



Paul R. LePage
GOVERNOR

STATE OF MAINE
DEPARTMENT OF PROFESSIONAL
AND FINANCIAL REGULATION
BUREAU OF INSURANCE
34 STATE HOUSE STATION
AUGUSTA, MAINE
04333-0034

Eric A. Cioppa
SUPERINTENDENT

January 29, 2016

Eric A. Cioppa, Superintendent
Maine Bureau of Insurance
34 State House Station
Augusta, ME 04333-0034

Dear Superintendent:

Pursuant to the provisions of 24-A M.R.S.A. §221 and in conformity with your instructions, a financial examination has been made of

Great Falls Insurance Company

at its statutory home office in Auburn, Maine. The following report is respectfully submitted.



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REPORT OF EXAMINATION
GREAT FALLS INSURANCE COMPANY
AS OF
DECEMBER 31, 2014

ACCEPTANCE OF REPORT OF EXAMINATION

WHEREAS a verified Report of Examination of Great Falls Insurance Company dated January 29, 2016, was delivered to that insurer on March 22, 2016, and

WHEREAS no hearing with respect to the Report of Examination has been requested by Great Falls Insurance Company

NOW THEREFORE, I accept the Report of Examination and hereby order it placed on file in the Bureau of Insurance as provided for by 24-A M.R.S.A. §226(3).

Dated: _____

4/13/16



Eric A. Cioppa, Superintendent

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SCOPE OF EXAMINATION

Great Falls Insurance Company (hereinafter, "Company") was last examined as of December 31, 2011, by the State of Maine Bureau of Insurance. This examination covered the period from January 1, 2012, to December 31, 2014.

This examination was performed pursuant to the risk-focused approach promulgated by the National Association of Insurance Commissioners (hereinafter, "NAIC"), and consisted of a review of the Company's operations, controls, and corporate governance, assessment of current and prospective risk, valuation of assets, and determination of liabilities at December 31, 2014, in conformity with statutory accounting practices, NAIC guidelines, the 2015 Financial Condition Examiners Handbook and the laws, rules, and regulations prescribed or permitted by the State of Maine.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. The examination does not attest to the fair presentation of the financial statements included herein. Comments on various balance sheet items, for purposes of this report, may be limited to matters involving clarification, departures from laws, rules and regulations, and/or significant changes in amounts. To the extent deemed necessary, transactions occurring subsequent to the examination date were reviewed.

This examination report includes significant findings of fact, pursuant to 24-A M.R.S.A. §225 (1), and general information about the Company and its financial condition. There may be other items identified during the examination that, due to their nature, are not included herein, and are instead separately reported to other regulators and/or the Company.

SUMMARY OF SIGNIFICANT FINDINGS

PRIOR EXAMINATION COMMENTS

Comment 1:

The Company reported six members of the board of directors. Title 24-A M.R.S.A. §3411 (1) states the following:

The affairs of every domestic insurer shall be managed by a board of directors consisting of not less than 7 directors or more than 21 directors.

Status:

The Company has adequately responded to this comment.

Comment 2:

The Company has a conflict of interest policy whereby directors and officers are to complete a conflict of interest statement annually to disclose material interest or affiliation which conflicts with his/her official duties and responsibilities. It was observed that the conflict of interest documents were not completed and signed.

Status:

It was observed that officers and directors completed and signed a disclosure on conflicts of interest in 2013 but did not complete disclosures in 2014.

Comment 3:

The limits of insurance for employee dishonesty provided under the Company's business package policy was \$25,000. This amount was less than the minimum range of coverage, \$75,000 to \$100,000, recommended by the NAIC.

Status:

The Company has adequately responded to this comment.

CURRENT EXAMINATION COMMENTS

None noted.

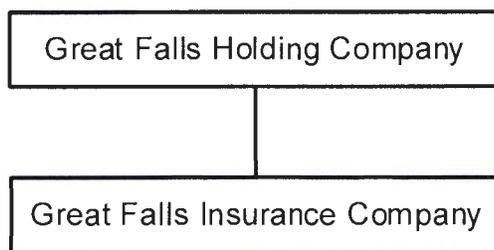
THE COMPANY

HISTORY

The Company was granted a certificate of authority on December 30, 2010. The initial certificate of authority was limited to the writing of workers' compensation insurance in the State of Maine. The Company commenced writing insurance in 2011. The Company, a property and casualty insurer, is domiciled in the State of Maine with corporate headquarters located in Auburn, Maine. The Company is a wholly-owned subsidiary of Great Falls Holding Company (hereinafter, "GFHC"), a Delaware corporation.

