

CASTLEPOINT NATIONAL INSURANCE COMPANY

Selected Financial Information and Analysis

As of and for the year ended December 31, 2016

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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.

Subsequent event: On January 26, 2017, the Conservation Court held a hearing to review the Conservator's report on activities conducted during the Conservation period. The Conservation Court calendared March 30, 2017 as the date to hear the Conservator's liquidation application. If the application is approved, an Order of Liquidation with a finding of insolvency will be issued. This action will trigger the State Insurance Guaranty Associations to begin paying covered policyholder claims in their jurisdictions.

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Statutory Balance Sheets (Unaudited)

(\$ in thousands)	31-Dec-16	30-Sep-16	30-Jun-16
Admitted Assets			
Cash and invested assets			
Unrestricted assets	\$ 130,834	\$ 210,464	\$ 70,184
Restricted assets			
Pledged to states	352,911	363,897	379,587
Pledged for reinsurance	84,278	88,160	103,945
Funds at Lloyds and other invested assets	41,949	41,842	52,455
Receivables for securities	-	1,280	4,466
Total restricted assets	479,138	495,179	540,453
Total cash and invested assets	609,972	705,643	610,637
Investment income due and accrued	4,297	3,985	4,807
Uncollected premiums and agents' balances	2,565	4,235	5,333
Amounts recoverable from reinsurers	26,922	33,143	36,954
Funds held by or deposited with reinsured companies	1,222	1,687	1,714
Miscellaneous assets	63,450	56,968	46,665
Total admitted assets	\$ 708,428	\$ 805,661	\$ 706,110
Liabilities, capital and surplus			
Liabilities			
Reserve for losses and loss adjustment expenses	\$ 931,723	\$ 987,988	\$ -
Reinsurance payable on paid losses and LAE	11,425	6,257	4,926
Commissions payable	-	329	1,574
Ceded reinsurance premiums payable	5,770	16,318	40,240
Funds held by company under reinsurance treaties	21,662	23,538	444,127
Payable to parent and affiliates	-	-	13,714
Miscellaneous liabilities	19,757	2,643	519,477
Total liabilities	990,337	1,037,073	1,024,058
Capital and surplus			
Common capital stock	4,200	4,200	4,200
Surplus notes	3,000	3,000	3,000
Gross paid in and contributed surplus	521,742	521,742	521,742
Unassigned deficit	(811,162)	(760,665)	(847,201)
Special surplus funds from retroactive reinsurance	311	311	311
Total capital and surplus	(281,909)	(231,412)	(317,948)
Total liabilities, capital and surplus	\$ 708,428	\$ 805,661	\$ 706,110

CASTLEPOINT NATIONAL INSURANCE COMPANY

Selected Financial Information and Analysis

Notes to Statutory Balance Sheets

Assets

Total cash and invested assets were \$610.0 million at December 31, 2016 compared to \$705.6 million at September 30, 2016 and \$610.6 million at June 30, 2016. During the fourth quarter 2016, there was a decrease of \$95.6 million as the Company funded direct loss payments of \$130.3 million and estate expenses of \$2 million from unencumbered liquidity, and this was partially offset by reinsurance proceeds and net investment income received. Total cash and invested assets increased by \$95.0 million, or 16%, to \$705.6 million, at September 30, 2016 compared to \$610.6 million, at June 30, 2016. During the quarter ended September 30, 2016, the Company received \$161.8 million from the commutation of the reinsurance agreements with CPRe; the \$200 million from the commutation less intercompany settlements of \$38.2 million. This balance was partially offset by approximately \$108 million in loss payments in the third quarter.

At December 31, 2016, CNIC reported \$0 million in receivable for securities, a decline of \$4.5 million from the June 30, 2016 balance of \$4.5 million and a decrease of \$1.3 million from the balance at September 30, 2016. The portfolio has been thinly traded in conservation.

Investment income due and accrued was \$4.3 million at December 31, 2016 compared to \$4.0 million at September 30, 2016 and \$4.8 million at June 30, 2016. It decreased by \$0.5 million, or 10.4%, to \$4.3 million for December 31, 2016 compared to \$4.8 million at June 30, 2016 and a slight increase from the \$3.9 million reported at September 30, 2016.

Reinsurance recoverable was \$26.9 million at December 31, 2016 compared to \$33.1 million at September 30, 2016 and \$36.9 million at June 30, 2016. Balances collected during the fourth quarter 2016 were \$13.2 million, compared to collections of \$16.7 million in the third quarter 2016. At December 31, 2016, there were \$0.8 million in reinsurance balances that were past due. 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 \$1.2 million at December 31, 2016 compared to \$1.7 million at September 30, 2016 and June 30, 2016.

