

CALIFORNIA FAIR PLAN ASSOCIATION
DIV II - BUSINESSOWNERS
STATEMENT OF ASSETS, LIABILITIES AND MEMBERS' EQUITY
September 30, 2019

EXHIBIT 1

	ASSETS	NON-ADMITTED ASSETS	NET ADMITTED ASSETS
ASSETS:			
SHORT TERM NOTES AND CERTIFICATES OF DEPOSIT	\$990,196		\$990,196
CASH & CASH EQUIVALENTS	954,997		954,997
PREMIUM RECEIVABLE - NET	30,512		30,512
ACCRUED INVESTMENT INCOME	4,868		4,868
OTHER ASSETS	10,307		10,307
TOTAL ASSETS	1,990,880		1,990,880
LIABILITIES AND MEMBERS' EQUITY:			
RESERVES FOR:			
UNPAID LOSSES			47,702
UNPAID LOSS ADJUSTMENT			27,313
UNEARNED PREMIUMS			204,717
			279,732
PAYABLE FOR:			
ADVANCE & UNAPPLIED PREMIUMS			30,471
COMMISSIONS PAYABLE			68
			30,539
TOTAL LIABILITIES			310,271
MEMBERS' EQUITY:			
2015 COMBINED POOL			202,839
2016 COMBINED POOL			46,705
2017 COMBINED POOL			240,095
2018 COMBINED POOL			682,088
2019 COMBINED POOL			508,882
TOTAL MEMBERS' EQUITY			1,680,609
TOTAL LIABILITIES AND MEMBERS' EQUITY			1,990,880

CALIFORNIA FAIR PLAN ASSOCIATION
DIV II - BUSINESSOWNERS
STATEMENT OF INCOME AND EQUITY ACCOUNT
FISCAL YEAR 2019
For the Twelve Months Ending September 30, 2019

EXHIBIT 2

	QUARTER	YEAR-TO-DATE
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UNDERWRITING INCOME:		
PREMIUMS WRITTEN	\$76,577	\$429,633
CHANGE IN UNEARNED PREMIUMS	37,138	37,705
PREMIUMS EARNED	<u>113,715</u>	<u>467,338</u>
LOSS & LOSS ADJUSTMENT EXPENSES INCURRED:		
LOSSES INCURRED	5,406	(131,493)
LOSS ADJUSTMENT EXP INCURRED	8,916	28,412
TOTAL LOSSES & LOSS ADJ EXP INCURRED	<u>14,322</u>	<u>(103,081)</u>
UNDERWRITING EXPENSES INCURRED:		
COMMISSIONS	6,092	35,290
OTHER UNDERWRITING EXPENSES	28,885	114,357
TOTAL UNDERWRITING EXPENSES	<u>34,977</u>	<u>149,647</u>
TOTAL LOSSES & UNDERWRITING EXPENSES	<u>49,299</u>	<u>46,566</u>
NET UNDERWRITING GAIN	64,416	420,772
NET INVESTMENT INCOME	(3,445)	5,546
NET INCOME	<u>60,971</u>	<u>426,318</u>
STATEMENT OF MEMBER'S EQUITY:		
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MEMBERS' EQUITY - BEG	1,619,638	1,254,291
NET INCOME	60,971	426,318
DISTRIBUTION WITHHELD	0	(360,161)
EQUITY RETAINED AS CAPITAL CONTRIBUTION	<u>0</u>	<u>360,161</u>
MEMBERS' EQUITY - ENDING	<u><u>1,680,609</u></u>	<u><u>1,680,609</u></u>

CALIFORNIA FAIR PLAN ASSOCIATION
DIV II - BUSINESSOWNERS
MEMBERS' ACCOUNT
FISCAL YEAR 2019
For the Twelve Months Ending September 30, 2019