MANAGEMENT AND CONTROL

The Company is a wholly-owned subsidiary of GFHC. An abbreviated corporate ownership diagram follows:



GFHC ownership at December 31, 2014 is described below:

Citadel Reinsurance Company, Limited (Bermuda)	53.3%
Citadel Risk Services, Inc.	<u>20.0%</u>
	73.3%

The remaining shares are owned by individual minority investors.

CORPORATE RECORDS

The Company's articles of incorporation, bylaws, and minutes of the board of directors meetings held during the period under examination were reviewed.

CORPORATE GOVERNANCE

The Company is governed and overseen by its board of directors and the management team of the Company.

As of December 31, 2014, the board of directors of the Company consisted of the following members:

<u>Name</u>	<u>Title</u>
Scott C. Penwell	Chairman
James E. Clemons	Director
Arthur P. Coleman	Director
Gary L. Hall	Director
John M. Ignatowitz	Director
Robert L. Murch	Director
Anthony Weller	Director

As of December 31, 2014, the officers of the Company consisted of the following individuals:

<u>Name</u>	<u>Title</u>
Gary L. Hall	President & Chief Executive Officer
Arthur P. Coleman	Secretary
John M. Ignatowitz	Treasurer

TRANSACTIONS WITH AFFILIATES

The Company has entered into a tax sharing agreement providing for a consolidated federal tax return with Great Falls Holding Company.

The Company purchases certain administrative and managerial services from Citadel Risk Management, Inc. (hereinafter, "CRMI") pursuant to a management services agreement.

The Company has entered into an employee leasing agreement with a company wholly owned by a minority shareholder of Great Falls Holding Company.

The Company has entered into a quota share reinsurance agreement with Citadel Reinsurance Company Limited (hereinafter, "CRCL"), a majority shareholder of Great Falls Holding Company.

TERRITORY & PLAN OF OPERATION

The Company is licensed in the State of Maine to write workers' compensation insurance. On November 16, 2011, the Company was granted authority to write employment practices liability insurance.

REINSURANCE

The Company has a quota share reinsurance contract in place with CRCL whereby the Company cedes 75% of its net retained liability of the first \$1,000,000 of the ultimate net loss per occurrence to CRCL.

The Company has an excess of loss agreement with various reinsurers wherein the Company's net retention is \$1,000,000 with coverage up to \$9,000,000 in excess of its net retention. The two layers of excess of loss reinsurance coverage follow:

<u>Excess of Loss Layer</u>	<u>Excess Terms</u>
First Excess:	\$4,000,000 in excess of \$1,000,000
Second Excess:	\$5,000,000 in excess of \$5,000,000

The employment practices liability insurance business is 100% ceded to an authorized reinsurer.

FINANCIAL STATEMENTS

The Statement of Admitted Assets, Liabilities and Surplus, the Statement of Operations, and the Statement of Capital and Surplus are as presented by management and audited by the Company's external auditors. It should be noted that these financial statements have not been audited by the Maine Bureau of Insurance and thus the Maine Bureau of Insurance does not express an opinion on the financial statements as a whole.

**STATEMENT OF ADMITTED ASSETS, LIABILITIES, AND SURPLUS
AS OF DECEMBER 31, 2014**

Assets

Bonds	\$ 794,334
Preferred stocks	641,430
Common stocks	693,505
Cash & cash equivalents	1,438,387
Investment income due and accrued	3,879
Uncollected premiums in the course of collection	285,725
Deferred premiums, agents' balances and installments	2,710,812
Amounts recoverable from reinsurers	139,028
Receivables from parent, subsidiaries and affiliates	704,428
Aggregate write-ins for other than invested assets	<u>76,076</u>
Total assets	<u><u>\$ 7,487,604</u></u>

