$11,946	\$109,845	(\$97,899)
Deferred tax asset nonadmitted	-	-	-
Net admitted deferred tax asset	-	-	-
(Increase) decrease in non admitted asset	-	-	-

- B. Unrecognized Deferred Tax Liabilities

None

- C. Current Tax and Change in Deferred Tax

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

	<u>2010</u>	<u>2009</u>	<u>Change</u>
Federal income tax expense	\$280,117	\$252,969	\$27,148
Federal income tax on net capital gains	-	-	-
Utilization of capital loss carry-forwards	-	-	-
Federal and foreign income taxes incurred	-	-	-

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

	<u>2010</u>	<u>2009</u>	<u>Change</u>
Deferred tax assets:			
Discounting of unpaid losses	-	-	-
Change in unearned premium reserve	-	-	-
Deferred compensation	-	-	-
Unrealized capital losses	-	-	-
Net capital loss carryforward	-	-	-
Other	-	-	-
Total deferred tax asset	-	-	-
Non admitted deferred tax assets	-	-	-
Admitted deferred tax assets	-	-	-
Deferred tax liabilities:			
Depreciation	-	-	-
Deferred market discount	\$11,946	\$109,845	(\$97,899)
Other	-	-	-
Total deferred tax liabilities	\$11,946	\$109,845	(\$97,899)
Net admitted deferred tax asset	-	-	-

NOTES TO FINANCIAL STATEMENTS

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

	12/31/10	12/31/09	Change
Total deferred tax assets	-	-	
Total deferred tax liabilities	\$11,946	\$109,845	
Net deferred tax asset (liability)	(\$11,946)	(\$109,845)	\$97,899
Tax effect of unrealized gains (losses)			-
Change in net deferred income tax			\$97,899

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

	<u>12/31/10</u>	<u>Effective Tax Rate</u>
Provision computed at statutory rate	\$364,321	34.00%
Tax exempt income deduction	(\$81,082)	(7.57%)
Dividends received deduction	-	-
Tax differentials on foreign earnings	-	-
Bond discount	\$97,899	9.14%
Other	(\$3,122)	(.29%)
Total	\$378,016	35.28%
Federal and foreign income taxes incurred	\$280,117	26.14%
Change in net deferred income taxes	\$97,899	9.14%
Total statutory income taxes	\$378,016	35.29%

- E. The Company does not have any federal tax carryforwards available for tax purposes nor has it had any federal taxes incurred in previous years that are available for recoupment in the event of future net losses.
- F. The Company does not file a consolidated federal tax return with its parent corporation. Castle Hill is subject to all state and federal taxation applicable to Rhode Island insurance companies writing workers' compensation and employers' liability insurance and shall be solely responsible for the filing of all tax returns and the payment of all such taxes.

10. Information Concerning Parent, Subsidiaries and Affiliates

A. Nature of Relationships

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

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

Not applicable

C. Change in Terms of Intercompany Arrangements

Not applicable

D. Amounts Due to or from Related Parties

The Company reported \$18,412 at December 31, 2010 and \$14,305 at December 31, 2009, respectively, due to its parent under the terms of its intercompany agreement.

E. Guarantees or Contingencies for Related Parties

Not applicable

NOTES TO FINANCIAL STATEMENTS

F. Management, Service Contracts, Cost Sharing Arrangements

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

G. Nature of Relationships that Could Affect Operations

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

H. Amount Deducted for Investment in Upstream Company

Not applicable

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

Not applicable

J. Writedown or Impairments of Investments in SCA Entities

No impairment was recorded in 2010.

K. Foreign Insurance Subsidiary Valued Using CARVM

Not applicable

L. Downstream Holding Company Valued Using Look-Through Method

Not applicable

11. Debt

The Company does not have any capital notes or reverse repurchase agreements at December 31, 2010.

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

A. The Company has no defined benefit plans.

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

The Company's charge for pension expense under this intercompany agreement was \$2,027 for 2010 and \$1,826 for 2009.

C. Multiemployer Plan

Not applicable

D. Consolidated/Holding Company Plans

Not applicable

E. Postemployment Benefits and Compensated Absences

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

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

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

NOTES TO FINANCIAL STATEMENTS

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

A. Authorized and Outstanding Shares

Castle Hill Insurance Company has five thousand (5,000) shares of Common Stock and fifteen thousand (15,000) shares of Preferred Stock, which is 100% of the authorized, issued and outstanding shares as of December 31, 2010. Each share has a par value of \$1,000.

B. Dividend Rate of Preferred Stock

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

C. Dividend Restrictions

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

D. Dates and Amounts of Dividends Paid

None

E. Amount of Ordinary Dividends that May Be Paid

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

F. Restrictions on Unassigned Funds

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

G. Mutual Surplus Advances

Not applicable

H. Company Stock Held for Special Purposes

Not applicable

I. Changes in Special Surplus Funds

Not applicable

J. Change in Unassigned Funds

The portion of unassigned funds (surplus) represented by cumulative unrealized gains (net of losses) is zero as of December 31, 2010.