Miscellaneous assets were \$63.4 million at December 31, 2016 compared to \$56.9 million at September 30, 2016 and \$46.6 million at June 30, 2016, as shown below. The amounts receivable from CPRe represents CPRe's net tangible assets that is due to CNIC. The increase as compared to September 30, 2016 is primarily due to an increase in loss suspense and advances to TPAs. In the fourth quarter 2016, the Company received \$4.5 million from California representing a return of a portion of its advance workers' compensation assessment.

CASTLEPOINT NATIONAL INSURANCE COMPANY

Selected Financial Information and Analysis

Notes to Statutory Balance Sheets, continued

Assets, continued

Miscellaneous Assets (unaudited)

(\$ in thousands)	31-Dec-16	30-Sep-16	30-Jun-16
Receivable from CPRe	\$ 19,670	\$ 20,495	\$ -
Advances to TPA's	11,101	6,462	9,409
Involuntary fair plan assumed	9,719	9,730	9,739
Workers' compensation fund assessment	7,398	11,860	11,858
Loss payment suspense	4,568	(71)	4,134
Receivable from AmTrust	3,595	-	762
Receivable from residual market pools	3,209	4,555	4,946
Other	4,190	3,937	5,817
Total	\$ 63,450	\$ 56,968	\$ 46,665

Liabilities

The Company's net losses and LAE reserves were \$931.7 million at December 31, 2016, \$988.0 million at September 30, 2016 and \$0 at June 30, 2016. At June 30, 2016, the Company had two reinsurance agreements with its affiliate CPRe that assumed all of its net loss reserves. As a result, the Company had no outstanding losses at June 30, 2016. Effective September 14, 2016, the Company terminated both agreements (quota share and LPTA) with CPRe and the unpaid liabilities and obligations ceded to CPRe of \$928.8 million were assumed by the Company. The Company also strengthened its net loss reserves by \$43 million and \$160 million at December 31, 2016 and September 30, 2016, respectively. The December 31, 2016 balance also reflects reduction in the fourth quarter for direct losses paid offset by amounts billed to reinsurers.

Reinsurance payable on paid losses and LAE were \$11.4 million at December 31, 2016 compared to \$6.3 million at September 30, 2016 and \$4.9 million at June 30, 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.

Commissions payable were \$0 million at December 31, 2016 compared to \$0.3 million at September 30, 2016 and \$1.6 million at June 30, 2016. Commissions payable decreased by \$1.6 million, or 100%, to \$0 million at December 31, 2016 primarily due to the settlement of balances from quota share reinsurance treaties with Integon National Insurance Company (Integon) and Technology Insurance Company Inc. (Technology).

CASTLEPOINT NATIONAL INSURANCE COMPANY

Selected Financial Information and Analysis

Notes to Statutory Balance Sheets, continued

Liabilities, continued

Ceded reinsurance premiums payable were \$5.8 million at December 31, 2016 compared to \$16.3 million at September 30, 2016 and \$40.2 million at June 30, 2016. The balance decreased by \$10.5 million between December 2016 and September 2016 and \$23.9 million, between September 2016 and June 30, 2016 primarily due to the settlement of balances from quota share reinsurance treaties with Integon and Technology.

Funds held by the Company were \$21.7 million at December 31, 2016 compared to \$23.5 million at September 30, 2016 and \$444.1 million at June 30, 2016. The decrease of \$1.9 million from September 2016 to December 2016 is primarily due to the payment of losses on a quota share treaty. The balance declined to \$23.5 million at September 30, 2016 from \$444.1 million at June 30, 2016 primarily due to commutation of the CPre reinsurance treaties wherein all of the outstanding loss reserves ceded to CPre were commuted to the Company.

The Company had no balances payable to parent and affiliates at December 31, 2016 and September 30, 2016. Balances receivable with former affiliates, AmTrust, of \$3.6 million at December 31, 2016 are included in miscellaneous assets. The majority of the June 30, 2016 balance of \$13.7 million relates to non-insurance liabilities with AmTrust and National General Insurance Company that was settled and netted against the amounts received on the commutation with ACPRe.

Miscellaneous liabilities were \$19.8 million December 31, 2016 compared to \$2.6 million at September 30, 2016 and \$519.4 million at June 30, 2016. The December 31, 2016 balance of \$19.8 million includes \$17.1 million of balances related to outstanding checks which were recorded in cash at the end of the third and second quarters. The June 30, 2016 balance included \$519.8 million reserve for unsecured reinsurance recoverable associated with the quota share and LPTA reinsurance agreements with CPre. This balance was reversed upon the commutation of these reinsurance agreements.

