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Insurance Commissioner of the State of California
13 in his Capacity as Conservator of
CastlePoint National Insurance Company

**EXEMPT from filing fees per Govt.
Code § 6103**

15 SUPERIOR COURT OF THE STATE OF CALIFORNIA
16 CITY AND COUNTY OF SAN FRANCISCO

18 DAVE JONES, INSURANCE
COMMISSIONER OF THE STATE OF
19 CALIFORNIA,

20 Applicant,

21 v.

22 CASTLEPOINT NATIONAL INSURANCE
COMPANY, and DOES 1-50, inclusive,

23 Respondents.
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Case No. CPF-16-515183

Reservation No. 06150718-15

**DECLARATION OF JOSEPH
HOLLOWAY IN SUPPORT OF
COMMISSIONER'S APPLICATION
FOR ORDER APPROVING AND
RATIFYING FINANCIAL REPORT
AND EXPENSES OF
ADMINISTRATION**

Date: July 18, 2017

Time: 9:30 a.m.

Dept: 302

Judge: Hon. Harold E. Kahn

ELECTRONICALLY

FILED

Superior Court of California,
County of San Francisco

06/16/2017

Clerk of the Court

BY: VANESSA WU

Deputy Clerk

1 I, Joseph Holloway, hereby declare as follows:

2 1. I am currently the Liquidation Manager for CastlePoint National Insurance
3 Company in Liquidation and served as the on-site Conservation Manager for CastlePoint National
4 Insurance Company in Conservation (“CastlePoint”) during the period from July 28, 2016
5 through March 31, 2017 (the “Conservation Period”). I make this declaration in support of the
6 Commissioner’s Application For Order Approving Financial Report And Expenses Of
7 Administration (the “Application”). The following facts are known by me to be true and correct
8 of my own personal knowledge, except to those which I have expressed as being based upon my
9 information and belief, and if called upon to testify thereto, I would and could competently do so.

10 2. I have a Bachelor of Arts degree in accounting from North Carolina State
11 University and hold the designation of Certified Financial Examiner from the Society of Financial
12 Examiners. From 1985 to 2005, I worked as an examiner, regulatory specialist, and chief forensic
13 accountant for the North Carolina Department of Insurance. Since 2005, I have worked for the
14 Insurance Commissioner’s Conservation & Liquidation Office. I have over 35 years of
15 experience working with insurance companies experiencing financial difficulties, including
16 companies in supervision, conservation, rehabilitation, and liquidation.

17 3. I am empowered under Paragraph 18 of the Court’s July 28, 2016 Order
18 Appointing Insurance Commissioner As Conservator And Restraining Orders, to carry out all the
19 duties of and exercise the authority of Insurance Commissioner Dave Jones, in his statutory
20 capacity as Conservator, and now Liquidator, of CastlePoint, and Special Deputy Insurance
21 Commissioner David Wilson as either may delegate to me in the management of CastlePoint.

22 4. During the Conservation Period, the Commissioner accomplished the following
23 tasks, among others: 1) placed CastlePoint into conservation, 2) consolidated the ledgers of all ten
24 Tower Group Insurance companies that were merged with and into CastlePoint, 3) negotiated and
25 closed the Conservation Plan and numerous related agreements, 4) took over management of the
26 company and paid \$338 million in claims, 5) obtained the release of \$54.4 million in California
27 Worker’s Compensation deposits, 6) collected approximately \$70 million in reinsurance and an
28 additional \$30 million in miscellaneous assets for the estate, 7) prepared and distributed quarterly

1 financial information to all state insurance departments and affected IGAs, 8) coordinated and
2 transferred approximately 6,000 claim data files from 11 third party administrators to affected
3 IGAs in preparation for liquidation, and 9) agreed to and pre-funded workers' compensation
4 indemnity and pharmacy benefits for all injured workers during the transition of claim files from
5 the Liquidator to the IGAs.

6 5. Attached hereto as **Exhibit A** is a series of charts detailing the expenses paid by
7 the Conservation & Liquidation Office during the Conservation Period.

8 6. Attached hereto as **Exhibit B** is a report titled "CastlePoint National Insurance
9 Company Selected Financial Information And Analysis" dated March 31, 2017. This report is
10 currently posted on the website of the California Conservation & Liquidation Office.

11 7. Over the Conservation Period, the CastlePoint estate paid expenses totaling
12 \$7,891,381. Of that total, \$3,438,993 was paid in payroll and benefits to CastlePoint employees
13 retained by the Conservator, while \$2,596,600 was paid to the California Conservation &
14 Liquidation Office ("CLO") for professional services (of which \$1,234,032 are for legal fees paid
15 to Orrick for legal services related to the negotiation, documentation, court approval and
16 implementation of the Plan, as well as legal support during the Conservation Period). Other
17 significant sources of fees paid to CLO include CLO claims administration (\$405,791),
18 management expenses (\$270,263), and INS Consultants (\$200,933). A full breakdown of all
19 expenses paid during the conservation period is provided in Exhibit A.

20 8. These costs and expenses are typical for the administration of a receivership of this
21 size and complexity, and were necessary, reasonable and appropriate to secure the CastlePoint
22 estate and to protect its creditors to the fullest extent possible.

23 9. As of the Conservation Date, July 28, 2016, CastlePoint had 26 employees and an
24 annual payroll of \$3.93 million. Since then, the Conservator had reduced the number of
25 employees and payroll costs, and as of March 31, 2017, only 10 CastlePoint employees remained,
26 and annual payroll had been cut to \$1.85 million. Page 2 of Exhibit A attached hereto shows the
27 general reduction in payroll during the Conservation Period.
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This declaration was executed this 16th day of June, 2017, in San Francisco, California

I declare under penalty of perjury according to the laws of the State of California that the foregoing is true and correct.