K. Surplus Notes

Not applicable

L. Impact of Quasi-Reorganizations

Not applicable

M. Date of Quasi-Reorganizations

Not applicable

14. Contingencies

A. Contingent Commitments

Not applicable

NOTES TO FINANCIAL STATEMENTS

B. Guaranty Fund and Other Assessments

Not applicable

C. Gain Contingencies

Not applicable

D. Extra Contractual Obligation and Bad Faith Losses

Not applicable

E. All Other Contingencies

No loss contingencies are anticipated.

15. Leases

A. Lessee Leasing Arrangements

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

These costs will include a reasonable charge for the use of leased hardware and office equipment. Rental expense for 2010 and 2009 was \$2,134 and \$2,380, respectively.

2. There are no future minimum aggregate rental commitments.
3. The Company is not involved in any sales – leaseback arrangement.

B. Lessor Leasing Arrangements

Not applicable

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

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

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

(A, B, C) Not applicable

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

The Company does not write Accident & Health business.

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

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

20. Fair Value Measurement

A. Inputs Used for Assets and Liabilities Measured at Fair Value

1. Fair Value Measurements by Levels 1, 2 and 3

The Company has categorized its assets and liabilities that are measured at fair value into the three-level fair value hierarchy as reflected in the table below. The three-level fair value hierarchy is based on the degree of subjectivity inherent in the valuation method by which fair value was determined. The three levels are defined as follows:

Level 1 – Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.

Level 2 – Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the

NOTES TO FINANCIAL STATEMENTS

instrument. Such inputs include market interest rates and volatilities, prepayment speeds, spreads and yield curves.

Level 3-Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Company's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

	Level 1	Level 2	Level 3	Total
Assets at fair value				
Government Bonds	-	\$1,449,224	-	\$1,449,224

At the end of each reporting period, the Company evaluates whether or not any event has occurred or circumstances have changed that would cause an instrument to be transferred between Levels 1 and 2. This policy also applies to transfers into or out of Level 3 as stated paragraphs 3 below.

During 2010, the Company had no transfers into or out of Level 3.

2. Rollforward of Level 3 Items

The Company has no assets or liabilities measured at fair value in the Level 3 category.

3. Policy on Transfers Into and Out of Level 3

At the end of each reporting period, the Company evaluates whether or not any event has occurred or circumstances have changed that would cause an instrument to be transferred into or out of Level 3. During the current year, no transfers into or out of Level 3 were required.

4. Inputs and Techniques Used for Level 2 and Level 3 Fair Values

The Company has no assets or liabilities measured at fair value in the Level 3 category.

The Company's investments in bond and debt securities and preferred stock reported at fair value are classified in Level 2. Fair values of the investments reported in this category are provided by independent pricing services. Where independent pricing services provide fair values, the Company has obtained an understanding of the methods, models and inputs used in pricing and has controls in place to validate that the amounts provided represent current fair values.

Typical inputs to models used by independent pricing services include but are not limited to benchmark yields, reported trades, broker-dealer quotes, issuer spreads, benchmark securities, bids, offers, reference data, and industry and economic events. Because some preferred and common stocks do not trade daily, independent pricing services regularly derive fair values using recent trades of securities with similar features. When recent trades are not available, pricing models are used to estimate the fair values of securities by discounting future cash flows at estimated market interest rates.

B. Disclosure Removed by NAIC December 2010.

C. Other Fair Value Disclosures

Not applicable

D. Reasons Not Practical to Estimate Fair Values

Not applicable

21. Other Items

A. Extraordinary Items

Not applicable

B. Trouble Debt Restructuring for Debtors

Not applicable

NOTES TO FINANCIAL STATEMENTS

C. Other Disclosures

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

D. Uncollectible Premiums Receivable

The Company has not yet begun insurance operations. Therefore, at December 31, 2010, the Company had admitted assets of \$0 in premiums receivable due from policyholders, agents and ceding insurers.

E. Business Interruption Insurance Recoveries

There were no events that resulted in business interruption recoveries in 2009.

F. State Transferable Tax Credits

Not applicable

G. Subprime Mortgage Related Risk Exposure

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

2. Direct Exposure – Mortgage Loans

Not applicable

3. Direct Exposures – Other Investment Classes

Not applicable

4. Underwriting Exposure

Not applicable

22. Events Subsequent

There were no events occurring subsequent to the end of the current year through the date of this filing meriting disclosure.

23. Reinsurance

A. Unsecured Reinsurance Recoverables

The Company has no unsecured reinsurance recoverables.

B. Reinsurance Recoverables in Dispute

The Company has no reinsurance recoverable balances in dispute at December 31, 2010.