Liabilities

Losses	\$ 1,031,618
Loss adjustment expenses	278,972
Commissions payable	296,609
Other expenses	232,104
Taxes, licenses and fees	295,070
Unearned premiums	817,450
Ceded reinsurance premiums payable	<u>1,918,466</u>
Total liabilities	<u><u>4,870,289</u></u>

Capital and Surplus

Common capital stock	1,500,000
Gross paid in and contributed surplus	3,767,135
Unassigned funds	<u>(2,649,820)</u>
Total capital and surplus	<u>2,617,315</u>
Total liabilities, capital and surplus	<u><u>\$ 7,487,604</u></u>

STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2014

Premiums earned	\$	1,629,595
Deductions:		
Losses incurred		857,743
Loss adjustment expenses		396,672
Other underwriting expenses		789,213
Total underwriting deductions		<u>2,043,628</u>
Total underwriting loss		<u>(414,033)</u>
Net investment income earned		88,177
Net realized capital gains net of capital gains taxes		<u>135,294</u>
Net investment income		<u>223,471</u>
Net loss from premiums charged off		(17,861)
Finance and service charges		<u>31,519</u>
Total other income		<u>13,658</u>
Net loss	\$	<u><u>(176,904)</u></u>

STATEMENT OF CAPITAL AND SURPLUS
YEAR ENDED DECEMBER 31, 2014

Capital and surplus, December 31, 2013	\$ 2,015,144
Net income (loss)	(176,904)
Change in net unrealized capital gains/(losses)	(62,603)
Change in nonadmitted assets	74,543
Paid in surplus	<u>767,135</u>
Net change in capital and surplus	<u>602,171</u>
Capital and surplus, December 31, 2014	<u>\$ 2,617,315</u>

COMMENTS ON THE FINANCIAL STATEMENTS

NOTE 1 – RESERVES

Milliman, Inc. was engaged to provide actuarial assistance with the financial examination of the Company as of December 31, 2014. The reserves as reported by the Company were determined to be reasonable based on the review performed by Milliman, Inc.

NOTE 2 – CAPITAL AND SURPLUS

The following table describes the capital and surplus changes for the three year period since the Maine Bureau of Insurance's last examination of the Company, dated December 31, 2011:

Capital and surplus, December 31, 2011	\$	3,047,882
Net income		(1,589,633)
Change in net unrealized capital gains or (losses), net of capital gains tax		70,806
Change in nonadmitted assets		21,125
Surplus adjustments: Paid in		<u>1,067,135</u>
Capital and surplus, December 31, 2014	\$	<u>2,617,315</u>

SUBSEQUENT EVENTS

On February 15, 2015, Citadel Reinsurance Company Limited purchased an additional 4,000 shares of common stock in GFHC, the Company's parent, in exchange for consideration of \$740,000 which has been contributed to the Company to increase its capital. As a result of its acquisition of the additional shares, Citadel Reinsurance Company Limited's direct and indirect ownership interests in GFHC increased from 73.3% at December 31, 2014, to 81.6%.

SUMMARY OF RECOMMENDATIONS

There are no report level recommendations.

**STATE OF MAINE
COUNTY OF KENNEBEC, SS**

Vanessa J. Leon, being duly sworn according to law deposes and says that, in accordance with authority vested in her by Eric A. Cioppa, Superintendent of Insurance, pursuant to the Insurance Laws of the State of Maine, she has made an examination of the condition and affairs of the

GREAT FALLS INSURANCE COMPANY

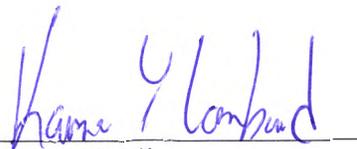
located in Auburn, Maine as of December 31, 2014, and that the foregoing report of examination subscribed to by her is true to the best of her knowledge and belief. The following examiners from the Bureau of Insurance assisted:

Arias Wan, CPA, CFE
Audrey L. Wade, CFE, CISA
Jason M. Freedman, AFE
Sarah A. Hyde