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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 year ended December 31, 2016, and the nine and six months ended September 30, 2016 and June 30, 2016, respectively:

(\$ in thousands)	Changes in Policyholders' Surplus (unaudited)		
	Year to Date,		
	31-Dec-16	30-Sep-16	30-Jun-16
Policyholders' surplus, 1/1/2016	\$ (311,760)	\$ (311,760)	\$ (311,760)
Net (loss)	(81,078)	(23,586)	(12,904)
Change in net unrealized capital gains	613	20	(337)
Change in non-admitted assets	71,514	64,287	5,112
Aggregate write-ins for gains and losses	38,802	39,627	1,941
Policyholders' surplus, end of year	\$ (281,909)	\$ (231,412)	\$ (317,948)

Surplus decreased by \$50.5 million in the fourth quarter 2016 primarily from \$43 million in reserve strengthening, \$3.9 million in return premiums and \$5.1 million in other underwriting expenses partially offset by investment income earned. During the fourth quarter 2016, the Company wrote off \$5.7 million of agent balances which had previously been charged against surplus and collected \$1.0 million of receivables which had previously been non-admitted. This write-off did not impact surplus, as all of such balances were previously charged against surplus.

For the period ended September 30, 2016, the increase in surplus associated with the Aggregate write-ins for gains and losses in surplus is due to the recognition that the reserve for reinsurance due from CPRe of \$517 million at June 30, 2016 was greater than the tangible capital of CPRe at December 31, 2016. The increase in CPRe's tangible capital was due to the elimination of deferred tax liabilities at CPRe.

(\$ in thousands)	Changes in Non-Admitted Assets (unaudited)		
	Year to Date,		
	31-Dec-16	30-Sep-16	30-Jun-16
Other invested assets	\$ 9,052	\$ 9,052	\$ 9,052
Premium receivable	6,256	(426)	(2,780)
Other assets	3,732	3,187	1,330
Receivables from parents and affiliates	52,474	52,474	(2,490)
Total change in non-admitted assets	\$ 71,514	\$ 64,287	\$ 5,112

The changes in non-admitted assets during the third quarter 2016, were primarily from recognizing in the statutory statement of income the write-off of non-admitted balances associated with other invested assets and receivable from affiliates. The change in the fourth quarter 2016 is due to the Company writing off \$5.7 million of agent balances which had previously been charged against surplus, and collections of \$1.0 million of receivables which had previously been non-admitted.

CASTLEPOINT NATIONAL INSURANCE COMPANY

Selected Financial Information and Analysis

Statements of Operations (Unaudited)

(\$ in thousands)	Year ended	Nine months ended	Six months ended
	31-Dec-16	30-Sep-16	30-Jun-16
Premium earned	\$ (4,354)	\$ (424)	\$ -
Losses incurred and loss adjustment expenses incurred	(203,662)	(160,260)	-
Commutation gain	200,000	200,000	-
Affiliated balance (previously non-admitted)	(52,474)	(52,474)	-
Other underwriting expenses incurred	(25,359)	(20,259)	(8,313)
Net underwriting (loss)	(85,849)	(33,417)	(8,313)
Net investment income earned	18,817	18,137	7,884
Net realized capital (loss)	(6,968)	(7,068)	(11,306)
Net investment gain (loss)	11,849	11,069	(3,422)
Other expenses	(7,078)	(1,238)	(1,169)
Net (loss)	\$ (81,078)	\$ (23,586)	\$ (12,904)

Notes to Statements of Operations

Loss and loss adjustment expenses incurred

The Company reported loss and loss adjustment expenses incurred of \$203.7 million primarily resulting from reserve strengthening of \$203 million recorded in the fourth and third quarters of 2016 to align the Company's reserve position with the point estimate of the California Department of Insurance.

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 fourth and third quarters 2016, 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.

Commutation gain

The Company reported the \$200 million received from the commutation of various reinsurance agreements with CPre and ACPRe as a commutation gain in the third quarter 2016.

Affiliated balance

Prior to the conservation, the Company wrote-off \$52.5 million of intercompany balances that were previously non-admitted. This had no impact on surplus as such balances had already been charged against surplus.

CASTLEPOINT NATIONAL INSURANCE COMPANY

Selected Financial Information and Analysis

Notes to Statements of Operations - continued

Other underwriting expenses

Other underwriting expenses for the year ended December 31, 2016 were \$25.4 million compared to \$8.3 million for the six months ended June 30, 2016, a change of \$17.1 million and \$20.7 million for the nine months ended September 30, 2016.

