* 1 5 8 7 3 2 0 1 7 2 0 1 0 0 1 0 0 *

ANNUAL STATEMENT

For the Year Ended December 31, 2017

of the Condition and Affairs of the

UNITED GUARANTY RESIDENTIAL INSURANCE COMPANY

NAIC Group Code.....1279, 1279 (Current Period) (Prior Period) | NAIC Company Code..... 15873 | Employer's ID Number..... 42-0885398

Organized under the Laws of NC | State of Domicile or Port of Entry NC | Country of Domicile US

Incorporated/Organized..... November 27, 1963 | Commenced Business..... December 18, 1963

Statutory Home Office	230 North Elm Street….. Greensboro ..... NC ..... US ..... 27401 *(Street and Number) (City or Town, State, Country and Zip Code)*	
Main Administrative Office	230 North Elm Street….. Greensboro ..... NC ..... US..... 27401 *(Street and Number) (City or Town, State, Country and Zip Code)*	336-373-0232 *(Area Code) (Telephone Number)*
Mail Address	Post Office Box 20597….. Greensboro ..... NC ..... US ..... 27420 *(Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)*	
Primary Location of Books and Records	230 North Elm Street….. Greensboro ..... NC ..... US ..... 27401 *(Street and Number) (City or Town, State, Country and Zip Code)*	336-373-0232 *(Area Code) (Telephone Number)*
Internet Web Site Address	www.archmi.com	
Statutory Statement Contact	Jeffrey Wayne Shaw *(Name)*	336-412-0800 *(Area Code) (Telephone Number) (Extension)*
	statutoryaccountingteam@archmi.com *(E-Mail Address)*	336-217-4402 *(Fax Number)*

OFFICERS

Name	Title	Name	Title
1. David Evan Gansberg	President & Chief Executive Officer	2. Sara Fitzgerald Millard	Executive Vice President, General Counsel & Secretary
3. Thomas Harrison Jeter	Executive Vice President & Chief Financial Officer	4. Brian Joseph Smith	Senior Vice President & Controller

OTHER

Christopher Andrew Hovey	Executive Vice President & Chief Operations Officer	Cheryl Ann Feltgen	Executive Vice President & Chief Risk Officer
John Edward Gaines	Executive Vice President, Chief Credit & Pricing Officer	Christopher Martin Clement	Executive Vice President & Chief Sales Officer
David William McLaughry	Senior Vice President & Chief Actuary	James Heath Taylor	Vice President & Treasurer

DIRECTORS OR TRUSTEES

Andrew Thomas Rippert	Dennis Robert Brand	David Evan Gansberg	Mark Donald Lyons
Thomas Harrison Jeter	Cheryl Ann Feltgen	John Edward Gaines	

State of........ North Carolina
County of..... Guilford

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

(Signature)	(Signature)	(Signature)
David Evan Gansberg	Sara Fitzgerald Millard	Thomas Harrison Jeter
1. (Printed Name)	2. (Printed Name)	3. (Printed Name)
President & Chief Executive Officer	Executive Vice President, General Counsel & Secretary	Executive Vice President & Chief Financial Officer
(Title)	(Title)	(Title)