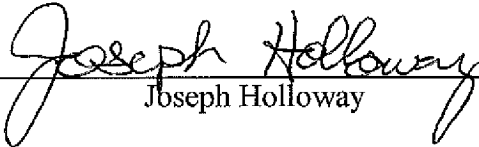

Joseph Holloway

Exhibit A

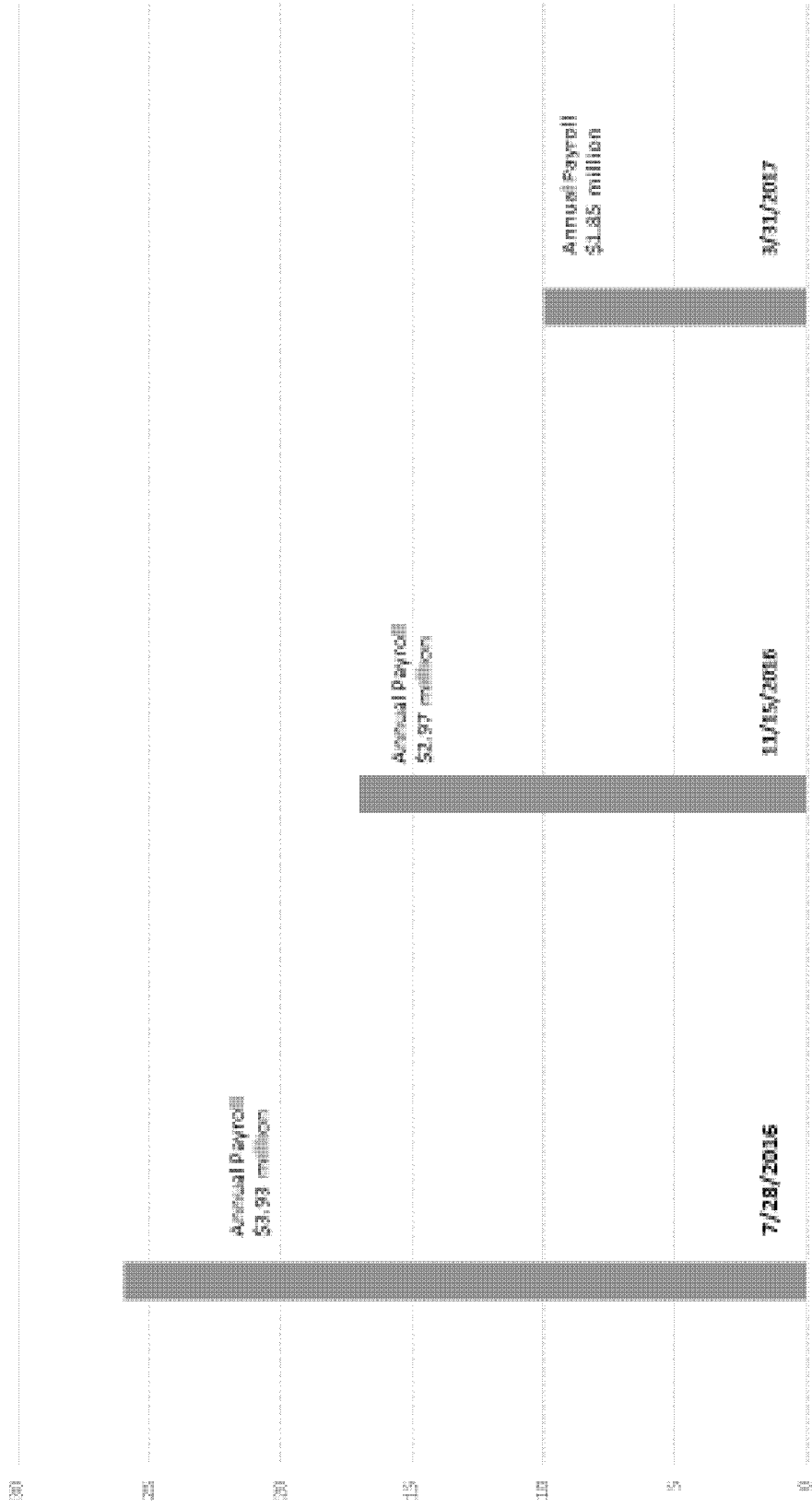
EXHIBIT I

Summary of Expenses Paid during Conservation Period (7/28/2016 - 3/31/2017)

3,438,993	43.6%	Payroll & Benefits
58,806	0.7%	Office Rent
325,677	4.1%	IT Charges (Detail)
2,596,600	32.9%	CACLO (See Detail)
67,610	0.9%	Audit (Johnson Lambert)
13,672	0.2%	Actuarial (Huggins commutation)
285,678	3.6%	Actuarial (Milliman, for NYDFS Examination))
166,255	2.1%	Collection fees (contingency firms for AR)
44,698	0.6%	NEAM (FAL Management)
397,706	5.0%	ULAE and non file expenses
445,250	5.6%	AIIM Fees (Portfolio Asset managenet)
<u>50,436</u>	0.6%	Bank Fees
<u>7,891,381</u>	100%	Total Expenses

Exhibit III

Staffing Levels- CNIC Run-off



IT and Telecom Charges

TRIGYN TECHNOLOGIES	79,380	Temp labor to support Tower apps.
EQUINIX INC	62,550	Data Storage facilities
MIS INSURANCE SERVICES, LLC	36,000	Workers Comp Audit Billings
BCM ONE, INC.	30,695	Phone services
RMK CONSULTING, INC.	29,158	Temp labor to support Tower apps.
AMERICAN TELEPHONE COMPANY LLC	18,055	Data Lines
AT&T	17,367	Data Lines
LEVEL 3 COMMUNICATIONS	11,393	Data lines and connectivity to NC and Cleveland
Vendors with billings under \$10K	<u>41,078</u>	(Incl. IBM, Logicalis, Microsoft, etc.)
TOTAL IT AND SYSTEMS CHARGES	<u>325,677</u>	