EXHIBIT 3A

	QUARTER							YEAR-TO-DATE								
	POOL YEAR							POOL YEAR								
	2013	2014	2015	2016	2017	2018	2019	TOTAL	2013	2014	2015	2016	2017	2018	2019	TOTAL
INCOME RECEIVED:																
PREMIUMS WRITTEN	\$0	\$0	\$0	\$0	\$0	\$0	\$76,577	\$76,577	\$0	\$0	\$0	\$0	\$0	(\$23,756)	\$453,389	\$429,633
NET WRITTEN PREMIUMS	0	0	0	0	0	0	76,577	76,577	0	0	0	0	0	(23,756)	453,389	429,633
NET INVESTMENT INCOME (EXPENSE)	0	0	394	90	488	1,364	1,550	3,886	0	9,391	2,546	131	2,439	10,684	(2,407)	22,784
TOTAL INCOME	0	0	394	90	488	1,364	78,127	80,463	0	9,391	2,546	131	2,439	(13,072)	450,982	452,417
EXPENSES PAID:																
LOSSES	0	0	0	0	0	0	0	0	0	0	0	0	0	2,921	0	2,921
LOSS ADJUSTMENT EXPENSES	0	0	0	2,213	2,156	1,200	400	5,968	0	0	0	7,347	9,354	12,930	2,796	32,427
COMMISSIONS	0	0	0	0	0	0	6,092	6,092	0	0	0	0	0	(1,754)	37,044	35,290
OPERATING EXPENSES	0	0	0	0	0	0	28,885	28,885	0	0	0	0	0	0	114,357	114,357
TOTAL EXPENSES PAID:	0	0	0	2,213	2,156	1,200	35,377	40,945	0	0	0	7,347	9,354	14,097	154,197	184,995
NET CASH CHANGE	0	0	394	(2,123)	(1,668)	164	42,750	39,518	0	9,391	2,546	(7,216)	(6,915)	(27,169)	296,785	267,422
CHANGE IN RESERVES:																
UNPAID LOSSES	0	0	0	0	249	1,496	(7,151)	(5,406)	0	0	0	53,363	74,214	35,337	(28,500)	134,414
UNPAID LOSS ADJ EXPENSES	0	0	0	0	394	1,340	(4,682)	(2,948)	0	0	993	10,240	8,118	196	(15,533)	4,014
UNEARNED PREMIUMS	0	0	0	0	0	11,957	25,181	37,138	0	0	0	0	0	242,422	(204,716)	37,706
NET RESERVE CHANGE	0	0	0	0	643	14,793	13,348	28,784	0	0	993	63,603	82,332	277,955	(248,749)	176,134
OTHER CHANGES:																
CHANGE IN ACCRUED INTEREST	0	0	(1,085)	(265)	(1,387)	(873)	(3,719)	(7,330)	0	(7,931)	(2,479)	(539)	(3,094)	(5,040)	1,845	(17,238)
NET OTHER CHANGES	0	0	(1,085)	(265)	(1,387)	(873)	(3,719)	(7,330)	0	(7,931)	(2,479)	(539)	(3,094)	(5,040)	1,845	(17,238)
CHANGE IN MEMBERS' EQUITY	0	0	(691)	(2,388)	(2,412)	14,084	52,379	60,972	0	1,460	1,060	55,848	72,323	245,746	49,881	426,318
MEMBERS' EQUITY - BEG	0	0	203,530	49,093	242,507	668,004	456,503	1,619,637	360,161	457,541	201,779	(9,143)	167,772	76,181	0	1,254,291
DISTRIBUTION WITHHELD	0	0	0	0	0	0	0	0	(360,161)	0	0	0	0	0	0	(360,161)
EQUITY RETAINED AS CAPITAL CONTRIBUTION	0	0	0	0	0	0	0	0	0	(459,001)	0	0	0	360,161	459,001	360,161
MEMBERS' EQUITY - END	\$ -	\$ -	\$ 202,839	\$ 46,705	\$ 240,095	\$ 682,088	\$ 508,882	\$ 1,680,609	\$ -	\$ -	\$ 202,839	\$ 46,705	\$ 240,095	\$ 682,088	\$ 508,882	\$ 1,680,609

CALIFORNIA FAIR PLAN ASSOCIATION
DIVISION II - BUSINESSOWNERS' POLICY
MEMBERS' ACCOUNT FOR UNSETTLED YEARS
AS OF SEPTEMBER 30, 2019