Subscribed and sworn to before me
This ______ day of ______ 2018

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

Donna O. Robbins
Notary Public
November 26, 2021

ASSETS

	Current Year 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
1. Bonds (Schedule D)	2,015,337,934	0	2,015,337,934	2,578,790,590
2. Stocks (Schedule D):				
2.1 Preferred stocks	0	0	0	0
2.2 Common stocks	46,782,793	0	46,782,793	281,328,406
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens	0	0	0	0
3.2 Other than first liens	0	0	0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less $..........0 encumbrances)	0	0	0	0
4.2 Properties held for the production of income (less $..........0 encumbrances)	0	0	0	0
4.3 Properties held for sale (less $..........0 encumbrances)	632,570	0	632,570	1,724,311
5. Cash ($.....21,663,615, Schedule E-Part 1), cash equivalents ($.....65,788,681, Schedule E-Part 2) and short-term investments ($.....14,236,683, Schedule DA)	101,688,979	0	101,688,979	86,759,069
6. Contract loans (including $..........0 premium notes)	0	0	0	0
7. Derivatives (Schedule DB)	0	0	0	0
8. Other invested assets (Schedule BA)	45,000,000	0	45,000,000	105,000,000
9. Receivables for securities	218,061	0	218,061	0
10. Securities lending reinvested collateral assets (Schedule DL)	0	0	0	0
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	2,209,660,337	0	2,209,660,337	3,053,602,376
13. Title plants less $..........0 charged off (for Title insurers only)	0	0	0	0
14. Investment income due and accrued	13,081,061	0	13,081,061	25,631,283
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	146,516,696	0	146,516,696	34,765,095
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $..........0 earned but unbilled premiums)	0	0	0	0
15.3 Accrued retrospective premiums ($..........0) and contracts subject to redetermination ($..........0)	0	0	0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	35,886,034	0	35,886,034	4,281,918
16.2 Funds held by or deposited with reinsured companies	0	0	0	0
16.3 Other amounts receivable under reinsurance contracts	0	0	0	0
17. Amounts receivable relating to uninsured plans	0	0	0	0
18.1 Current federal and foreign income tax recoverable and interest thereon	67,268,000	0	67,268,000	0
18.2 Net deferred tax asset	234,309,324	103,230,987	131,078,337	152,875,308
19. Guaranty funds receivable or on deposit	0	0	0	0
20. Electronic data processing equipment and software	11,433,049	11,433,049	0	0
21. Furniture and equipment, including health care delivery assets ($..........0)	425,934	425,934	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0	0
23. Receivables from parent, subsidiaries and affiliates	1,115,566	0	1,115,566	17,296,599
24. Health care ($..........0) and other amounts receivable	0	0	0	0
25. Aggregate write-ins for other-than-invested assets	2,858,114	0	2,858,114	19,476,774
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	2,722,554,115	115,089,970	2,607,464,145	3,307,929,353
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0	0	0
28. TOTAL (Lines 26 and 27)	2,722,554,115	115,089,970	2,607,464,145	3,307,929,353

DETAILS OF WRITE-INS

1101.	0	0	0	0
1102.	0	0	0	0
1103.	0	0	0	0
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0
2501. STATE PREMIUM TAXES RECOVERABLE	0	0	0	1,696,934
2502. PREPAID REINSURANCE PREMIUM	0	0	0	17,779,840
2503. OTHER ASSETS	1,785	0	1,785	0
2598. Summary of remaining write-ins for Line 25 from overflow page	2,856,329	0	2,856,329	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	2,858,114	0	2,858,114	19,476,774

LIABILITIES, SURPLUS AND OTHER FUNDS

		1 Current Year	2 Prior Year
1.	Losses (Part 2A, Line 35, Column 8)	206,917,894	359,462,489
2.	Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	22,770,482	1,740,161
3.	Loss adjustment expenses (Part 2A, Line 35, Column 9)	9,742,721	16,371,539
4.	Commissions payable, contingent commissions and other similar charges	0	652,626
5.	Other expenses (excluding taxes, licenses and fees)	2,777,757	15,796,521
6.	Taxes, licenses and fees (excluding federal and foreign income taxes)	1,459,463	2,354,325
7.1	Current federal and foreign income taxes (including $..........0 on realized capital gains (losses))	0	4,212,688
7.2	Net deferred tax liability	0	0
8.	Borrowed money $..........0 and interest thereon $..........0	0	0
9.	Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of $.....466,362,412 and including warranty reserves of $..........0 and accrued accident and health experience rating refunds including $..........0 for medical loss ratio rebate per the Public Health Service Act)	209,059,241	450,568,910
10.	Advance premium	0	0
11.	Dividends declared and unpaid:		
	11.1 Stockholders	0	0
	11.2 Policyholders	0	0
12.	Ceded reinsurance premiums payable (net of ceding commissions)	178,902,501	48,420,624
13.	Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)	0	0
14.	Amounts withheld or retained by company for account of others	0	0
15.	Remittances and items not allocated	4,576,440	19,494,197
16.	Provision for reinsurance (including $..........0 certified) (Schedule F, Part 8)	0	0
17.	Net adjustments in assets and liabilities due to foreign exchange rates	0	0
18.	Drafts outstanding	0	0
19.	Payable to parent, subsidiaries and affiliates	6,510,872	15,346,292
20.	Derivatives	0	0
21.	Payable for securities	0	0
22.	Payable for securities lending	0	0
23.	Liability for amounts held under uninsured plans	0	0
24.	Capital notes $..........0 and interest thereon $..........0	0	0
25.	Aggregate write-ins for liabilities	959,812,848	1,186,999,874
26.	Total liabilities excluding protected cell liabilities (Lines 1 through 25)	1,602,530,219	2,121,420,246
27.	Protected cell liabilities	0	0
28.	Total liabilities (Lines 26 and 27)	1,602,530,219	2,121,420,246
29.	Aggregate write-ins for special surplus funds	0	0
30.	Common capital stock	5,997,300	5,997,300
31.	Preferred capital stock	0	0
32.	Aggregate write-ins for other-than-special surplus funds	0	0
33.	Surplus notes	100,000,000	100,000,000
34.	Gross paid in and contributed surplus	579,781,388	579,781,388
35.	Unassigned funds (surplus)	319,155,238	500,730,419
36.	Less treasury stock, at cost:		
	36.1 ....0.000 shares common (value included in Line 30 $..........0)	0	0
	36.2 ....0.000 shares preferred (value included in Line 31 $..........0)	0	0
37.	Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39)	1,004,933,926	1,186,509,107
38.	TOTAL (Page 2, Line 28, Col. 3)	2,607,464,145	3,307,929,353