Other Underwriting expenses

(\$ in thousands)	Year to Date,		
	31-Dec-16	30-Sep-16	30-Jun-16
Commission and BB&A	\$ 4,134	\$ 3,857	\$ 695
Salaries and employee benefits	4,975	3,570	2,501
Rent & depreciation	4,071	3,092	2,082
Professional services	5,658	4,506	2,702
Other	6,521	5,234	333
Total	\$ 25,359	\$ 20,259	\$ 8,313

Commission and BB&A were \$4.1 million, \$3.9 million and \$0.7 million for the periods ended December 31, 2016, September 30, 2016, and June 30, 2016, respectively. The increase of \$3.2 million in the third quarter is primarily from the reserve strengthening and the impact it had on ceding commission for the Company's reinsurance covers. The increase in other underwriting expenses of \$5.3 million in the third quarter is primarily due to the write down of tax recoverables of \$2.1 million and the provision of out of period expenses of \$3.1 million. The depreciation expense was offset by the change in non-admitted assets and had no impact on the surplus.

Net investment income and net realized capital gains (losses)

Net investment income earned was \$18.8 million for the year ended December 31, 2016 compared to \$7.9 million for the six months ended June 30, 2016 and \$18.1 million for the nine months ended September 30, 2016.

Net realized capital losses were \$7.0 million for the year ended December 31, 2016 compared to net capital losses of \$11.3 million for the six months ended June 30, 2016 and net capital losses of \$7.1 million for the nine months ended September 30, 2016.

Other expenses

Other expenses increased to \$7.1 million, at December 31, 2016 compared to \$1.2 million at September 30, 2016 and \$1.2 million at June 30, 2016. The increase in the fourth quarter is primarily due to the write-off of \$5.7 million in agent's balances that were previously non-admitted, thus the charge did not have an impact on surplus.

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Statutory Statements of Cash Flows (Unaudited)

(\$ in thousands)	Year to Date,		
	31-Dec-16	30-Sep-16	30-Jun-16
Cash from Operations			
Benefit and loss related payments	\$ (255,229)	\$ (182,287)	\$ (80,951)
Commutation gain	200,000	200,000	-
Commission and other expenses paid	(21,177)	(19,098)	(4,590)
Premiums collected net of reinsurance	(4,479)	6,708	29,177
Net investment income	23,304	23,349	10,669
Miscellaneous income	222	139	(232)
Federal income taxes recovered	1,712	1,712	1,712
Net cash provided by (used in) operations	(55,647)	30,523	(44,215)
Net cash provided by investments	169,411	164,258	87,260
Net cash (used in) misc.sources	(24,932)	(23,353)	(31,640)
Net change in cash and cash equivalents	88,832	171,428	11,405
Cash and cash equivalents Beginning of year	90,612	90,612	90,612
Cash and cash equivalents, end of period	\$ 179,444	\$ 262,040	\$ 102,017

Notes to Statutory Statements of Cash Flows

CNIC had a net cash inflow of \$88.8 million for the year ended December 31, 2016 compared to \$171.4 million for the nine months ended September 30, 2016 and \$11.4 million for the six months ended June 30, 2016. For the year ended December 31, 2016, the Company had a net cash outflow of \$255.2 million from benefits and loss related payments and outflow of \$24.9 million from miscellaneous sources partially offset by inflows from the commutation gain of \$200 million, net proceeds from investments of \$169.4 million. The Company is in run-off, and expects continued outflow of operating cash.

The Cash and cash equivalents of \$179.5 million at December 31, 2016 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	\$388,551
Cash	179,444
Other Invested assets	41,977
Investment receivable	0
Total	\$609,972

CASTLEPOINT NATIONAL INSURANCE COMPANY

Selected Financial Information and Analysis

Castlepoint National Insurance Company (in Conservation)
 Adjusted Direct Reserves (Loss and ALAE) by State and by Line
 As of November 30, 2016
 (Data Internally prepared and Unaudited)