C. Reinsurance Assumed and Ceded

Direct Unearned Premium Reserve at December 31, 2010 is \$0. The Company has no contingent commission receivable at December 31, 2010.

D. Uncollectible Reinsurance

None

E. Commutation of Ceded Reinsurance

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

F. Retroactive Reinsurance

None

G. Reinsurance Accounted for as a Deposit

Not applicable

NOTES TO FINANCIAL STATEMENTS

24. Retrospectively Rated Contracts and Contracts Subject to Redetermination

Not applicable

25. Changes in Incurred Losses and Loss Adjustment Expenses

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

26. Intercompany Pooling Arrangements

Not applicable

27. Structured Settlements

H. Reserves Released due to Purchase of Annuities

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

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

Not applicable

28. Health Care Receivables

Not applicable

29. Participating Policies

Not applicable

30. Premium Deficiency Reserve

Not applicable

31. High Deductibles

Not applicable

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

Not applicable

33. Asbestos/Environmental Reserves

Not applicable

34. Subscriber Savings Accounts

Not applicable

35. Multiple Peril Crop Insurance

Not applicable

36. Financial Guaranty Insurance

Not applicable

GENERAL INTERROGATORIES

6.2 If yes, give full information:

.....

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

7.2 If yes,

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

1 Nationality	2 Type of Entity
.....

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No [X]

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

.....

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

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

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC
.....

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?

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

10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [] No [X]

10.2 If response to 10.1 is "yes," provide information related to this exemption:

.....

10.3 Has the insurer been granted any exemptions to the audit committee requirements as allowed in Section 14H of the Annual Financial Reporting Model Regulation, or substantially similar state law or regulation? Yes [] No [X]

10.4 If response to 10.3 is "yes," provide information related to this exemption:

.....

GENERAL INTERROGATORIES

10.5 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes [] No [X]

10.6 If response to 10.5 is "yes," provide information related to this exemption:

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

10.8 If the response to 10.7 is no or n/a, please explain:

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
 An exemption has been received from the State of Rhode Island as insurance operations have not begun.

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

12.11 Name of real estate holding company	
12.12 Number of parcels involved	
12.13 Total book/adjusted carrying value	\$

12.2 If yes, provide explanation:

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

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

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

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

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

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

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

Yes [X] No []

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

GENERAL INTERROGATORIES

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

14.21 If the response to 14.2 is yes, provide information related to amendment(s).

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

14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

BOARD OF DIRECTORS

15. 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 []

16. 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 []

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

FINANCIAL

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

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

19.11 To directors or other officers	\$ _____
19.12 To stockholders not officers	\$ _____
19.13 Trustees, supreme or grand (Fraternal only)	\$ _____

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

19.21 To directors or other officers	\$ _____
19.22 To stockholders not officers	\$ _____
19.23 Trustees, supreme or grand (Fraternal only)	\$ _____

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

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

20.21 Rented from others	\$ _____
20.22 Borrowed from others	\$ _____
20.23 Leased from others	\$ _____
20.24 Other	\$ _____

21.1 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]

21.2 If answer is yes:

21.21 Amount paid as losses or risk adjustment	\$ _____
21.22 Amount paid as expenses	\$ _____
21.23 Other amounts paid	\$ _____

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

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

GENERAL INTERROGATORIES

INVESTMENT

- 23.1 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 23.3) Yes No
- 23.2 If no, give full and complete information relating thereto:

- 23.3 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 17 where this information is also provided)
 The Company does not participate in security lending programs; therefore 23.4 to 23.9 are not applicable.

- 23.4 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes No N/A
- 23.5 If answer to 23.4 is yes, report amount of collateral for conforming programs. \$ _____
- 23.6 If answer to 23.4 is no, report amount of collateral for other programs. \$ _____
- 23.7 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes No N/A
- 23.8 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes No N/A
- 23.9 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities lending Agreement (MLSA) to conduct securities lending? Yes No N/A
- 24.1 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 20.1 and 23.3) Yes No
- 24.2 If yes, state the amount thereof at December 31 of the current year:
- | | | | |
|--|-------|--|---------------------|
| | 24.21 | Subject to repurchase agreements | \$ _____ |
| | 24.22 | Subject to reverse repurchase agreements | \$ _____ |
| | 24.23 | Subject to dollar repurchase agreements | \$ _____ |
| | 24.24 | Subject to reverse dollar repurchase agreements | \$ _____ |
| | 24.25 | Pledged as collateral | \$ _____ |
| | 24.26 | Placed under option agreements | \$ _____ |
| | 24.27 | Letter stock or securities restricted as to sale | \$ _____ |
| | 24.28 | On deposit with state or other regulatory body | \$ <u>1,013,115</u> |
| | 24.29 | Other | \$ _____ |
- 24.3 For category (24.27) provide the following:
- | 1
Nature of Restriction | 2
Description | 3
Amount |
|----------------------------|------------------|-------------|
| | | |
| | | |
- 25.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes No
- 25.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? If no, attach a description with this statement. Yes No N/A
- 26.1 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
- 26.2 If yes, state the amount thereof at December 31 of the current year. \$ _____

GENERAL INTERROGATORIES

27. Excluding items in Schedule E-Part 3-Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

Yes No

27.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
Bank of America	100 Westminster Street, Providence, RI 02903

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

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

27.03 Have there been any changes, including name changes, in the custodian(s) identified in 27.01 during the current year?