	2013	2014	2015	2016	2017	2018	2019	TOTAL
INCOME RECEIVED:								
PREMIUMS WRITTEN	1,035,532	859,793	754,136	696,378	606,143	478,581	453,389	4,883,952
REINSURANCE CEDED	(30,119)	(22,938)	(19,100)	-	-	-	-	(72,157)
NET WRITTEN PREMIUMS	1,005,413	836,855	735,036	696,378	606,143	478,581	453,389	4,811,795
NET INVESTMENT INCOME EXPENSE	(35,442)	(29,722)	(14,350)	(10,193)	(6,043)	10,982	(2,407)	(87,175)
TOTAL INCOME	969,971	807,133	720,686	686,185	600,100	489,563	450,982	4,724,620
EXPENSES PAID:								
LOSSES	96,811	78,039	150,862	266,676	1,956	261	0	594,605
LOSS ADJUSTMENT EXPENSES	138,855	35,511	39,994	38,835	23,042	14,449	2,796	293,482
COMMISSIONS	82,446	69,099	58,107	52,270	42,892	35,287	37,044	377,145
OPERATING EXPENSES	293,277	272,921	268,690	281,818	282,100	98,569	114,357	1,611,732
TOTAL EXPENSES PAID	611,389	455,570	517,653	639,599	349,990	148,566	154,197	2,876,964
NET CASH CHANGE	358,582	351,563	203,033	46,586	250,110	340,997	296,785	1,847,656
DEDUCT:								
RESERVES FOR:								
UNPAID LOSSES	-	-	-	0	7,423	11,778	28,500	47,701
UNPAID LOSS ADJ EXPENSES	-	-	-	0	2,722	9,058	15,533	27,313
UNEARNED PREMIUMS	-	-	-	-	-	0	204,716	204,716
TOTAL RESERVES	0	0	0	0	10,145	20,836	248,749	279,730
ADD:								
OTHER CHANGES:								
INTEREST ACCRUED	1,579	30	509	119	630	1,766	1,845	6,478
ASSETS NOT ADMITTED	-	500	(703)	-	(500)	-	-	(703)
TOTAL OTHER CHANGES	1,579	530	(194)	119	130	1,766	1,845	5,775
DISTRIBUTION RETAINED - INSOLVENTS	-	106,908	-	-	-	-	-	106,908
DISTRIBUTION WITHHELD	(360,161)							(360,161)
EQUITY RETAINED AS CAPITAL CONTRIBUTION	-	(459,001)	0	-	-	360,161	459,001	360,161
MEMBERS' EQUITY	(0)	0	202,839	46,705	240,095	682,088	508,882	1,680,609

CALIFORNIA FAIR PLAN ASSOCIATION
DIVISION II - BUSINESSOWNERS
STATISTICAL REPORT OF PREMIUMS
FISCAL YEAR 2019

EXHIBIT 4A

For the Twelve Months Ending September 30, 2019

	QUARTER			YEAR-TO-DATE		
	POOL YEAR			POOL YEAR		
	2018	2019	TOTAL	2018	2019	TOTAL
PREMIUMS WRITTEN						
PROPERTY	\$ -	\$ 39,356	\$ 39,356	\$ (12,353)	\$ 235,661	\$ 223,308
LIABILITY	0	37,221	37,221	(11,403)	217,728	206,325
TOTAL PREMIUMS WRITTEN	0	76,577	76,577	(23,756)	453,389	429,633
CHANGE IN UNEARNED PREMIUMS						
PROPERTY	6,217	13,094	19,311	126,059	(106,452)	19,607
LIABILITY	5,740	12,087	17,827	116,363	(98,264)	18,099
TOTAL CHANGE IN UNEARNED PREMIUMS	11,957	25,181	37,138	242,422	(204,716)	37,706
EARNED PREMIUMS						
PROPERTY	6,217	52,450	58,667	113,706	129,209	242,914
LIABILITY	5,740	49,308	55,048	104,960	119,464	224,424
NET EARNED PREMIUMS	\$ 11,957	\$ 101,758	\$ 113,715	\$ 218,666	\$ 248,673	\$ 467,338