State Desc	Fire and Allied Lines	Homeowners Multiple Peril	Commercial Multiple Peril (Non-Liab Portion)	Commercial Multiple Peril (liability Portion)	Ocean and Inland Marine	Workers Comp	Other liability - occurrence	Other liability - Claims Made	Excess Workers' Comp	Products liability - Occurrence	Private passenger auto liab	Commercial auto liab	Private Passenger auto physical damage	Commercial Auto physical damage	Fidelity and Surety	Boilers & machinery	Total Reserves
Alabama	-	42,775	274,601	166,008	-	875,097	101,448	-	-	5,670	-	70,206	-	-	-	-	1,535,805
Alaska	-	-	-	-	-	9,206	-	-	-	-	-	-	-	-	-	-	9,206
Arizona	-	-	-	-	-	1,126,547	81,809	-	-	-	-	261,487	-	-	-	-	1,469,843
Arkansas	-	-	-	-	-	1,346,592	-	-	-	-	-	27,867	-	-	-	-	1,374,459
California	-	386,276	471,517	842,874	-	78,694,223	2,037,103	546,893	36,817,090	189,255	15,066	4,886,364	-	1,159	140,521	-	125,028,343
Colorado	-	-	-	55,005	-	62,454	-	37,920	-	-	-	165,072	-	-	-	-	320,450
Connecticut	-	435,092	68,119	1,687,927	-	1,585,275	832,785	-	-	-	2,138,315	-	3,325	-	-	-	6,750,838
Delaware	-	-	-	-	-	35,560	-	-	-	-	-	-	-	-	-	-	35,560
District of Columbia	-	-	-	26,823	-	10,731	31,748	13,330	-	-	-	-	-	-	-	-	82,632
Florida	-	-	(17,522)	1,109,900	-	10,794,354	3,569,012	452,500	840,012	217,035	327,500	9,168,449	-	22,032	5,000	-	26,488,273
Georgia	-	-	(5,000)	255,985	-	2,256,512	30,883	-	-	-	-	629,372	-	-	8,066	-	3,175,817
Hawaii	-	-	-	-	-	(11,663)	-	-	-	-	-	-	-	-	-	-	(11,663)
Idaho	-	-	-	-	-	146,394	-	-	-	-	-	-	-	-	-	-	146,394
Illinois	-	-	-	599,169	-	4,232,799	-	-	-	-	-	959,358	-	-	-	-	5,791,326
Indiana	-	-	-	-	-	2,346	-	-	-	-	-	131,762	-	-	-	-	134,108
Iowa	-	-	-	-	-	7,700	-	-	-	-	-	-	-	-	-	-	7,700
Kansas	-	-	-	-	-	74,862	-	-	-	-	-	-	-	-	-	-	74,862
Kentucky	-	-	-	587,754	-	14,853	-	-	-	-	-	24,377	-	-	(170)	-	626,814
Louisiana	-	-	2,500	638,486	23,466	1,009,398	270,626	-	-	22,262	-	911,081	-	2,500	-	-	2,880,319
Maine	32,003	147,501	-	101,848	-	137,626	450,000	-	-	-	1,810,268	385,550	15,704	-	-	15,741	3,096,241
Maryland	-	-	-	87,341	-	5,669,594	(247,572)	-	-	-	-	35,000	-	-	-	-	5,791,935
Massachusetts	67,318	457,576	7,072	435,402	-	(247,572)	206,967	-	-	-	1,115,704	-	1,424	-	-	-	2,043,891
Michigan	-	-	-	-	18,118	1,280,802	-	-	-	-	-	60,155	-	-	-	-	1,359,076
Minnesota	-	-	-	-	-	105,030	-	-	-	-	-	27,823	-	-	-	-	132,853
Mississippi	-	-	5,000	134,292	-	101,800	-	-	-	-	-	16,525	-	50,000	-	-	307,617
Missouri	-	-	-	2,142	-	377,023	-	-	-	-	-	60,552	-	-	-	-	439,717
Montana	-	-	-	-	-	(57,793)	-	-	-	-	-	-	-	-	-	-	(57,793)
Nebraska	-	-	-	-	-	980,451	-	-	-	-	-	-	-	-	-	-	980,451
Nevada	-	-	-	-	-	13,694,939	43,801	-	-	-	-	-	-	-	-	-	13,738,740
New Hampshire	-	100,100	-	140,000	-	1,891,319	-	-	-	-	13,032	82,500	35	-	-	-	2,226,987
New Jersey	90,128	2,040,570	908,250	5,249,730	400,119	18,436,953	1,894,977	-	579,604	142,000	974,631	4,088,443	51,553	964	-	-	34,857,922
New Mexico	-	-	-	-	-	114,027	-	-	-	-	-	-	-	-	-	-	114,027
New York	(137,716)	9,336,049	3,369,148	78,967,805	301,100	41,761,179	40,296,878	759,362	52,000	306,321	7,502	19,586,166	-	-	1,220,375	166,595	195,992,765
North Carolina	-	-	-	-	-	194,198	-	-	-	-	-	-	-	-	-	-	194,198
North Dakota	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ohio	647,096	-	-	-	-	-	-	-	-	-	-	138	-	-	-	-	647,233
Oklahoma	-	-	-	658,649	-	908,568	-	-	-	-	-	-	-	250	-	-	1,567,467
Oregon	-	-	-	-	-	37,281	500	-	-	-	-	360,047	-	-	(12,989)	-	384,840
Pennsylvania	-	-	(220,799)	481,115	-	2,254,495	(28,439)	-	-	-	-	994,642	-	(1,078)	3,438	-	3,483,374
Rhode Island	-	11,400	25,000	874	-	52,470	-	-	-	-	694,318	-	1,300	-	-	-	785,362
South Carolina	-	-	(660)	265,458	-	537,290	19,021	-	-	-	-	158,243	-	-	-	-	979,352
South Dakota	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tennessee	250	-	-	40,043	-	129,510	30,848	-	-	-	-	159,871	-	-	1,474	-	361,996
Texas	-	48,817	393	714,620	17,875	4,617,980	285,639	(13,330)	-	250	-	1,233,654	-	-	23,133	-	6,929,030
Utah	-	-	-	-	-	38,643	-	-	-	-	-	-	-	-	50,000	-	88,643
Vermont	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Virginia	-	-	-	-	-	30,670	-	-	-	-	9	62,448	-	-	-	-	93,127
Washington	-	-	-	313,968	-	-	250	-	-	-	-	411,455	-	-	-	-	725,672
West Virginia	-	-	-	72,998	-	-	-	-	-	-	-	-	-	-	-	-	72,998
Wisconsin	-	-	-	-	-	-	85,000	-	-	-	-	-	-	-	-	-	85,000
Wyoming	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	699,078	13,006,158	4,887,619	93,636,215	760,677	195,319,724	50,240,956	1,796,675	38,288,706	882,794	7,096,345	44,958,606	73,342	75,827	1,438,847	182,337	453,343,808