EXHIBIT IV

CACLO BREAKOUT OF PROFESSIONAL SERVICES

Orrick-Legal	1,234,032
INS Consultants	200,933
Travel and Incidentals	139,760
CLO-Reinsurance	68,478
CLO-Claims	405,791
CLO-Data and IT	174,011
CLO-Management	270,263
RSG-Special Examination	38,526
CLO-Admin. And Miscellaneous Staffing	64,806
Total Consultant Fees	<u>2,596,600</u>

Exhibit B

CASTLEPOINT NATIONAL INSURANCE COMPANY

Selected Financial Information and Analysis

As of and for the quarter ended March 31, 2017

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CASTLEPOINT NATIONAL INSURANCE COMPANY

Selected Financial Information and Analysis

Overview

Castlepoint National Insurance Company (CNIC or the Company) is the surviving entity from a merger with Tower Insurance Company of New York, CastlePoint Insurance Company, Hermitage Insurance Company, Massachusetts Homeland Insurance Company, North East Insurance Company, Preserver Insurance Company, Tower National Insurance Company, York Insurance Company of Maine and Castlepoint Florida Insurance Company (pre-merger affiliates). All intercompany assets and liabilities arising between the pre-merger affiliates were eliminated. The Company and its pre-merger affiliates were members of Tower Group International Ltd. (Tower) and were ultimately owned by ACP Re, Ltd. (ACPRE). The merger agreement was structured so that CNIC will have responsibility for all of Tower's direct insurance business. CNIC and the pre-merger affiliates (except for Castlepoint Florida Insurance Company) were members of the Tower's US Pool. Subsequent to the completion of the merger, on July 28, 2016, CNIC was placed into conservation by the California Insurance Commissioner, and subject to the oversight of the California Insurance Commissioner.

Pursuant to the July 28, 2016 Order Appointing Insurance Commissioner as Conservator and Restraining Orders (the Conservation Order), the California Insurance Commissioner was appointed as the statutory Conservator of the Company. The Conservation Order authorizes and empowers the Commissioner, through the Conservation & Liquidation Office, to conserve the Company and its assets for the benefit of the Company's claimants, creditors and shareholder, as provided in Sections 1010 through 1062 of the Insurance Code of the State of California. The Commissioner has also filed a Conservation and Liquidation Plan for the Company which was approved September 13, 2016. As part of the Conservation and Liquidation Plan, ACP Re commuted its aggregate stop loss reinsurance retrocession agreement with two affiliated companies who in turn provided aggregate stop loss reinsurance protection to Castlepoint Reinsurance Company (CPre), (a Bermuda reinsurance company that was an affiliate of CNIC) and those companies' aggregate stop loss to CPre were also cancelled, terminated and commuted. Concurrent with the execution of these agreements, CPre commuted all of its reinsurance agreements with CNIC and the pre-merged companies, with consideration to CNIC being all of net tangible assets of CPre, such that after the commutation CPre has no further obligation to CNIC. Finally, CNIC received a cash payment of \$200 million from the owners of ACPRe in exchange for their agreement to the commutation agreements. CNIC has been using these funds to pay losses and other expense of the estate while in conservation.

In accordance with the Conservation and Liquidation Plan, two Administrative Services Agreements were executed with AmTrust Financial Services Inc. and with National General Holdings Company for the continuity of claims servicing and payment processing for a period of 24 months. Also, ACP Re has no control over CNIC or ownership of any other of the Tower Group Companies after it transferred its ownership interest in the stock of all of the remaining Tower Group Companies to a trust, pursuant to the Conservation and Liquidation Plan.

On March 30, 2017, the Superior Court of the State of California issued a Liquidation Order (effective April 1, 2017) for Castlepoint National Insurance Company. The Order directs the Liquidator to liquidate and wind up the business of Castlepoint and to act in all ways and exercise all powers necessary for the purpose of carrying out this Order and the Liquidation provision of the California Insurance Co, Insurance Sections 1010 *et seq.*

CASTLEPOINT NATIONAL INSURANCE COMPANY

Selected Financial Information and Analysis

Effective April 1, 2017 all direct claims of Castlepoint (and the merged entities) that arose under policies of insurance that are protected by State Guaranty Funds are being transferred to the State Guaranty Funds that have jurisdiction over the claims. All claims issued under policies of insurance that are not protected by State Guaranty Funds are being transferred back to the insureds under the policies, and such insureds are eligible to file a proof of claim with the Liquidator. Such proofs of claim forms are expected to be mailed to insureds and all other potential creditors in the second quarter of 2017. Claims filed by these insureds without Guaranty Fund protection and approved by the Liquidator will receive the same creditor classification as those claims filed by the State Guaranty Funds.

Other creditors, including claims that arose from policies of reinsurance issued by the Company will be subordinated to the claims of the Guaranty Funds and the direct claims of insureds not protected by Guaranty Funds.