Yes No

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

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

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

1 Central Registration Depository Number(s)	2 Name(s)	3 Address
105900	New England Asset Management	76 Batterson Park Road, Farmington, CT 06032

28.1 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

28.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
28.2999 TOTAL		

28.3 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

29. 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 (+)
29.1 Bonds	23,826,880	24,353,081	526,201
29.2 Preferred stocks			
29.3 Totals	23,826,880	24,353,081	526,201

29.4 Describe the sources or methods utilized in determining the fair values:
 Fair values were obtained from pricing services such as Merrill Lynch indices, Interactive Data Corp, Reuters, S&P, Bloomberg .
 Short term and cash are valued at amortized cost.

30.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [] No [X]

30.2 If the answer to 30.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [] No [X]

30.3 If the answer to 30.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

 Fair values have not been obtained from broker / custodians; pricing has been obtained from services such as Merrill Lynch indices, Interactive Data Corp, Reuters, S&P, Bloomberg.

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

31.2 If no, list exceptions:

OTHER

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

32.2 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
.....
.....

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

33.2 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
.....
.....

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

GENERAL INTERROGATORIES

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

1 Name	2 Amount Paid
.....
.....

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

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

1.31 Reason for excluding

.....

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$ _____

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

1.6 Individual policies:

Most current three years:

1.61 Total premium earned \$ _____

1.62 Total incurred claims \$ _____

1.63 Number of covered lives _____

All years prior to most current three years:

1.64 Total premium earned \$ _____

1.65 Total incurred claims \$ _____

1.66 Number of covered lives _____

1.7 Group policies:

Most current three years:

1.71 Total premium earned \$ _____

1.72 Total incurred claims \$ _____

1.73 Number of covered lives _____

All years prior to most current three years:

1.74 Total premium earned \$ _____

1.75 Total incurred claims \$ _____

1.76 Number of covered lives _____

2. Health Test:

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

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

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

3.21 Participating policies \$ _____

3.22 Non-participating policies \$ _____

4. For Mutual reporting entities and Reciprocal Exchanges only:

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

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

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

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

5. For Reciprocal Exchanges Only:

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

5.2 If yes, is the commission paid:

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

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

5.3 What expenses of the Exchange are not paid out of the compensation of the Attorney-in-fact?

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

5.5 If yes, give full information

.....

6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit loss:

Not applicable. Castle Hill has not yet commenced insurance operations.

.....

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

- 6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:
 Not applicable. Castle Hill is a monoline workers' compensation carrier and has not yet commenced insurance operations.
- 6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?
 Castle Hill does not write property insurance.
- 6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes [] No [X]
- 6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss
 Castle Hill has not yet commenced insurance operations.
- 7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? Yes [] No [X]
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions. _____
- 7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes [] No [X]
- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes [] No [X]
- 8.2 If yes, give full information
- 9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:
 (a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
 (b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
 (c) Aggregate stop loss reinsurance coverage;
 (d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
 (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
 (f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity. Yes [] No [X]
- 9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
 (a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
 (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract. Yes [] No [X]
- 9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:
 (a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;
 (b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
 (c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.
- 9.4 Except for transactions meeting the requirements of paragraph 32 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
 (a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
 (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes [] 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]

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes [] No [] N/A [X]
- 11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force: Yes [] No [X]
- 11.2 If yes, give full information

- 12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:
- | | |
|---|----------|
| 12.11 Unpaid losses | \$ _____ |
| 12.12 Unpaid underwriting expenses (including loss adjustment expenses) | \$ _____ |
- 12.2 Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds? \$ _____
- 12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes [] No [] N/A [X]
- 12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- | | |
|------------|-------|
| 12.41 From | _____ |
| 12.42 To | _____ |
- 12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes [] No [X]
- 12.6 If yes, state the amount thereof at December 31 of current year:
- | | |
|----------------------------------|----------|
| 12.61 Letters of Credit | \$ _____ |
| 12.62 Collateral and other funds | \$ _____ |
- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$ _____
- 13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes [] No [X]
- 13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount. _____
- 14.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes [] No [X]
- 14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:

- 14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? Yes [] No [X]
- 14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements? Yes [] No [X]
- 14.5 If the answer to 14.4 is no, please explain:

- 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 | 2 | 3 | 4 | 5 |
|------------------|---------------------------|-------------------------|---------------------------|----------------------------|--------------------------|
| | Direct Losses
Incurred | Direct Losses
Unpaid | Direct Written
Premium | Direct Premium
Unearned | Direct Premium
Earned |
| 16.11 Home | \$ | \$ | \$ | \$ | \$ |
| 16.12 Products | \$ | \$ | \$ | \$ | \$ |
| 16.13 Automobile | \$ | \$ | \$ | \$ | \$ |
| 16.14 Other* | \$ | \$ | \$ | \$ | \$ |

* Disclose type of coverage: _____

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F – Part 3 that it excludes from Schedule F – Part 5.

Yes [] No [X]

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

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

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

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

18.1 Do you act as a custodian for health savings accounts?

Yes [] No [X]

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

\$ _____

18.3 Do you act as an administrator for health savings accounts?

Yes [] No [X]

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

\$ _____

FIVE – YEAR HISTORICAL DATA

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

	1	2	3	4	5
	2010	2009	2008	2007	2006
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)					
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)					
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
6. Total (Line 35)					
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)					
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)					
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
12. Total (Line 35)					
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(43,601)	(50,802)	(70,978)	(46,396)	(51,648)
14. Net investment gain (loss) (Line 11)	1,027,204	954,949	633,579	853,134	781,016
15. Total other income (Line 15)	(189)	(3,180)	(88)	(41)	(260)
16. Dividends to policyholders (Line 17)					
17. Federal and foreign income taxes incurred (Line 19)	180,818	292,028	52,667	134,893	147,281
18. Net income (Line 20)	802,596	608,939	509,846	671,804	581,827
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	24,051,274	23,338,140	22,629,030	22,120,496	21,606,680
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)					
20.2 Deferred and not yet due (Line 15.2)					
20.3 Accrued retrospective premiums (Line 15.3)					
21. Total liabilities excluding protected cell business (Page 3, Line 26)	85,407	247,737	187,103	91,167	246,580
22. Losses (Page 3, Line 1)					
23. Loss adjustment expenses (Page 3, Line 3)					
24. Unearned premiums (Page 3, Line 9)					
25. Capital paid up (Page 3, Lines 30 & 31)	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
26. Surplus as regards policyholders (Page 3, Line 37)	23,965,867	23,090,403	22,441,927	22,029,329	21,360,099
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	619,894	676,070	792,349	788,513	688,488
Risk-Based Capital Analysis					
28. Total adjusted capital	23,965,867	23,090,403	22,441,927	22,029,329	21,360,099
29. Authorized control level risk-based capital	59,941	73,263	77,333	63,907	66,255
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1)	95.1	96.6	94.5	98.1	99.6
31. Stocks (Lines 2.1 & 2.2)					
32. Mortgage loans on real estate (Lines 3.1 and 3.2)					
33. Real estate (Lines 4.1, 4.2 & 4.3)					
34. Cash, cash equivalents and short-term investments (Line 5)	4.9	3.4	5.5	1.9	0.5
35. Contract loans (Line 6)					
36. Derivatives (Line 7)		X X X	X X X	X X X	X X X
37. Other invested assets (Line 8)					
38. Receivables for securities (Line 9)					
39. Securities lending reinvested collateral assets (Line 10)		X X X	X X X	X X X	X X X
40. Aggregate write-ins for invested assets (Line 11)					
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds, (Sch. D, Summary, Line 12, Col. 1)					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)					
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)					
45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)					
46. Affiliated mortgage loans on real estate					
47. All other affiliated					
48. Total of above Lines 42 to 47					
49. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0)					

FIVE – YEAR HISTORICAL DATA (Continued)

	1	2	3	4	5
	2010	2009	2008	2007	2006
Capital and Surplus Accounts (Page 4)					
50. Net unrealized capital gains (losses) (Line 24)	(25,032)	25,034			
51. Dividends to stockholders (Line 35)					
52. Change in surplus as regards policyholders for the year (Line 38)	875,463	648,476	412,598	669,231	568,418
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
53. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)					
54. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
55. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
56. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)					
57. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
58. Total (Line 35)					
Net Losses Paid (Page 9, Part 2, Col. 4)					
59. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)					
60. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
61. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
62. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)					
63. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
64. Total (Line 35)					
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
65. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
66. Losses incurred (Line 2)					
67. Loss expenses incurred (Line 3)					
68. Other underwriting expenses incurred (Line 4)					
69. Net underwriting gain (loss) (Line 8)					
Other Percentages					
70. 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)					
71. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)					
72. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 37, Col. 1 x 100.0)					
One Year Loss Development (000 omitted)					
73. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11)					
74. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 73 above divided by Page 4, Line 21, Col. 1 x 100.0)					
Two Year Loss Development (000 omitted)					
75. 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)					
76. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 75 above divided by Page 4, Line 21, Col. 2 x 100.0)					

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

Yes [] No [X]

.....