Note: Adjusted Direct Reserves (Loss and ALAE) exclude any claims covered by the cut through reinsurance agreements executed with Technology Insurance Company and Integon National Insurance Company
 Case Basis Reserves Only, excludes IBNR

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 December 31, 2016
 (Data Internally prepared and Unaudited)

State Desc	Fire and Allied Lines	Homeowners Multiple Peril	Commercial Multiple Peril (Non-Lab Portion)	Commercial Multiple Peril (liability Portion)	Ocean and Inland Marine	Workers Comp	Other liability - occurrence	Other liability - Claims Made	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	-	26,494	13,497	190,974	-	161,548	228,633	-	-	31,948	-	15,274	-	-	2,100	-	670,468
Alaska	-	-	-	-	-	(3,070)	-	-	-	-	-	-	-	-	-	-	(3,070)
Arizona	-	-	-	16,518	(1,000)	83,712	308,582	-	-	-	-	9,972	-	-	-	-	417,784
Arkansas	-	-	-	-	-	21,807	-	-	-	-	(22,496)	24,360	(3,090)	-	-	-	20,580
California	3,557	368,149	135,082	475,881	-	18,012,135	257,527	18,694	2,449,763	66,164	(88,951)	2,310,119	(44,639)	366	(502,501)	-	23,461,344
Colorado	-	-	-	52,216	-	1,931	-	2,090	-	-	(4,194)	325,058	1,105	-	-	-	378,206
Connecticut	2,867	76,895	207,826	1,269,116	-	60,157	314,250	-	-	-	1,131,473	-	(88,565)	-	-	-	2,974,019
Delaware	-	-	-	-	-	-	-	-	-	-	(17,279)	-	(17,489)	-	-	-	(34,768)
District of Columbia	-	-	-	8,177	-	-	-	-	-	-	(3,725)	-	(3,474)	-	-	-	979
Florida	49,966	(2,175)	98,893	307,207	(16,323)	1,548,518	363,522	424,373	175,711	80,669	(1,050,696)	2,042,037	(97,023)	975	-	-	3,925,655
Georgia	-	-	(0)	984	-	(41,864)	7,413	-	-	-	(35,670)	447,052	(36,091)	-	29,912	-	371,736
Hawaii	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Idaho	-	-	-	-	-	104,136	-	-	-	-	-	-	-	-	-	-	104,136
Illinois	94	60	-	407,652	-	342,853	-	-	-	-	(26,911)	96,374	(803)	-	-	-	819,319
Indiana	-	-	-	-	-	3,285	-	-	-	-	(2,464)	6,947	(653)	-	-	-	7,114
Iowa	-	-	-	-	-	(906)	-	-	-	-	-	-	-	-	-	-	(906)
Kansas	-	-	-	-	-	2,415	-	-	-	-	-	1,437	-	-	11,045	-	14,897
Kentucky	-	-	-	20,300	-	30,596	-	-	-	-	(1,416)	207,094	(2,601)	-	-	-	253,973
Louisiana	-	-	1,455	322,440	16,110	75,460	8,668	-	-	42,458	(228,819)	305,711	(2,868)	-	-	-	540,615
Maine	16,311	(4,009)	(192)	7,576	238	4,745	0	-	-	-	61,347	200,000	(6,069)	(90)	-	844	280,701
Maryland	-	(3,050)	(142)	51,510	-	555,605	6,193	-	-	-	(137,114)	(1,172)	(65,855)	-	(569,796)	-	(163,821)
Massachusetts	(4,806)	(45,664)	215	220,691	(1,821)	904	240,263	-	-	2,025	448,002	-	(5,101)	(23)	4,000	0	858,686
Michigan	638	-	-	-	1,937	260,415	-	-	-	-	(1,845)	928	(2,274)	-	-	-	259,798
Minnesota	-	-	-	-	-	74,546	-	-	-	-	(4)	8,900	(1,667)	-	-	-	81,775