CASTLEPOINT NATIONAL INSURANCE COMPANY

Selected Financial Information and Analysis

Statutory Balance Sheets (Unaudited)

(\$ in thousands)	31-Mar-17	31-Dec-16	Increase (Decrease)
Admitted Assets			
Cash and invested assets			
Unrestricted assets	\$ 75,878	\$ 130,834	\$ (54,956)
Restricted assets			
Pledged to states	320,689	352,911	(32,222)
Pledged for reinsurance	80,625	84,278	(3,653)
Funds at Lloyds and other invested assests	42,072	41,949	123
Total restricted assets	443,386	479,138	(35,752)
Total cash and invested assets	519,264	609,972	(90,708)
Investment income due and accrued	3,589	4,297	(708)
Uncollected premiums and agents' balances	834	2,565	(1,731)
Amounts recoverable from reinsurers	26,503	26,922	(419)
Funds held by or deposited with reinsured companies	772	1,222	(450)
Miscellaneous assets	52,533	63,450	(10,917)
Total admitted assets	\$ 603,495	\$ 708,428	\$ (104,933)
Liabilities, capital and surplus			
Liabilities			
Reserve for losses and loss adjustment expenses	\$ 829,659	\$ 931,723	\$ (102,064)
Reinsurance payable on paid losses and LAE	10,561	11,425	(864)
Ceded reinsurance premiums payable	1,490	5,770	(4,280)
Funds held by company under reinsurance treaties	21,832	21,662	170
Miscellaneous liabilities	21,313	19,757	1,556
Total liabilities	884,855	990,337	(105,482)
Capital and surplus			
Common capital stock	4,200	4,200	-
Surplus notes	3,000	3,000	-
Gross paid in and contributed surplus	521,742	521,742	-
Unassigned deficit	(810,613)	(811,162)	549
Special surplus funds from retroactive reinsurance	311	311	-
Total capital and surplus	(281,360)	(281,909)	549
Total liabilities, capital and surplus	\$ 603,495	\$ 708,428	\$ (104,933)

CASTLEPOINT NATIONAL INSURANCE COMPANY

Selected Financial Information and Analysis

Notes to Statutory Balance Sheets

Assets

Total cash and invested assets were \$519.3 million at March 31, 2017 compared to \$610.0 million at December 31, 2016. During the first quarter of 2017, there was a decrease of \$90.7 million as the Company funded direct loss payments of \$125.8 million and this was largely offset by reinsurance proceeds, a distribution from CPRe (as further described below) and net investment income received.

Investment income due and accrued decreased by \$0.7 million, or 16.3%, to \$3.6 million at March 31, 2017 compared to \$4.3 million at December 31, 2016.

Reinsurance recoverable was \$26.5 million at March 31, 2017 compared to \$26.9 million at December 31, 2016. Balances collected during the first quarter 2017 were \$18.3 million, compared to collections of \$13.2 million in the fourth quarter 2016. None of these balances are currently in dispute. Reinsurance contracts do not relieve CNIC from its obligations to policyholders. Failure of reinsurers to honor their obligations could result in losses to CNIC.

Funds held by or deposited with reinsured companies were \$0.8 million at March 31, 2017 compared to \$1.2 million at December 31, 2016.

Miscellaneous assets were \$52.5 million at March 31, 2017 compared to \$63.4 million at December 31, 2016, as shown below. The amounts receivable from CPRe represent CPRe's net tangible assets which are due to CNIC under the terms of the commutation agreement with CPRe. The receivable from CPRe decreased by \$8.8 million in the first quarter of 2017 due to a distribution from CPRe to CNIC which was approved by the Bermuda regulators. There were also decreases in advances to TPAs and in the receivable balance from AmTrust.

CASTLEPOINT NATIONAL INSURANCE COMPANY

Selected Financial Information and Analysis

Notes to Statutory Balance Sheets, continued

Assets, continued

Miscellaneous Assets (unaudited)

(\$ in thousands)	31-Mar-17	31-Dec-16	Increase (Decrease)
Tangible value of CPRe due to Estate	\$ 10,888	\$ 19,670	\$ (8,782)
Advances to TPA's	9,472	11,101	(1,629)
Involuntary fair plan assumed	9,719	9,719	-
Workers' compensation fund assessment	6,589	7,398	(809)
Loss payment suspense	6,719	4,568	2,151
Receivable from AmTrust	(222)	3,595	(3,817)
Receivable from residual market pools	3,209	3,209	-
Other	6,159	4,190	1,969
Total	\$ 52,533	\$ 63,450	\$ (10,917)

Liabilities

The Company's net losses and LAE reserves were \$829.7 million at March 31, 2017 compared to \$931.7 million at December 31, 2016. The reduction in the March 31, 2017 balance results from first quarter direct losses paid offset by amounts billed to reinsurers.

Reinsurance payable on paid losses and LAE were \$10.6 million at March 31, 2017 compared to \$11.4 million at December 31, 2016. Under the Conservation and Liquidation Plan, the Company is no longer making payments on assumed business and is instead permitting its cedants to draw down collateral, if available.

CASTLEPOINT NATIONAL INSURANCE COMPANY

Selected Financial Information and Analysis

Notes to Statutory Balance Sheets, continued

Liabilities, continued

Ceded reinsurance premiums payable were \$1.5 million at March 31, 2017 compared to \$5.8 million at December 31, 2016. The balance decreased by \$4.3 million between December 2016 and March 2017 primarily due to the reclassification of sliding scale commission payables against reinsurance recoverables.

Funds held by the Company were \$21.8 million at March 31, 2017 compared to \$21.7 million at December 31, 2016.

The Company had no balances payable to parent and affiliates at March 31, 2017 and December 31, 2016.

Miscellaneous liabilities were \$21.3 million at March 31, 2017 compared to \$19.8 million at December 31, 2016. Included in this balance are outstanding checks of \$16.9 million and \$17.1 million at March 31, 2017 and December 31, 2016, respectively.