Vanessa J. Leon, CFE

Subscribed and sworn to before me
This 13 day of April, 2016



Notary Public
My Commission Expires: June 12, 2016

KARMA Y. LOMBARD
Notary Public, Maine
My Commission Expires: June 12, 2016

APPENDIX A – STATEMENT OF ACTUARIAL OPINION

Statement of Actuarial Opinion
Annual Statement of
Great Falls Insurance Company
For the Year Ended December 31, 2014

IDENTIFICATION

I, Stephen R. DiCenso, am associated with the firm of Milliman, Inc. I am a member of the American Academy of Actuaries and meet its qualification standards for Statements of Actuarial Opinion regarding property and casualty insurance company statutory Annual Statements. I am a member in good standing and a Fellow of the Casualty Actuarial Society. I was retained by the State of Maine Bureau of Insurance ("the Bureau") on August 19, 2015 to render this opinion.

The intended purpose of this opinion is to satisfy the requirement for such an opinion under the scope of a contract with the Bureau to assist in the financial examination of the Company. I have no direct relationship with the Company. The loss and loss adjustment expense reserves are the responsibility of the Company's management; my responsibility is to express an opinion on those reserves based on my review.

SCOPE

I have examined the reserves listed in Exhibit A, as shown in the Annual Statement of the Company as prepared for filing with state regulatory officials, as of December 31, 2014. The items upon which I am expressing an opinion, as shown in Exhibit A, reflect the disclosures shown in Exhibit B.

In forming my opinion on the loss and loss adjustment expense reserves, I relied upon data evaluated as of December 31, 2014 and reviewed information provided to me by the Company through October 30, 2015. The Bureau tested the integrity of the data and notified me that the testing indicated that the data is valid for a loss reserve analysis. In this regard, I relied on Gary Hall, President, Great Falls Insurance Company, as to the accuracy and completeness of the data. I evaluated the data used directly in my analysis for reasonableness and consistency. My evaluation did not reveal any data points materially affecting my analysis that fell outside of the range of reasonable possibilities. In performing this evaluation, I have assumed that the Company (a) used its best efforts to supply accurate and complete data and (b) did not knowingly provide any inaccurate data.

I also reconciled the earned premium amounts, paid loss and loss adjustment expense amounts, and case reserve amounts as of December 31, 2014 used in my analysis against Schedule P - Part 1 of the Company's current Annual Statement. In other respects, the analysis underlying my opinion included the use of such actuarial assumptions and methods and such tests of calculations as I considered necessary.

Statement of Actuarial Opinion

**Annual Statement of
Great Falls Insurance Company
For the Year Ended December 31, 2014**

My review was limited to the items included in Exhibit A, and did not include an analysis of any income statement items or other balance sheet items. My opinion on the reserves assumes the existence of valid assets underlying the unpaid claim liabilities and that these assets are appropriate to meet the cash flow needs of the Company. I have not reviewed the held assets.

OPINION

In my opinion, the sum of the amounts carried on account of items (1) and (2), the sum of the amounts carried on account of items (3) and (4), and the amount carried on account of item (5), all as shown in Exhibit A:

- A. Meet the requirements of the insurance laws of the State of Maine;
- B. Are consistent with reserves computed in accordance with Standards of Practice issued by the Actuarial Standards Board (including the Casualty Actuarial Society's Statement of Principles Regarding Property and Casualty Loss and Loss Adjustment Expense Reserves); and
- C. Make a reasonable provision for all unpaid loss and loss adjustment expense obligations of the Company under the terms of its contracts and agreements.

RELEVANT COMMENTS

Risk of Material Adverse Deviation

There are a variety of risk factors that may result in the actual net future loss and loss adjustment expense payments deviating from the provision in the Company's net carried reserves. I have identified the major risk factors as: the Company's rapid growth since it began writing business in 2011; exposure to large, fortuitous losses; exposure to workers compensation coverage; concentration of reserves in a single line of business and state; and the relative position of the Company's carried reserves. The potential impact of these risk factors is described in more detail in the following paragraphs and in the report supporting this opinion. The absence of other risk factors from this listing does not imply that additional risk factors will not be identified in the future as being a significant influence on the Company's reserves.

The Company has experienced rapid growth in written premium since 2011. Significant growth may lead to changes in the types of exposures insured, which may in turn affect loss development patterns. This creates additional uncertainty in my analysis.