Mississippi	-	-	1,978	30,363	-	(215)	31,229	-	-	-	(62)	101,225	(60)	-	-	-	164,458
Missouri	-	-	-	24,418	-	33,375	-	-	-	-	-	24,083	(2,322)	249	-	-	79,801
Montana	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Nebraska	-	-	-	-	-	22,991	-	-	-	-	-	-	-	-	-	-	22,991
Nevada	-	-	-	-	-	320,114	-	-	-	-	(258)	-	(5,375)	-	-	-	314,481
New Hampshire	0	3,148	-	-	-	12,255	-	-	-	-	27,219	-	(7,933)	-	-	-	34,689
New Jersey	(187,429)	5,843,831	316,992	1,058,494	(653,810)	1,402,666	(958,525)	-	18,433	13,892	7,262,967	3,352,078	1,360,040	1,302	-	16,197	18,847,127
New Mexico	-	-	-	-	-	(733)	-	-	-	-	-	-	-	-	-	-	(733)
New York	(239,979)	1,744,613	1,548,446	30,829,560	(231,743)	2,924,833	11,171,374	(51,103)	-	(168,304)	(671)	8,422,822	(593)	(4,322)	(1,053,352)	30,914	54,922,497
North Carolina	-	-	-	-	-	25,602	-	-	-	-	(187,784)	-	(16,897)	-	-	-	(179,080)
North Dakota	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ohio	5,296	-	(1,746)	2,392	-	-	-	-	-	-	(378,843)	(8,780)	(18,102)	-	-	-	(399,782)
Oklahoma	-	-	-	185,972	-	31,505	-	-	-	-	(40)	(83,877)	-	-	-	-	133,560
Oregon	-	-	2,720	47,881	-	(0)	-	-	-	-	(614)	1,019,681	-	-	1,836	-	1,071,504
Pennsylvania	-	(1,615)	4,289	293,586	-	592,430	113,783	-	-	(86,750)	(3,184,643)	436,348	(710,857)	-	(16,839)	4,293	(2,555,976)
Rhode Island	-	(2,999)	37	24,631	-	52	-	-	-	-	(84,600)	(0)	(29,848)	-	-	-	(92,728)
South Carolina	-	45,268	663	9,592	-	38,934	-	-	-	-	(110,948)	613	(53,556)	-	327	-	(69,108)
South Dakota	-	-	-	-	-	-	-	-	-	-	-	-	(1,820)	-	-	-	(1,820)
Tennessee	(216)	-	-	-	-	16,983	1,030	-	-	-	(921)	76,347	(5,756)	-	1,979	-	89,446
Texas	-	(236,821)	3,717	292,291	-	215,794	355,578	-	-	(136,624)	(43,764)	761,259	(20,259)	346	78,289	-	1,269,806
Utah	-	-	-	-	-	8,212	-	-	-	-	-	-	(448)	-	-	-	7,763
Vermont	-	-	-	-	-	-	-	-	-	-	(5,419)	-	(35,737)	-	-	-	(41,155)
Virginia	-	-	-	-	-	1,580	-	-	-	-	(444,437)	41,888	(60,638)	3,843	-	-	(457,763)
Washington	-	-	-	135,679	-	(800)	-	-	-	-	(100,605)	471,098	-	-	-	-	505,372
West Virginia	-	-	-	3,013	-	9	-	-	-	-	-	14,616	(468)	-	-	-	17,169
Wisconsin	-	-	-	-	-	-	4,828	-	-	-	-	565	-	-	(5,425)	-	(32)
Wyoming	-	-	-	-	-	-	-	-	-	-	-	-	(4,267)	-	-	-	(4,267)
Total	(353,701)	7,812,125	2,333,730	36,289,112	(886,412)	26,944,516	12,454,347	394,054	2,643,907	(154,521)	2,765,814	20,630,057	7,948	2,645	(2,018,424)	52,247	108,917,443

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

Castlepoint National Insurance Company (in Conservation)
 Adjusted Direct Claim Counts by State and by Line
 As of November 30, 2016
 (Data Internally prepared and Unaudited)