CALIFORNIA FAIR PLAN ASSOCIATION

EXHIBIT 4B

DIV II - BUSINESSOWNERS

STATISTICAL REPORT OF LOSSES

FISCAL YEAR 2019

For the Twelve Months Ending September 30, 2019

	QUARTER						YEAR-TO-DATE					
	POOL YEAR						POOL YEAR					
	2015	2016	2017	2018	2019	TOTAL	2015	2016	2017	2018	2019	TOTAL
LOSSES PAID												
PROPERTY	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,921	\$ -	\$ 2,921
LIABILITY	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL LOSSES PAID:	-	-	-	-	-	-	-	-	-	2,921	-	2,921
CHANGE IN LOSS RESERVES												
PROPERTY	-	-	(143)	(861)	6,236	5,232	-	(30,684)	(42,673)	(21,042)	18,512	(75,887)
LIABILITY	-	0	(106)	(635)	915	174	-	(22,679)	(31,541)	(14,295)	9,988	(58,527)
TOTAL CHANGE IN LOSS RESERVES:	-	0	(249)	(1,496)	7,151	5,406	-	(53,363)	(74,214)	(35,337)	28,500	(134,414)
LOSSES INCURRED												
PROPERTY	-	-	(143)	(861)	6,236	5,232	-	(30,684)	(42,673)	(18,121)	18,512	(72,966)
LIABILITY	0	0	(106)	(635)	915	174	0	(22,679)	(31,541)	(14,295)	9,988	(58,527)
TOTAL LOSSES INCURRED:	\$ -	\$ -	\$ (249)	\$ (1,496)	\$ 7,151	\$ 5,406	\$ -	\$ (53,363)	\$ (74,214)	\$ (32,416)	\$ 28,500	\$ (131,493)

CALIFORNIA FAIR PLAN ASSOCIATION
DIV II - BUSINESSOWNERS
STATISTICAL REPORT OF LOSS ADJUSTMENT EXPENSES
FISCAL YEAR 2019
For the Twelve Months Ending September 30, 2019

EXHIBIT 4C

	QUARTER						YEAR-TO-DATE					
	POOL YEAR						POOL YEAR					
	2015	2016	2017	2018	2019	TOTAL	2015	2016	2017	2018	2019	TOTAL
LOSS ADJUSTMENT PAID												
PROPERTY	0	1,881	720	720	240	3,560	0	4,452	4,977	6,315	1,659	17,404
LIABILITY	0	332	1,436	480	160	2,408	0	2,895	4,376	6,615	1,137	15,024
TOTAL LOSS ADJ EXP PAID	0	2,213	2,156	1,200	400	5,968	0	7,347	9,354	12,930	2,796	32,427
CHANGE IN LOSS ADJ. RES												
PROPERTY	0	0	(227)	(771)	2,692	1,694	(571)	(5,888)	(4,668)	(113)	8,931	(2,309)
LIABILITY	0	0	(167)	(569)	1,990	1,254	(422)	(4,352)	(3,450)	(83)	6,602	(1,705)
TOTAL CHANGE IN LOSS ADJ. RES.	0	0	(394)	(1,340)	4,682	2,948	(993)	(10,240)	(8,118)	(196)	15,533	(4,014)
LOSS ADJ EXP INCURRED												
PROPERTY	0	1,881	493	(51)	2,932	5,254	(571)	(1,436)	309	6,202	10,590	15,095
LIABILITY	0	332	1,269	(89)	2,150	3,662	(422)	(1,457)	926	6,532	7,739	13,319
TOTAL LOSS ADJ INCURRED	0	2,213	1,762	(140)	5,082	8,916	(993)	(2,893)	1,236	12,734	18,329	28,413