Statement of Actuarial Opinion

***Annual Statement of
Great Falls Insurance Company
For the Year Ended December 31, 2014***

The variability associated with my estimates of net reserves for unpaid losses and loss adjustment expenses is magnified by the Company's exposure to large, fortuitous losses within its net retained limits of up to \$1 million per occurrence. The emergence of individual large losses (or changes in reserves on existing open claims) could materially change my results. The potential for large losses increases the variability inherent in the estimates.

Historically, workers compensation coverage has been subject to higher levels of variability due to the long-tailed nature of the coverage. The payment of losses and loss adjustment expenses will likely be made over a long period of time and is subject to a number of uncertainties, such as inflation, the legal environment, and improvements in medical research/technology many years in the future. Exposure to workers compensation coverage increases the variability inherent in the estimates.

The Company's net reserves are concentrated in a single line of business (workers compensation) and state (Maine). As a result, the Company is exposed to any sudden changes in the legislative, legal and/or economic environment that may affect the claims resolution process for workers compensation, particularly in the state of Maine. This increases the uncertainty of the estimates.

I considered a range of reasonable reserve estimates when evaluating the Company's carried reserves. The Company's carried reserves are near the low end of that range. The difference between the Company's carried reserves and the central estimate of the reserve range is approximately \$140,000, and the difference between the Company's carried reserves and the high end of the reserve range is approximately \$430,000. The Company's reported surplus at December 31, 2014 is approximately \$2.6 million. Each of these differences is greater than 5% of the Company's reported surplus.

Having considered the risk factors above and the inherent variability in the estimation of unpaid loss and loss adjustment expense obligations, I believe that significant risks and uncertainties exist that could reasonably result in material adverse deviation from the carried net reserve amounts. My determination is based on a materiality standard of 10% of the Company's statutory surplus, or \$262,000, as shown in item (5) of Exhibit B, and my belief that the probability of adverse reserve development of this magnitude is greater than remote. I selected the materiality standard based on the fact that I prepared this opinion for the regulatory review of the Company and factors such as the Company's reserve to surplus ratio, the Company's history of reserve development, the policy limits and coverages written by the Company, and the amount of adverse deviation that would cause the Company to fall to the next risk-based capital action level. Other measures of materiality might be used for reserves that are being evaluated in a different context.

Statement of Actuarial Opinion
Annual Statement of
Great Falls Insurance Company
For the Year Ended December 31, 2014

Uncertainty

In evaluating whether the reserves make a reasonable provision for unpaid losses and loss adjustment expenses, it is necessary to project future loss and loss adjustment expense payments. Actual future losses and loss adjustment expenses will not develop exactly as projected and may, in fact, vary significantly from the projections. Further, my projections make no provision for extraordinary future emergence of new classes or types of losses not sufficiently represented in the Company's historical database or that are not yet quantifiable.

Reinsurance

During the course of my review, I was provided with copies of the Company's ceded reinsurance contracts that are or could be material to the Company's ceded loss and loss adjustment expense reserves as of December 31, 2014. The Company has determined that these contracts should be accounted for as reinsurance. The assessment of whether a reinsurance contract meets the requirements for reinsurance accounting is a management and accounting decision. I have reviewed the risk transfer provisions in the Company's reinsurance agreements and found no provisions that would preclude accounting for the transactions as reinsurance.

I am not aware of any reinsurance transaction that either has been or should have been accounted for as retroactive reinsurance or as financial reinsurance (defined as contractual arrangements that do not include transfer of both timing and underwriting risk).

I reviewed the Company's ceded reinsurance balances as shown in Schedule F of the Company's Annual Statement. There are no material reinsurance recoverables on paid losses that are classified as over 90 days past due. I also reviewed the rating of the Company's reinsurers, using the A.M. Best Insurance Reports published as of February 2, 2015. The Company's reinsurers were not rated vulnerable (B or lower) by A.M. Best or were not reported to be in liquidation, conservation, or receivership. I am not aware of any reinsurance that the Company treated as collectable but should have treated as uncollectible.