NONE Schedule P - Part 1 - Summary

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

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN Allocated By States and Territories

States, Etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		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	N							
2. Alaska	AK	N							
3. Arizona	AZ	N							
4. Arkansas	AR	N							
5. California	CA	N							
6. Colorado	CO	N							
7. Connecticut	CT	N							
8. Delaware	DE	N							
9. District of Columbia	DC	N							
10. Florida	FL	N							
11. Georgia	GA	N							
12. Hawaii	HI	N							
13. Idaho	ID	N							
14. Illinois	IL	N							
15. Indiana	IN	N							
16. Iowa	IA	N							
17. Kansas	KS	N							
18. Kentucky	KY	N							
19. Louisiana	LA	N							
20. Maine	ME	N							
21. Maryland	MD	N							
22. Massachusetts	MA	N							
23. Michigan	MI	N							
24. Minnesota	MN	N							
25. Mississippi	MS	N							
26. Missouri	MO	N							
27. Montana	MT	N							
28. Nebraska	NE	N							
29. Nevada	NV	N							
30. New Hampshire	NH	N							
31. New Jersey	NJ	N							
32. New Mexico	NM	N							
33. New York	NY	N							
34. North Carolina	NC	N							
35. North Dakota	ND	N							
36. Ohio	OH	N							
37. Oklahoma	OK	N							
38. Oregon	OR	N							
39. Pennsylvania	PA	N							
40. Rhode Island	RI	L							
41. South Carolina	SC	N							
42. South Dakota	SD	N							
43. Tennessee	TN	N							
44. Texas	TX	N							
45. Utah	UT	N							
46. Vermont	VT	N							
47. Virginia	VA	N							
48. Washington	WA	N							
49. West Virginia	WV	N							
50. Wisconsin	WI	N							
51. Wyoming	WY	N							
52. American Samoa	AS	N							
53. Guam	GU	N							
54. Puerto Rico	PR	N							
55. U.S. Virgin Islands	VI	N							
56. Northern Mariana Islands	MP	N							
57. Canada	CN	N							
58. Aggregate Other Alien	OT	X X X							
59. Totals	(a) 1								

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

NONE

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

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

None.

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

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

PART 1 - ORGANIZATIONAL CHART

The Beacon Mutual Insurance Company (RI)
(Parent – 100% Owner)
NAIC # - 24017
FEIN # - 05-0458697

Castle Hill Insurance Company (RI)
(Subsidiary)
NAIC # - 11837
FEIN # - 20-0317088