DIV II - BUSINESSOWNERS

QUARTERLY RESERVES EXHIBIT

FISCAL YEAR 2019

For the Twelve Months Ending September 30, 2019

	6/30/2019						09/30/2019					
	POOL YEAR						POOL YEAR					
	2015	2016	2017	2018	2019	TOTAL	2015	2016	2017	2018	2019	TOTAL
UNEARNED PREMIUM RESERVES:												
PROPERTY	\$0	\$0	\$0	\$6,218	\$119,547	\$125,765	\$0	\$0	\$0	\$0	\$106,453	\$106,453
LIABILITY	0	0	0	5,740	110,351	116,091	0	0	0	0	98,264	98,264
TOTAL UNEARNED PREM RESERVES	0	0	0	11,958	229,898	241,856	0	0	0	0	204,717	204,717
LOSS RESERVES:												
LOSS RESERVES: CASE												
PROPERTY	0	0	0	4,300	0	4,300	0	0	0	4,300	5,000	9,300
LIABILITY	0	0	5,000	0	0	5,000	0	0	5,000	0	0	5,000
TOTAL CASE RESERVES	0	0	5,000	4,300	0	9,300	0	0	5,000	4,300	5,000	14,300
LOSS RESERVES: IBNR												
PROPERTY	0	0	1,536	5,161	12,276	18,973	0	0	1,393	4,300	13,512	19,205
LIABILITY	0	0	1,136	3,814	9,073	14,023	0	0	1,030	3,179	9,988	14,197
TOTAL IBNR RESERVES	0	0	2,672	8,975	21,349	32,996	0	0	2,423	7,479	23,500	33,402
TOTAL LOSS RESERVES:												
PROPERTY	0	0	1,536	9,461	12,276	23,273	0	0	1,393	8,600	18,512	28,505
LIABILITY	0	0	6,136	3,814	9,073	19,023	0	0	6,030	3,179	9,988	19,197
TOTAL LOSS RESERVES	0	0	7,672	13,275	21,349	42,296	0	0	7,423	11,779	28,500	47,702
LOSS EXPENSE RESERVES:												
PROPERTY	0	0	1,792	5,979	6,239	14,010	0	0	1,565	5,208	8,931	15,704
LIABILITY	0	0	1,324	4,419	4,612	10,355	0	0	1,157	3,850	6,602	11,609
TOTAL LOSS EXPENSE RESERVES	0	0	3,116	10,398	10,851	24,365	0	0	2,722	9,058	15,533	27,313

CALIFORNIA FAIR PLAN ASSOCIATION
DIVISION II - BUSINESSOWNERS POLICY
REPORTING SCHEDULE P NUMBER OF CLAIMS OUTSTANDING
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

LINE OF BUSINESS	2019	2018	2017	2016	2015	TOTAL
PROPERTY	1	1	0	0	0	2
LIABILITY	0	0	1	0	0	1
TOTAL	1	1	1	0	0	3

NOTES:

- 1) MEMBERS SHOULD APPLY THEIR RESPECTIVE PERCENTAGE OF PARTICIPATION TO THE REPORTED CLAIMS OUTSTANDING BY LINE AND BY YEAR.
- 2) CLAIM COUNTS ARE SHOWN ON A "PER CLAIM BASIS."

CALIFORNIA FAIR PLAN ASSOCIATION
DIVISION II - BUSINESSOWNERS POLICY
SUPPLEMENTAL UNDERWRITING RATIOS

	TWELVE MONTHS ENDED SEPTEMBER 30, 2019			DATE OF INCEPTION THROUGH SEPTEMBER 30, 2019		
	PROPERTY	LIABILITY	TOTAL	PROPERTY	LIABILITY	TOTAL
PREMIUMS WRITTEN	223,308	206,325	429,633	26,050,945	23,602,745	49,653,690
PREMIUMS EARNED	242,914	224,424	467,338	25,810,771	23,516,058	49,326,829
LOSSES INCURRED	(72,966)	(58,527)	(131,493)	10,481,575	7,601,179	18,082,754
LOSS ADJUSTMENT EXP INCURRED	15,095	13,319	28,414	1,369,259	4,369,401	5,738,660
COMMISSIONS	18,185	17,104	35,289	2,466,606	2,227,022	4,693,628
OTHER UNDERWRITING EXPENSES	59,466	54,891	114,357	4,567,142	4,148,311	8,715,453
UNDERWRITING GAIN (LOSS)	223,134	197,637	420,771	6,926,189	5,170,145	12,096,334
RATIOS:	%	%	%	%	%	%
LOSSES INCURRED TO PREMIUMS EARNED	-30.04	-26.08	-28.14	40.61	32.32	36.66
LOSS ADJUSTMENT EXPENSES INCURRED TO PREMIUMS EARNED	6.21	5.93	6.08	5.30	18.58	11.63
COMMISSIONS TO PREMIUMS WRITTEN	8.14	8.29	8.21	9.47	9.44	9.45
OTHER UNDERWRITING EXPENSES TO PREMIUMS WRITTEN	26.63	26.60	26.62	17.53	17.58	17.55
COMBINED RATIO	10.95	14.75	12.77	72.91	77.91	75.30