Based on the information cited above, my opinion on the loss and loss adjustment expense reserves net of ceded reinsurance assumes that all ceded reinsurance is valid and collectable. I have performed no additional review of the collectability of the Company's reinsurance and am expressing no opinion on the financial condition of its reinsurers. I am not able to further assess the potential for uncollectible reinsurance without performing a substantial amount of additional work beyond the scope of my review. I have not anticipated any contingent liabilities that could arise if the reinsurers do

Statement of Actuarial Opinion

***Annual Statement of
Great Falls Insurance Company
For the Year Ended December 31, 2014***

not meet their obligations to the Company as reflected in the data and other information provided to me.

IRIS Ratios

The booked reserves do not create exceptional values in the IRIS tests One-Year Reserve Development to Surplus, Two-Year Reserve Development to Surplus, or Estimated Current Reserve Deficiency to Surplus.

Methods and Assumptions

The required annual NAIC Statement of Actuarial Opinion for the Company as of December 31, 2014 was signed by another actuary. I have reviewed the analysis underlying this prior opinion and believe that certain assumptions differ between my analysis and the analysis of the prior opining actuary. The impact of these differences does not result in a difference in the conclusions regarding the reasonableness of the carried reserves of the Company.

Stated Basis of Reserve Presentation

Accounting Standard

The reserves on which I am expressing an opinion were prepared in accordance with Statutory Accounting Principles.

Discounting

I evaluated the loss and loss adjustment expense reserves on an undiscounted basis with regard to the time value of money. The Company does not reduce reserves to reflect discounting.

Risk Margin

It is my understanding that the Company carried reserves do not include an explicit risk margin.

Salvage and Subrogation

It is my understanding that the total carried reserves are net of anticipated salvage and subrogation recoveries.

Statement of Actuarial Opinion
Annual Statement of
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For the Year Ended December 31, 2014

Loss Adjustment Expenses

It is my understanding that the carried loss adjustment expense reserves include provisions for all loss adjustment expenses, such as coverage dispute costs, defense and investigation costs, and claims administration expenses.

Other Disclosures

Underwriting Pools and Associations

It is my understanding that the Company does not participate in pools and associations.

Asbestos and Environmental Exposure

I have reviewed the Company's exposure to asbestos and environmental claims. In my opinion, there is a remote chance of material liability, since the Company started writing business in 2011 and writes only workers compensation coverage.

Long Duration Contracts

It is my understanding that the Company does not write long duration contracts, defined as policies or contracts related to single or fixed premium policies, with coverage periods of thirteen months or greater that are non-cancelable and not subject to premium increase (excluding financial guaranty contracts, mortgage guaranty contracts, and surety contracts).

Extended Loss and Expense Reserves

It is my understanding that the Company does not provide extended loss and expense coverage within professional liability claims-made contracts, and therefore, carries no extended loss and expense reserves.

Contractual Liability for Service Contracts

It is my understanding that the Company does not provide contractual liability coverage for service contracts.

SUPPORTING DOCUMENTS AND USAGE

An actuarial report, including underlying actuarial work papers supporting the findings expressed in this Statement of Actuarial Opinion, has been provided to the Bureau.

Statement of Actuarial Opinion
Annual Statement of
Great Falls Insurance Company
For the Year Ended December 31, 2014

This Statement of Actuarial Opinion is intended solely for the use of, and is only to be relied upon by, the Bureau and other applicable state regulators.



Stephen R. DiCenso, FCAS, MAAA
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Wakefield, MA 01880-6215
(781) 213-6200
stephen.dicenso@milliman.com

January 8, 2016

Statement of Actuarial Opinion
Annual Statement of
Great Falls Insurance Company
For the Year Ended December 31, 2014