DETAILS OF WRITE-INS

2501.	STATUTORY CONTINGENCY RESERVE	920,734,999	1,142,741,090
2502.	DEFERRED CEDED COMMISION EXPENSE	38,885,103	44,258,784
2503.	AMOUNTS PAYABLE TO REINSURERS	192,746	0
2598.	Summary of remaining write-ins for Line 25 from overflow page	0	0
2599.	Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	959,812,848	1,186,999,874
2901.		0	0
2902.		0	0
2903.		0	0
2998.	Summary of remaining write-ins for Line 29 from overflow page	0	0
2999.	Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	0
3201.		0	0
3202.		0	0
3203.		0	0
3298.	Summary of remaining write-ins for Line 32 from overflow page	0	0
3299.	Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)	0	0

STATEMENT OF INCOME

		1 Current Year	2 Prior Year
	UNDERWRITING INCOME		
1.	Premiums earned (Part 1, Line 35, Column 4)	439,345,744	615,036,956
	DEDUCTIONS:		
2.	Losses incurred (Part 2, Line 35, Column 7)	73,721,801	100,685,020
3.	Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	(901,121)	8,762,929
4.	Other underwriting expenses incurred (Part 3, Line 25, Column 2)	128,651,411	168,286,607
5.	Aggregate write-ins for underwriting deductions	0	0
6.	Total underwriting deductions (Lines 2 through 5)	201,472,091	277,734,556
7.	Net income of protected cells	0	0
8.	Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	237,873,653	337,302,400
	INVESTMENT INCOME		
9.	Net investment income earned (Exhibit of Net Investment Income, Line 17)	62,890,612	96,982,100
10.	Net realized capital gains (losses) less capital gains tax of $.....12,862,791 (Exhibit of Capital Gains (Losses))	23,888,039	21,833,564
11.	Net investment gain (loss) (Lines 9 + 10)	86,778,651	118,815,664
	OTHER INCOME		
12.	Net gain (loss) from agents' or premium balances charged off (amount recovered $..........0 amount charged off $..........0)	0	0
13.	Finance and service charges not included in premiums	0	0
14.	Aggregate write-ins for miscellaneous income	0	588,832
15.	Total other income (Lines 12 through 14)	0	588,832
16.	Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	324,652,304	456,706,896
17.	Dividends to policyholders	0	0
18.	Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	324,652,304	456,706,896
19.	Federal and foreign income taxes incurred	(1,955,971)	121,537,008
20.	Net income (Line 18 minus Line 19) (to Line 22)	326,608,275	335,169,888
	CAPITAL AND SURPLUS ACCOUNT		
21.	Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	1,186,509,107	1,351,270,653
22.	Net income (from Line 20)	326,608,275	335,169,888
23.	Net transfers (to) from Protected Cell accounts	0	0
24.	Change in net unrealized capital gains or (losses) less capital gains tax of $..........0	(10,013,378)	30,802,845
25.	Change in net unrealized foreign exchange capital gain (loss)	0	0
26.	Change in net deferred income tax	(233,639,987)	66,016,763
27.	Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3)	268,142,780	20,399,354
28.	Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	0	0
29.	Change in surplus notes	0	0
30.	Surplus (contributed to) withdrawn from Protected Cells	0	0
31.	Cumulative effect of changes in accounting principles	0	0
32.	Capital changes:		
	32.1 Paid in	0	0
	32.2 Transferred from surplus (Stock Dividend)	0	0
	32.3 Transferred to surplus	0	0
33.	Surplus adjustments:		
	33.1 Paid in	0	0
	33.2 Transferred to capital (Stock Dividend)	0	0
	33.3. Transferred from capital	0	0
34.	Net remittances from or (to) Home Office	0	0
35.	Dividends to stockholders	(313,000,000)	(309,631,918)
36.	Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1)	0	0
37.	Aggregate write-ins for gains and losses in surplus	(219,672,871)	(307,518,478)
38.	Change in surplus as regards policyholders for the year (Lines 22 through 37)	(181,575,181)	(164,761,546)
39.	Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37)	1,004,933,926	1,186,509,107