OVERFLOW PAGE FOR WRITE-INS

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT

Assets	2	Schedule E – Part 2 – Cash Equivalents	E26
Cash Flow	5	Schedule E – Part 3 – Special Deposits	E27
Exhibit of Capital Gains (Losses)	12	Schedule E – Verification Between Years	SI16
Exhibit of Net Investment Income	12	Schedule F – Part 1	20
Exhibit of Nonadmitted Assets	13	Schedule F – Part 2	21
Exhibit of Premiums and Losses (State Page)	19	Schedule F – Part 3	22
Five-Year Historical Data	17	Schedule F – Part 4	23
General Interrogatories	15	Schedule F – Part 5	24
Jurat Page	1	Schedule F – Part 6	25
Liabilities, Surplus and Other Funds	3	Schedule F – Part 7	26
Notes To Financial Statements	14	Schedule F – Part 8	27
Overflow Page For Write-ins	97	Schedule H – Accident and Health Exhibit – Part 1	28
Schedule A – Part 1	E01	Schedule H – Part 2, Part 3 and Part 4	29
Schedule A – Part 2	E02	Schedule H – Part 5 – Health Claims	30
Schedule A – Part 3	E03	Schedule P – Part 1 – Analysis of Losses and Loss Expenses	31
Schedule A – Verification Between Years	SI02	Schedule P – Part 1A – Homeowners/Farmowners	33
Schedule B – Part 1	E04	Schedule P – Part 1B – Private Passenger Auto Liability/Medical	34
Schedule B – Part 2	E05	Schedule P – Part 1C – Commercial Auto/Truck Liability/Medical	35
Schedule B – Part 3	E06	Schedule P – Part 1D – Workers' Compensation	36
Schedule B – Verification Between Years	SI02	Schedule P – Part 1E – Commercial Multiple Peril	37
Schedule BA – Part 1	E07	Schedule P – Part 1F – Section 1 – Medical Professional Liability	
Schedule BA – Part 2	E08	– Occurrence	38
Schedule BA – Part 3	E09	Schedule P – Part 1F – Section 2 – Medical Professional Liability	
Schedule BA – Verification Between Years	SI03	– Claims-Made	39
Schedule D – Part 1	E10	Schedule P – Part 1G - Special Liability (Ocean, Marine, Aircraft (All	
Schedule D – Part 1A – Section 1	SI05	Perils), Boiler and Machinery)	40
Schedule D – Part 1A – Section 2	SI08	Schedule P – Part 1H – Section 1 – Other Liability – Occurrence	41
Schedule D – Part 2 – Section 1	E11	Schedule P – Part 1H – Section 2 – Other Liability – Claims-Made	42
Schedule D – Part 2 – Section 2	E12	Schedule P – Part 1I – Special Property (Fire, Allied Lines, Inland Marine,	
Schedule D – Part 3	E13	Earthquake, Burglary & Theft)	43
Schedule D – Part 4	E14	Schedule P – Part 1J – Auto Physical Damage	44
Schedule D – Part 5	E15	Schedule P – Part 1K – Fidelity/Surety	45
Schedule D – Part 6 – Section 1	E16	Schedule P – Part 1L – Other (Including Credit, Accident and Health)	46
Schedule D – Part 6 – Section 2	E16	Schedule P – Part 1M – International	47
Schedule D – Summary By Country	SI04	Schedule P – Part 1N – Reinsurance	48
Schedule D – Verification Between Years	SI03	Schedule P – Part 1O – Reinsurance	49
Schedule DA – Part 1	E17	Schedule P – Part 1P – Reinsurance	50
Schedule DA – Verification Between Years	SI11	Schedule P – Part 1R – Section 1 – Products Liability – Occurrence	51
Schedule DB – Part A – Section 1	E18	Schedule P – Part 1R – Section 2 – Products Liability – Claims – Made	52
Schedule DB – Part A – Section 2	E19	Schedule P – Part 1S – Financial Guaranty/Mortgage Guaranty	53
Schedule DB – Part A – Verification Between Years	SI12	Schedule P – Part 1T – Warranty	54
Schedule DB – Part B – Section 1	E20	Schedule P – Part 2, Part 3 and Part 4 - Summary	32
Schedule DB – Part B – Section 2	E21	Schedule P – Part 2A – Homeowners/Farmowners	55
Schedule DB – Part B – Verification Between Years	SI12	Schedule P – Part 2B – Private Passenger Auto Liability/Medical	55
Schedule DB – Part C – Section 1	SI13	Schedule P – Part 2C – Commercial Auto/Truck Liability/Medical	55
Schedule DB – Part C – Section 2	SI14	Schedule P – Part 2D – Workers' Compensation	55
Schedule DB - Part D	E22	Schedule P – Part 2E – Commercial Multiple Peril	55
Schedule DB - Verification	SI15	Schedule P – Part 2F – Section 1 – Medical Professional Liability	
Schedule DL - Part 1	E23	– Occurrence	56
Schedule DL - Part 2	E24	Schedule P - Part 2F - Medical Professional Liability - Claims - Made	56
Schedule E – Part 1 – Cash	E25	Schedule P – Part 2G – Special Liability (Ocean Marine, Aircraft (All Perils),	
		Boiler and Machinery)	56