CASTLEPOINT NATIONAL INSURANCE COMPANY

Selected Financial Information and Analysis

Notes to Statutory Balance Sheets, continued

Capital and Surplus Accounts

The following table sets forth the changes in policyholders' surplus for the three months ended March 31, 2017 and year ended December 31, 2016:

Changes in Policyholders' Surplus (unaudited)

(\$ in thousands)	Three months ended March 31, 2017	Year ended December 31, 2016	Increase (Decrease)
Policyholders' surplus, beginning period	\$ (281,909)	\$ (311,760)	\$ 29,851
Net (loss)	(532)	(81,078)	80,546
Change in net unrealized capital gains	553	613	(60)
Change in non-admitted assets	458	71,514	(71,056)
Aggregate write-ins for gains and losses in surplus	70	38,802	(38,732)
Policyholders' surplus, ending period	\$ (281,360)	\$ (281,909)	\$ 549

Surplus increased by \$0.6 million in the first quarter 2017 primarily from unrealized capital gains and investment income earned, partially offset by other underwriting expenses.

Changes in Non-Admitted Assets (unaudited)

(\$ in thousands)	Three months ended March 31, 2017	Year ended December 31, 2016	Increase (Decrease)
Other invested assets	\$ -	\$ 9,052	\$ (9,052)
Premium receivable	-	6,256	(6,256)
Other assets	458	3,732	(3,274)
Receivables from parents and affiliates	-	52,474	(52,474)
Total change in non-admitted assets	\$ 458	\$ 71,514	\$ (71,056)

The changes in non-admitted assets during the first quarter of 2017, were primarily due to the advances to TPA's that are no longer non-admitted. During the quarter, the Company wrote off its remaining fixed assets, and this write off was offset by a decrease in non-admitted assets, so surplus was unaffected by this change.

CASTLEPOINT NATIONAL INSURANCE COMPANY

Selected Financial Information and Analysis

Statements of Operations (Unaudited)

(\$ in thousands)	Three months ended March 31, 2017	Year ended December 31, 2016	Increase (Decrease)
Premium earned	\$ (78)	\$ (4,354)	\$ 4,276
Losses incurred and loss adjustment expenses incurred	(430)	(203,662)	203,232
Other underwriting expenses incurred	(3,284)	(25,359)	22,075
Commutation gain	-	200,000	(200,000)
Affiliated balance (previously non-admitted)	-	(52,474)	52,474
Net underwriting (loss)	(3,792)	(85,849)	82,057
Net investment income earned	2,569	18,817	(16,248)
Net realized capital (loss)	311	(6,968)	7,279
Net investment gain (loss)	2,880	11,849	(8,969)
Other expenses	380	(7,078)	7,458
Net (loss)	\$ (532)	\$ (81,078)	\$ 80,546

Notes to Statements of Operations

Loss and loss adjustment expenses incurred

The Company reported loss and loss adjustment expenses incurred of \$0.4 million.

The Company has ULAE provided to it at no cost under the Administrative Services Agreements that it executed in conjunction with the Conservation and Liquidation Plan on September 14, 2016. During the first quarter of 2017, the Company estimates that it saved approximately \$4.1 million and \$1 million, respectively, by having its ULAE service provided at no charge by AmTrust and National General.

Other underwriting expenses

Other underwriting expenses for the three months ended March 31, 2017 were \$3.3 million compared to \$25.4 million for the year ended December 31, 2016.

CASTLEPOINT NATIONAL INSURANCE COMPANY

Selected Financial Information and Analysis

Other Underwriting expenses

(\$ in thousands)	Three months ended March 31, 2017	Year ended December 31, 2016	Increase (Decrease)
Commission and BB&A	\$ 1,730	\$ 4,134	\$ (2,404)
Salaries and employee benefits	1,146	4,975	(3,829)
Rent & depreciation	35	4,071	(4,036)
Professional services	1,334	5,658	(4,324)
Other	(961)	6,521	(7,482)
Total	\$ 3,284	\$ 25,359	\$ (22,075)

Commission and BB&A were \$1.7 million for the period ended March 31, 2017. The balance comprises of \$2.0 of sliding scale ceded commission for the Company's reinsurance covers offset by direct return commission. The decrease in rent & depreciation is due to the write-off of fixed assets noted above. The decrease in other expenses is primarily due to the refund of a 2015 New York state assessment.

Net investment income and net realized capital gains (losses)

Net investment income earned was \$2.6 million for the three months ended March 31, 2017 compared to \$18.8 million for the year ended December 31, 2016.

Net realized capital gains were \$0.3 million for the three months ended March 31, 2017 compared to net capital losses of \$7.0 million for the year ended December 31, 2016.

Other expenses

Other expenses decreased to \$0.4 million (income), at March 31, 2017 compared to \$7.1 million (expense) at December 31, 2016. The change is primarily due to agents' balances write offs at December 31, 2016 and recoveries collected in the first quarter of 2017.

CASTLEPOINT NATIONAL INSURANCE COMPANY

Selected Financial Information and Analysis

Statutory Statements of Cash Flows (Unaudited)

(\$ in thousands)	Three months ended March 31, 2017	Year ended December 31, 2016	Increase (Decrease)
Cash from Operations			
Benefit and loss related payments	\$ (90,545)	\$ (255,229)	\$ 164,684
Commutation gain	-	200,000	(200,000)
Commission and other expenses paid	(15,777)	(21,177)	5,400
Premiums collected net of reinsurance	(2,039)	(4,479)	2,440
Net investment income	3,801	23,304	(19,503)
Miscellaneous income	(38)	222	(260)
Federal income taxes recovered	-	1,712	(1,712)
Net cash provided by (used in) operations	(104,598)	(55,647)	(48,951)
Net cash provided by investments	22,380	169,411	(147,031)
Net cash provided by (used in) misc. sources	13,552	(24,932)	38,484
Net change in cash and cash equivalents	(68,666)	88,832	(157,498)
Cash and cash equivalents Beginning of year	179,444	90,612	88,832
Cash and cash equivalents, end of period	\$ 110,778	\$ 179,444	\$ (68,666)

Notes to Statutory Statements of Cash Flows

CNIC had a net cash outflow of \$68.7 million for the three months ended March 31, 2017 compared to \$88.8 million inflow for the year ended December 31, 2016. For the three months ended March 31, 2017, the Company had a net cash outflow of \$90.5 million from benefits and loss related payments and outflow of \$15.8 million from commission and other expenses partially offset by inflows of \$13.6 million from the miscellaneous sources and net proceeds from investments of \$22.4 million. The Company is in run-off, and expects continued outflow of operating cash.