State Desc	Fire and Allied Lines	Homeowners Multiple Peril	Commercial Multiple Peril (Non-Liab Portion)	Commercial Multiple Peril (liability Portion)	Ocean and Inland Marine	Workers Comp	Other liability - occurrence	Other liability - Claims Made	Excess Workers' Comp	Products liability - Occurrence	Private passenger auto liab	Commercial auto liab	Private Passenger auto physical damage	Commercial Auto physical damage	Fidelity and Surety	Boilers & machinery	Open Claims
Alabama	-	2	7	9	-	6	7	-	-	1	-	4	-	-	-	-	36
Alaska	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	1
Arizona	-	-	-	-	-	23	2	-	-	-	-	2	-	-	-	-	27
Arkansas	-	-	-	-	-	4	-	-	-	-	-	1	-	-	-	-	5
California	-	13	7	19	-	1,672	106	2	720	10	5	56	-	2	19	-	2,631
Colorado	-	-	-	2	-	4	-	1	-	-	-	8	-	-	-	-	15
Connecticut	-	16	8	37	-	14	25	-	-	-	49	-	1	-	-	-	150
Delaware	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	1
District of Columbia	-	-	-	-	-	1	1	1	-	-	-	-	-	-	-	-	4
Florida	-	-	1	29	-	158	69	2	14	6	1	145	-	2	1	-	428
Georgia	-	-	-	1	-	40	3	-	-	-	-	12	-	-	2	-	58
Hawaii	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Idaho	-	-	-	-	-	12	-	-	-	-	-	-	-	-	-	-	12
Illinois	-	-	-	12	-	76	-	-	-	-	-	40	-	-	-	-	128
Indiana	-	-	-	-	-	3	-	-	-	-	-	1	-	-	-	-	4
Iowa	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	1
Kansas	-	-	-	-	-	3	-	-	-	-	-	-	-	-	-	-	3
Kentucky	-	-	-	3	-	2	-	-	-	-	-	1	-	-	-	-	6
Louisiana	-	-	1	21	7	8	7	-	-	3	-	13	-	1	-	-	61
Maine	2	4	-	5	-	8	2	-	-	-	65	4	14	-	-	1	105
Maryland	-	-	-	1	-	6	-	-	-	-	-	1	-	-	-	-	8
Massachusetts	1	14	2	14	-	3	10	-	-	-	46	-	5	-	-	-	95
Michigan	-	-	-	-	1	25	-	-	-	-	-	1	-	-	-	-	27
Minnesota	-	-	-	-	-	3	-	-	-	-	-	1	-	-	-	-	4
Mississippi	-	-	1	5	-	3	-	-	-	-	-	2	-	1	-	-	12
Missouri	-	-	-	1	-	7	-	-	-	-	-	2	-	-	-	-	10
Montana	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Nebraska	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	1
Nevada	-	-	-	-	-	47	5	-	-	-	-	-	-	-	-	-	52
New Hampshire	-	3	-	2	-	18	-	-	-	-	3	1	1	-	-	-	28
New Jersey	2	55	26	112	1	212	32	-	2	5	56	83	22	3	-	-	611
New Mexico	-	-	-	-	-	2	-	-	-	-	-	-	-	-	-	-	2
New York	4	292	101	1,099	2	452	551	7	1	13	2	294	-	-	6	10	2,834
North Carolina	-	-	-	-	-	6	-	-	-	-	-	-	-	-	-	-	6
North Dakota	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ohio	1	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	2
Oklahoma	-	-	-	2	-	8	-	-	-	-	-	-	-	1	-	-	11
Oregon	-	-	-	6	-	6	2	-	-	-	-	4	-	-	2	-	14
Pennsylvania	-	-	3	14	-	57	2	-	-	-	-	9	-	1	1	-	87
Rhode Island	-	1	1	1	-	1	-	-	-	-	11	-	1	-	-	-	16
South Carolina	-	1	-	4	-	14	2	-	-	-	-	1	-	-	-	-	22
South Dakota	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tennessee	1	-	-	4	-	5	1	-	-	-	-	6	-	-	1	-	18
Texas	-	17	1	8	1	28	11	-	-	1	-	44	-	-	4	-	115
Utah	-	-	-	-	-	2	-	-	-	-	-	-	-	-	1	-	3
Vermont	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Virginia	-	-	-	-	-	3	-	-	-	-	1	5	-	-	-	-	9
Washington	-	-	-	1	-	-	1	-	-	-	-	14	-	-	-	-	16
West Virginia	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	1
Wisconsin	-	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	1
Wyoming	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	11	418	159	1,408	12	2,946	840	13	737	39	239	756	44	11	37	11	7,681

Note: Adjusted Direct Claim Counts exclude any claims covered by the cut through reinsurance agreements executed with Technology Insurance Company and Integon National Insurance Company