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT

Schedule P – Part 2H – Section 1 – Other Liability – Occurrence	56	Schedule P – Part 4H – Section 2 – Other Liability – Claims-Made	66
Schedule P – Part 2H – Section 2 – Other Liability – Claims – Made	56	Schedule P – Part 4I – Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary and Theft)	67
Schedule P – Part 2I – Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary, and Theft)	57	Schedule P – Part 4J – Auto Physical Damage	67
Schedule P – Part 2J – Auto Physical Damage	57	Schedule P – Part 4K – Fidelity/Surety	67
Schedule P – Part 2K – Fidelity, Surety	57	Schedule P – Part 4L – Other (Including Credit, Accident and Health)	67
Schedule P – Part 2L – Other (Including Credit, Accident and Health)	57	Schedule P – Part 4M – International	67
Schedule P – Part 2M – International	57	Schedule P – Part 4N – Reinsurance	68
Schedule P – Part 2N – Reinsurance	58	Schedule P – Part 4O – Reinsurance	68
Schedule P – Part 2O – Reinsurance	58	Schedule P – Part 4P – Reinsurance	68
Schedule P – Part 2P – Reinsurance	58	Schedule P – Part 4R – Section 1 – Products Liability – Occurrence	69
Schedule P – Part 2R – Section 1 – Products Liability – Occurrence	59	Schedule P – Part 4R – Section 2 – Products Liability – Claims-Made	69
Schedule P – Part 2R – Section 2 – Products Liability – Claims-Made	59	Schedule P – Part 4S – Financial Guaranty/Mortgage Guaranty	69
Schedule P – Part 2S – Financial Guaranty/Mortgage Guaranty	59	Schedule P – Part 4T – Warranty	69
Schedule P – Part 2T – Warranty	59	Schedule P – Part 5A – Homeowners/Farmowners	70
Schedule P – Part 3A – Homeowners/Farmowners	60	Schedule P – Part 5B – Private Passenger Auto Liability/Medical	71
Schedule P – Part 3B – Private Passenger Auto Liability/Medical	60	Schedule P – Part 5C – Commercial Auto/Truck Liability/Medical	72
Schedule P – Part 3C – Commercial Auto/Truck Liability/Medical	60	Schedule P – Part 5D – Workers' Compensation	73
Schedule P – Part 3D – Workers' Compensation	60	Schedule P – Part 5E – Commercial Multiple Peril	74
Schedule P – Part 3E – Commercial Multiple Peril	60	Schedule P – Part 5F – Medical Professional Liability – Claims-Made	76
Schedule P – Part 3F – Section 1 – Medical Professional Liability – Occurrence	61	Schedule P – Part 5F – Medical Professional Liability – Occurrence	75
Schedule P – Part 3F – Section 2 – Medical Professional Liability – Claims-Made	61	Schedule P – Part 5H – Other Liability – Claims-Made	78
Schedule P – Part 3G – Special Liability (Ocean Marine, Aircraft (All Perils), Boiler and Machinery)	61	Schedule P – Part 5H – Other Liability – Occurrence	77
Schedule P – Part 3H – Section 1 – Other Liability – Occurrence	61	Schedule P – Part 5R – Products Liability – Claims-Made	80
Schedule P – Part 3H – Section 2 – Other Liability – Claims-Made	61	Schedule P – Part 5R – Products Liability – Occurrence	79
Schedule P – Part 3I – Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary, and Theft)	62	Schedule P – Part 5T – Warranty	81
Schedule P – Part 3J – Auto Physical Damage	62	Schedule P – Part 6C – Commercial Auto/Truck Liability/Medical	82
Schedule P – Part 3K – Fidelity/Surety	62	Schedule P – Part 6D – Workers' Compensation	82
Schedule P – Part 3L – Other (Including Credit, Accident and Health)	62	Schedule P – Part 6E – Commercial Multiple Peril	83
Schedule P – Part 3M – International	62	Schedule P – Part 6H – Other Liability – Claims-Made	84
Schedule P – Part 3N – Reinsurance	63	Schedule P – Part 6H – Other Liability – Occurrence	83
Schedule P – Part 3O – Reinsurance	63	Schedule P – Part 6M – International	84
Schedule P – Part 3P – Reinsurance	63	Schedule P – Part 6N – Reinsurance	85
Schedule P – Part 3R – Section 1 – Products Liability – Occurrence	64	Schedule P – Part 6O – Reinsurance	85
Schedule P – Part 3R – Section 2 – Products Liability – Claims-Made	64	Schedule P – Part 6R – Products Liability – Claims-Made	86
Schedule P – Part 3S – Financial Guaranty/Mortgage Guaranty	64	Schedule P – Part 6R – Products Liability – Occurrence	86
Schedule P – Part 3T – Warranty	64	Schedule P – Part 7A – Primary Loss Sensitive Contracts	87
Schedule P – Part 4A – Homeowners/Farmowners	65	Schedule P – Part 7B – Reinsurance Loss Sensitive Contracts	89
Schedule P – Part 4B – Private Passenger Auto Liability/Medical	65	Schedule P Interrogatories	91
Schedule P – Part 4C – Commercial Auto/Truck Liability/Medical	65	Schedule T – Exhibit of Premiums Written	92
Schedule P – Part 4D – Workers' Compensation	65	Schedule T – Part 2 – Interstate Compact	93
Schedule P – Part 4E – Commercial Multiple Peril	65	Schedule Y – Information Concerning Activities of Insurer Members of a Holding Company Group	94
Schedule P – Part 4F – Section 1 – Medical Professional Liability – Occurrence	66	Schedule Y – Part 2 – Summary of Insurer's Transactions With Any Affiliates	95
Schedule P – Part 4F – Section 2 – Medical Professional Liability – Claims-Made	66	Statement of Income	4
Schedule P – Part 4G – Special Liability (Ocean Marine, Aircraft (All Perils), Boiler and Machinery)	66	Summary Investment Schedule	SI01
Schedule P – Part 4H – Section 1 – Other Liability – Occurrence	66	Supplemental Exhibits and Schedules Interrogatories	96
		Underwriting and Investment Exhibit Part 1	6
		Underwriting and Investment Exhibit Part 1A	7
		Underwriting and Investment Exhibit Part 1B	8
		Underwriting and Investment Exhibit Part 2	9
		Underwriting and Investment Exhibit Part 2A	10
		Underwriting and Investment Exhibit Part 3	11