Exhibit A: SCOPE

<u>Loss and Loss Adjustment Expense Reserves:</u>	<u>Amount</u>
1. Reserve for Unpaid Losses (Liabilities, Surplus and Other Funds page, Col. 1, Line 1)	\$1,031,618
2. Reserve for Unpaid Loss Adjustment Expenses (Liabilities, Surplus and Other Funds page, Col. 1, Line 3)	\$278,972
3. Reserve for Unpaid Losses – Direct and Assumed (should equal Schedule P, Part 1, Totals from Cols. 13 and 15, Line 12 x 1,000)	\$4,165,000
4. Reserve for Unpaid Loss Adjustment Expenses – Direct and Assumed (should equal Schedule P, Part 1, Totals from Cols. 17, 19 and 21, Line 12 x 1,000)	\$920,000
5. The Page 3 write-in item reserve, “Retroactive Reinsurance Reserve Assumed”	\$0
6. Other Loss Reserve items on which the Appointed Actuary is expressing an Opinion (list separately)	\$0
 <u>Premium Reserves:</u>	
7. Reserve for Direct and Assumed Unearned Premiums for Long Duration Contracts	\$0
8. Reserve for Net Unearned Premiums for Long Duration Contracts	\$0
9. Other Premium Reserve items on which the Appointed Actuary is expressing an Opinion (list separately)	\$0

Statement of Actuarial Opinion
Annual Statement of
Great Falls Insurance Company
For the Year Ended December 31, 2014

Exhibit B: DISCLOSURES

- | | | | | |
|----|--|-------------|-----------|---------------------------|
| 1. | Name of the Appointed Actuary | DiCenso | Stephen | R. |
| 2. | The Appointed Actuary's Relationship to the Company
Enter E or C based upon the following:
E if an Employee of the Company or Group; or
C if a Consultant | | | N/A |
| 3. | The Appointed Actuary has the following designation;
F if an FCAS;
A if an ACAS;
M if not a member of the CAS, but a Member of the
American Academy of Actuaries approved by the
Casualty Practice Council (and attach approval
letter as documentation); or
O for Other | | | F |
| 4. | Type of Opinion, as identified in the OPINION
paragraph.
Enter R, I, E, Q, or N based upon the following:
R if Reasonable;
I if Inadequate or Deficient Provision;
E if Excessive or Redundant Provision;
Q if Qualified (use Q when part of the opinion is
Qualified); or
N if No Opinion | | | R |
| 5. | Materiality Standard expressed in US dollars (used to
answer Question #6) | \$262,000 | | |
| 6. | Are there significant risks that could result in Material
Adverse Deviation? | | Yes [X] | No [] Not Applicable [] |
| 7. | Statutory Surplus (Liabilities, Col. 1, Line 37) | \$2,617,315 | | |
| 8. | Anticipated net salvage and subrogation included as a
reduction to loss reserves as reported in Schedule P
(Part 1 Summary, Col 23, Line 12 x 1000) | \$0 | | |
| 9. | Discount included as a reduction to loss reserves and
loss expense reserves as reported in Schedule P | | | |
| | 9.1 Nontabular Discount [Notes, Line 32B23,
(amounts 1, 2, 3 &4)], Electronic Filing Cols 1,2,3 & 4 | \$0 | | |
| | 9.2 Tabular Discount [Notes, Line 32A23, (amounts
1&2)], Electronic Filing Cols 1 & 2. | \$0 | | |

Statement of Actuarial Opinion
Annual Statement of
Great Falls Insurance Company
For the Year Ended December 31, 2014

Exhibit B: DISCLOSURES (continued)

10.	The net reserves for losses and expenses for the company's share of voluntary and involuntary underwriting pools' and associations' unpaid losses and expenses that are included in reserves shown on the Liabilities, Surplus and Other Funds page, Losses and Loss Adjustment Expenses lines.	\$0
11.	The net reserves for losses and loss adjustment expenses that the company carries for the following liabilities included on the Liabilities, Surplus and Other Funds page, Losses and Loss Adjustment Expenses lines.	
11.1	Asbestos, as disclosed in the Notes to Financial Statements (Notes, Line 33A03D, ending asbestos reserve for current year) Electronic Filing Col 5	\$0
11.2	Environmental, as disclosed in the Notes to Financial Statements (Notes, Line 33D03D, ending net environmental reserve for current year) Electronic Filing Col 5	\$0
12.	The total claims made extended loss and expense reserve (Greater than or equal to Schedule P Interrogatories).	
12.1	Amount reported as loss reserves	\$0
12.2	Amount reported as unearned premium reserves	\$0
13.	Other items on which the Appointed Actuary is providing Relevant Comment (list separately)	\$0