The Cash and cash equivalents of \$110.8 million at March 31, 2017 ties to the amount that would be included in the Company's statutory presentation of assets. A reconciliation to the accompanying balance sheet is presented below (\$000):

Bonds	\$366,414
Cash	110,778
Other Invested assets	42,072
Investment receivable	0
Total	<u>\$519,264</u>

CASTLEPOINT NATIONAL INSURANCE COMPANY

Selected Financial Information and Analysis

Castlepoint National Insurance Company (in Conservation)
Adjusted Direct Reserves (Less and ALAE) by State & by Line
As of February 28, 2017
(Data Internally prepared and Unaudited)

State Desc	Fire and Allied Lines	Homeowners Multiple Peril	Commercial Multiple Peril (Excludes Perils)	Commercial Multiple Peril (Excludes Perils)	Ocean and Inland Marine	Workers Comp	Other liability - occurrence	Other liability - Claims Made	Excess Workers Comp	Products Occurrence	Private passenger auto lib.	Commercial auto lib.	Passenger auto lib. damage	Commercial Auto lib. damage	Fidelity and Surety	Boilers & machinery	Paid
Alabama	-	40,000	-	240,710	-	181,886	29,194	-	-	-	-	460,342	-	-	-	-	981,897
Alaska	-	-	-	-	-	-	27,079	-	-	-	-	-	-	-	-	-	-
Arizona	-	-	-	-	-	1,129,754	-	-	-	-	-	-	-	-	-	-	1,166,833
Arkansas	-	190,849	-	465,814	-	1,636,591	-	-	-	-	-	71,550	-	-	-	-	1,709,141
California	-	-	-	112,330	301,100	716,598	1,274,734	492,836	35,459,058	142,259	54,560	528,860	-	4,900	45,935	-	1,103,356
Colorado	-	-	-	-	-	50,246	-	27,684	-	-	-	-	-	-	-	-	76,395
Connecticut	-	575,109	-	45,000	-	539,324	262,759	-	-	-	883,310	87,862	-	-	-	-	2,834,755
Delaware	-	-	-	-	-	23,660	-	-	-	-	-	-	-	-	-	-	23,660
District of Columbia	-	-	-	-	-	10,731	25,000	-	-	-	-	22,304	-	-	-	-	73,961
Florida	-	-	-	(14,022)	-	15,825	-	-	-	-	327,500	4,026,382	-	-	17,960	-	20,309,191
Georgia	-	-	-	251,432	-	1,899,402	10,043	25,000	1,109,355	-	-	54,554	-	-	2,279	-	2,332,710
Hawaii	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Idaho	-	-	-	-	-	187,456	-	-	-	-	-	-	-	-	-	-	187,456
Illinois	-	-	-	-	-	5,725,195	12,368	-	-	-	-	10,700	-	-	-	-	5,857,964
Indiana	-	-	-	-	-	20,845	-	-	-	-	-	5,981	-	-	-	-	26,805
Iowa	-	-	-	-	-	7,700	-	-	-	-	-	-	-	-	-	-	7,700
Kansas	-	-	-	-	-	438,328	-	-	-	-	-	-	-	-	-	-	438,328
Kentucky	-	-	-	-	-	10,626	-	-	-	-	-	1,000,000	-	-	-	-	1,010,626
Louisiana	-	-	-	2,500	24,074	962,662	4,400	-	-	15,566	-	2,500	-	2,500	-	-	1,010,626
Maine	8,000	95,681	-	132,060	-	54,300	-	-	-	-	698,188	1,343,600	-	-	-	-	2,171,964
Maryland	-	-	-	-	-	5,442,774	-	-	-	-	-	103,717	-	-	-	-	5,546,491
Massachusetts	-	450,038	-	266,313	-	(200,810)	49,917	-	-	-	527,174	750	-	-	-	-	1,388,328
Michigan	-	-	-	-	17,360	973,632	-	-	-	-	-	-	-	-	-	-	981,022
Minnesota	-	-	-	-	-	57,424	-	-	-	-	-	24,723	-	-	-	-	82,147
Mississippi	-	-	-	130,142	-	71,907	-	-	-	-	-	-	-	-	-	-	202,049
Missouri	-	-	-	2,501	-	270,950	-	-	-	-	-	-	-	-	-	-	277,456
Montana	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Nebraska	-	-	-	-	-	946,479	-	-	-	-	-	-	-	-	-	-	946,479
Nevada	-	-	-	-	-	13,387,064	-	68,985	-	-	-	95,000	-	-	-	-	13,551,069
New Hampshire	6,453	1,199	-	-	-	220,521	-	-	-	-	15,000	-	-	-	-	-	243,173
New Jersey	-	-	-	566,641	-	2,395,361	1,537,140	-	692,055	44,500	1,319,465	760,901	-	3,646	-	-	26,811,665
New Mexico	-	-	-	-	-	21,013,205	-	-	-	-	-	100,000	-	-	-	-	214,934
New York	-	7,877,992	-	2,309,563	-	64,979,544	30,519,629	289,027	-	196,206	2	13,014,621	-	321	711,862	27,775	168,650,522
North Carolina	-	-	-	-	-	7,590	-	-	-	-	-	15,121	-	-	-	-	26,711
North Dakota	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ohio	179,735	-	-	22,924	-	268,371	4,986	-	-	-	-	4,986	-	-	-	-	476,028
Oklahoma	-	-	-	-	-	113,754	-	-	-	-	-	60,121	-	-	-	-	173,875
Oregon	-	-	-	-	-	24,995	500	-	-	-	-	356,774	-	-	(14,303)	-	370,955
Pennsylvania	-	-	-	15,605	-	2,480,930	32,503	-	-	-	-	268,324	-	-	3,438	-	3,131,006
Rhode Island	-	-	-	28,070	-	63,418	-	-	-	-	136,000	-	1,300	-	-	-	300,000
South Carolina	-	-	-	30,855	-	639,494	10,000	-	-	-	-	248,150	-	50,000	-	-	987,270
South Dakota	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tennessee	250	-	-	569	-	121,809	5,000	-	-	-	-	134,292	-	-	2,351	-	264,270
Texas	-	(U)	-	443,710	-	3,314,587	147,731	-	-	250	-	2,041,675	-	-	50,000	-	5,997,011
Utah	-	-	-	393	-	45,229	-	-	-	-	-	-	-	-	-	-	95,229
Vermont	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Washington	-	-	-	-	-	109,413	750	-	-	-	-	-	-	-	-	-	264,190
West Virginia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	406,750
Wisconsin	-	-	-	-	-	173,293	-	-	-	-	-	406,008	-	-	-	-	583,301
Wyoming	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	173,293
Total	194,438	10,703,620	3,947,770	55,563,744	342,564	211,327,068	35,596,021	974,732	37,260,467	399,372	3,689,200	25,262,368	1,300	61,673	872,151	27,775	386,424,264

Note: Claim counts and case reserves are provided by accident state and include surplus lines claims and claims that are only open for the collection of subrogation. These claim counts may differ from the number of claims transferred to the individual state guaranty funds.

CASTLEPOINT NATIONAL INSURANCE COMPANY

Selected Financial Information and Analysis

Castlepoint National Insurance Company (in Conservation)
Adjusted Direct Paid Loss and Paid ALAE by State & by Line
For the Quarter Ended March 31, 2017
(Data Internally prepared and Unaudited)

State Desc	Fire and Allied Lines	Homeow ners Multiple Part	Commercial Multiple Part (Non-Liab Portion)	Commercial Multiple Part (Liability Portion)	Ocean and Inland Marine	Workers Comp	Other liability - occurrence	Other liability - Claims Mtds	Excess Workers' Comp	Products liability - Occurrence	Private passenger auto liab	Commercial auto liab	Private Passenger auto physical damage	Commercial Auto physical damage	Surety	Boilers & machinery	Paid
Alabama	-	14,768	51,734	47,027	-	31,849	153,920	-	-	16,087	-	22,203	-	-	-	-	337,689
Alaska	-	-	-	-	-	7,169	15,346	-	-	-	-	50,651	-	-	-	-	7,169
Arizona	-	-	-	-	-	247,654	-	-	-	-	-	50,651	-	-	-	-	313,561
Arkansas	-	-	-	-	-	10,842	1,288,258	61,328	2,515,763	116,258	29,496	2,365,245	-	-	-	-	18,690,202
California	(7,462)	243,950	68,141	915,535	-	10,842	1,288,258	61,328	2,515,763	116,258	110,184	2,365,245	40,245	731	38,313	-	18,690,202
Colorado	-	-	-	39,143	-	8,255	9,062	9,062	-	-	4,184	23,325	(1,105)	-	-	-	83,174
Connecticut	-	106,861	184,768	1,126,001	(0)	968,870	997,865	-	-	-	1,395,335	-	84,376	-	-	-	4,861,077
Delaware	-	-	-	-	-	12,841	-	-	-	-	17,279	-	17,489	-	-	-	47,609
District of Columbia	-	-	-	-	-	-	13,028	3,330	-	-	3,725	-	3,474	-	-	-	34,555
Florida	1,191	2,175	13,566	10,997	16,323	1,603,910	953,087	16,633	65,203	128,000	1,051,146	2,895,721	97,023	13,612	5,786	-	7,419,842
Georgia	-	-	-	4,593	-	444,420	6,011	-	-	-	35,070	306,275	36,091	-	696	-	836,127
Idaho	-	-	-	-	-	30,112	-	-	-	-	-	-	-	-	-	-	30,112
Illinois	-	-	-	539,563	-	943,926	-	-	-	-	26,911	632,044	803	-	-	-	2,143,247
Indiana	-	-	-	-	-	30,105	-	-	-	-	2,464	171,633	653	-	-	-	204,856
Iowa	-	-	-	-	-	5,309	-	-	-	-	-	-	-	-	-	-	5,309
Kansas	-	-	-	-	-	9,091	-	-	-	-	1,116	3,550	2,501	-	-	-	9,091
Kentucky	-	-	-	840,326	-	4,081	-	-	-	638	1,116	3,550	2,501	-	-	-	687,425
Louisiana	-	-	-	788,892	-	139,212	158,776	-	-	14,367	228,819	662,897	2,869	-	-	-	1,948,593
Maine	4,952	-	(192)	3,892	9,827	25,319	300,039	-	-	-	658,525	47,651	(2,367)	(400)	6,317	-	1,248,672
Maryland	-	3,050	(750)	209,095	(0)	883,768	(5,890)	-	-	-	137,114	921	65,856	-	-	-	1,293,163
Massachusetts	67,014	27,469	6,622	206,492	728	256,214	-	-	-	-	638,697	12,078	12,078	(17)	-	-	296,904
Michigan	1,213	-	843	-	-	4,415	-	-	-	-	1,845	33,768	2,274	-	-	-	11,571
Minnesota	-	-	2,270	9,569	-	5,174	1,293	-	-	-	62	25,234	2,322	-	-	-	47,375
Mississippi	-	-	-	113	-	11,971	-	-	-	-	-	-	-	-	-	-	-
Missouri	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Montana	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Nebraska	-	-	-	-	-	31,664	-	-	-	-	-	-	-	-	-	-	31,664
Nevada	-	-	-	0	-	344,105	12,443	-	-	-	258	-	5,375	-	-	-	362,180
New Hampshire	3,247	76,399	-	-	-	91,652	-	-	-	-	126,491	-	6,206	-	-	-	302,895
New Jersey	966,113	(1,532,555)	185,401	1,945,722	872,356	1,764,079	1,986,417	1,621	1,621	160,846	(3,241,094)	2,200,068	(1,360,647)	3,620	19,067	-	3,171,015
New Mexico	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
New York	355,804	(987,472)	395,210	34,123,654	337,825	3,388,872	15,009,539	318,609	-	220,445	7,057	12,550,460	593	3,682	695,636	172,786	66,590,696
North Carolina	-	-	-	-	-	85,301	-	-	-	-	197,717	-	16,897	-	-	-	299,915
North Dakota	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ohio	314,156	-	263,931	(1,871)	-	-	-	-	-	(263,750)	378,843	(1,181)	18,102	-	-	-	708,277
Oklahoma	-	-	-	564,715	-	88,039	-	-	-	-	40	-	-	-	-	-	652,794
Oregon	-	-	-	-	-	1,231	-	-	-	-	614	72,180	-	-	1,315	-	75,340
Rhode Island	-	1,615	48,874	375,616	-	595,130	(8,403)	-	-	-	366,276	30,526	710,567	-	2,297	-	2,030,833
South Carolina	(0)	0	1,594	(515,128)	-	(0)	(2)	-	-	2	692,860	90	30,526	-	-	-	209,853
South Dakota	-	(115,004)	(663)	186,268	-	29,605	(859)	-	-	-	110,948	-	53,556	-	(5,600)	-	258,342
Tennessee	-	-	-	-	-	-	-	-	-	-	-	-	1,820	-	-	-	1,820
Texas	-	15,772	7,783	693,030	6,041	9,214	27,655	(3,330)	-	-	921	9,376	5,756	1,648	4,123	-	57,445
Utah	-	-	-	-	-	398,107	66,376	-	-	-	43,764	1,137,864	20,259	1,648	19,013	-	2,406,325
Vermont	-	-	-	-	-	4	1,287	-	-	-	5,119	-	36,448	-	-	-	4,179
Virginia	-	-	-	-	-	10,751	-	-	-	-	444,437	196,987	80,636	-	-	-	712,812
Washington	-	-	-	314,034	-	-	-	-	-	-	100,605	47,363	466	-	-	-	482,507
West Virginia	-	-	-	-	-	-	-	-	-	-	237	-	-	-	-	-	10,140
Wisconsin	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,391
Wyoming	-	-	-	9,435	-	-	-	-	-	-	-	-	-	-	-	-	4,267
Total	1,306,229	(2,144,429)	1,234,486	42,967,164	1,243,101	25,412,829	20,856,751	404,917	2,642,568	392,862	3,404,762	23,824,187	(19,643)	23,007	767,462	200,467	120,516,761

Note: Adjusted Direct Paid Loss and Paid ALAE exclude any paid losses associated with the cut through reinsurance provided by Technology Insurance Company and Integon National Insurance Company

CASTLEPOINT NATIONAL INSURANCE COMPANY

Selected Financial Information and Analysis

Tower Group Companies
Ending Reserves by State & by Line
First Quarter 2017

Castlepoint National Insurance Company (in Conservation)
Adjusted Direct Claim Counts by State & by Line
As of February 28, 2017
(Data internally prepared and unaudited)

State Desc	Fire and Allied Lines	Homeowners Multiple Part	Commercial Multiple Part (Auto/ Lab Portion)	Commercial Multiple Part (Multiple Portion)	Ocean and Inland Marine	Workers Comp	Other liability - occurrence	Other liability - Claims Made	Excess Workers Comp	Products liability - Occurrence	Private passenger auto/ lab	Commercial auto/ lab	Passenger auto/ physical damage	Commercial Auto/ physical damage	Fidelity and Surety	Boilers & machinery	Open Claims
Alabama	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Alaska	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Arizona	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Arkansas	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
California	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Colorado	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Connecticut	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Delaware	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
District of Columbia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Florida	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Georgia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hawaii	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Idaho	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Illinois	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Indiana	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Iowa	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Kansas	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Kentucky	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Louisiana	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Maine	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Maryland	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Massachusetts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Michigan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Minnesota	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mississippi	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Missouri	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Montana	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Nebraska	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Nevada	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
New Hampshire	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
New Jersey	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
New Mexico	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
New York	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
North Carolina	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
North Dakota	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ohio	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Oklahoma	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Oregon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pennsylvania	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rhode Island	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
South Carolina	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
South Dakota	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tennessee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Texas	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Utah	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vermont	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Virginia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Washington	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
West Virginia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Wisconsin	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Wyoming	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	4	274	118	855	10	2,758	613	10	670	23	105	465	1	9	38	4	5,977

Note: Claim counts and case reserves are provided by accident state and include surplus lines claims and claims that are only open for the collection of subrogation. These claim counts may differ from the number of claims transferred to the individual state guaranty funds.