DETAILS OF WRITE-INS

0501.		0	0
0502.		0	0
0503.		0	0
0598.	Summary of remaining write-ins for Line 5 from overflow page	0	0
0599.	Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0
1401.	GAIN ON SALE OF FIXED ASSETS	0	588,832
1402.		0	0
1403.		0	0
1498.	Summary of remaining write-ins for Line 14 from overflow page	0	0
1499.	Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	0	588,832
3701.	INCREASE IN STATUTORY CONTIGENCY RESERVE	(219,672,871)	(307,518,478)
3702.		0	0
3703.		0	0
3798.	Summary of remaining write-ins for Line 37 from overflow page	0	0
3799.	Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)	(219,672,871)	(307,518,478)

CASH FLOW

		1 Current Year	2 Prior Year
	CASH FROM OPERATIONS		
1.	Premiums collected net of reinsurance	216,566,351	598,683,410
2.	Net investment income	81,804,705	110,460,117
3.	Miscellaneous income	0	588,832
4.	Total (Lines 1 through 3)	298,371,056	709,732,359
5.	Benefit and loss related payments	236,661,813	213,456,727
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0
7.	Commissions, expenses paid and aggregate write-ins for deductions	149,094,930	178,177,472
8.	Dividends paid to policyholders	0	0
9.	Federal and foreign income taxes paid (recovered) net of $..........0 tax on capital gains (losses)	67,268,000	156,783,195
10.	Total (Lines 5 through 9)	453,024,743	548,417,394
11.	Net cash from operations (Line 4 minus Line 10)	(154,653,687)	161,314,965
	CASH FROM INVESTMENTS		
12.	Proceeds from investments sold, matured or repaid:		
	12.1 Bonds	5,635,558,259	1,323,338,805
	12.2 Stocks	813,634	308,060
	12.3 Mortgage loans	0	0
	12.4 Real estate	5,505,239	6,183,763
	12.5 Other invested assets	60,000,000	267,125
	12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	(10,815)	0
	12.7 Miscellaneous proceeds	0	377,231
	12.8 Total investment proceeds (Lines 12.1 to 12.7)	5,701,866,317	1,330,474,984
13.	Cost of investments acquired (long-term only):		
	13.1 Bonds	5,041,345,922	1,136,761,984
	13.2 Stocks	843,300	0
	13.3 Mortgage loans	0	0
	13.4 Real estate	4,267,842	6,338,944
	13.5 Other invested assets	0	0
	13.6 Miscellaneous applications	218,061	631,324
	13.7 Total investments acquired (Lines 13.1 to 13.6)	5,046,675,125	1,143,732,252
14.	Net increase (decrease) in contract loans and premium notes	0	0
15.	Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14)	655,191,192	186,742,732
	CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16.	Cash provided (applied):		
	16.1 Surplus notes, capital notes	0	0
	16.2 Capital and paid in surplus, less treasury stock	0	0
	16.3 Borrowed funds	0	0
	16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0
	16.5 Dividends to stockholders	313,000,000	309,631,918
	16.6 Other cash provided (applied)	(172,607,595)	23,752,107
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(485,607,595)	(285,879,811)
	RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	14,929,910	62,177,886
19.	Cash, cash equivalents and short-term investments:		
	19.1 Beginning of year	86,759,068	24,581,182
	19.2 End of year (Line 18 plus Line 19.1)	101,688,978	86,759,068

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

20.0001	Non Cash Dividend	0	232,028,226
20.0002	Non-cash transfer of assets for reinsurance agreements. See Note 10	(339,107,601)	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

	Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums December 31 Prior Year- per Col. 3, Last Year's Part 1	3 Unearned Premiums December 31 Current Year- per Col. 5, Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1.	Fire	0	0	0	0
2.	Allied lines	0	0	0	0
3.	Farmowners multiple peril	0	0	0	0
4.	Homeowners multiple peril	0	0	0	0
5.	Commercial multiple peril	0	0	0	0
6.	Mortgage guaranty	215,051,784	433,353,201	209,059,241	439,345,744
8.	Ocean marine	0	0	0	0
9.	Inland marine	0	0	0	0
10.	Financial guaranty	0	0	0	0
11.1	Medical professional liability - occurrence	0	0	0	0
11.2	Medical professional liability - claims-made	0	0	0	0
12.	Earthquake	0	0	0	0
13.	Group accident and health	0	0	0	0
14.	Credit accident and health (group and individual)	0	0	0	0
15.	Other accident and health	0	0	0	0
16.	Workers' compensation	0	0	0	0
17.1	Other liability - occurrence	0	0	0	0
17.2	Other liability - claims-made	0	0	0	0
17.3	Excess workers' compensation	0	0	0	0
18.1	Products liability - occurrence	0	0	0	0
18.2	Products liability - claims-made	0	0	0	0
19.1, 19.2	Private passenger auto liability	0	0	0	0
19.3, 19.4	Commercial auto liability	0	0	0	0
21.	Auto physical damage	0	0	0	0
22.	Aircraft (all perils)	0	0	0	0
23.	Fidelity	0	0	0	0
24.	Surety	0	0	0	0
26.	Burglary and theft	0	0	0	0
27.	Boiler and machinery	0	0	0	0
28.	Credit	0	0	0	0
29.	International	0	0	0	0
30.	Warranty	0	0	0	0
31.	Reinsurance - nonproportional assumed property	0	0	0	0
32.	Reinsurance - nonproportional assumed liability	0	0	0	0
33.	Reinsurance - nonproportional assumed financial lines	0	0	0	0
34.	Aggregate write-ins for other lines of business	0	0	0	0
35.	TOTALS	215,051,784	433,353,201	209,059,241	439,345,744

DETAILS OF WRITE-INS

3401.		0	0	0	0
3402.		0	0	0	0
3403.		0	0	0	0
3498.	Summary of remaining write-ins for Line 34 from overflow page	0	0	0	0
3499.	Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)	0	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

	Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned But Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1.	Fire	0	0	0	0	0
2.	Allied lines	0	0	0	0	0
3.	Farmowners multiple peril	0	0	0	0	0
4.	Homeowners multiple peril	0	0	0	0	0
5.	Commercial multiple peril	0	0	0	0	0
6.	Mortgage guaranty	0	209,059,241	0	0	209,059,241
8.	Ocean marine	0	0	0	0	0
9.	Inland marine	0	0	0	0	0
10.	Financial guaranty	0	0	0	0	0
11.1	Medical professional liability - occurrence	0	0	0	0	0
11.2	Medical professional liability - claims-made	0	0	0	0	0
12.	Earthquake	0	0	0	0	0
13.	Group accident and health	0	0	0	0	0
14.	Credit accident and health (group and individual)	0	0	0	0	0
15.	Other accident and health	0	0	0	0	0
16.	Workers' compensation	0	0	0	0	0
17.1	Other liability - occurrence	0	0	0	0	0
17.2	Other liability - claims-made	0	0	0	0	0
17.3	Excess workers' compensation	0	0	0	0	0
18.1	Products liability - occurrence	0	0	0	0	0
18.2	Products liability - claims-made	0	0	0	0	0
19.1, 19.2	Private passenger auto liability	0	0	0	0	0
19.3, 19.4	Commercial auto liability	0	0	0	0	0
21.	Auto physical damage	0	0	0	0	0
22.	Aircraft (all perils)	0	0	0	0	0
23.	Fidelity	0	0	0	0	0
24.	Surety	0	0	0	0	0
26.	Burglary and theft	0	0	0	0	0
27.	Boiler and machinery	0	0	0	0	0
28.	Credit	0	0	0	0	0
29.	International	0	0	0	0	0
30.	Warranty	0	0	0	0	0
31.	Reinsurance - nonproportional assumed property	0	0	0	0	0
32.	Reinsurance - nonproportional assumed liability	0	0	0	0	0
33.	Reinsurance - nonproportional assumed financial lines	0	0	0	0	0
34.	Aggregate write-ins for other lines of business	0	0	0	0	0
35.	TOTALS	0	209,059,241	0	0	209,059,241
36.	Accrued retrospective premiums based on experience					0
37.	Earned but unbilled premiums					0
38.	Balance (sum of Lines 35 through 37)					209,059,241

DETAILS OF WRITE-INS

		1	2	3	4	5
3401.		0	0	0	0	0
3402.		0	0	0	0	0
3403.		0	0	0	0	0
3498.	Summary of remaining write-ins for Line 34 from overflow page	0	0	0	0	0
3499.	Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)	0	0	0	0	0

(a) State here basis of computation used in each case: STATUTORY

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

	Line of Business	1 Direct Business (a)	Reinsurance Assumed 2 From Affiliates	Reinsurance Assumed 3 From Non-Affiliates	Reinsurance Ceded 4 To Affiliates	Reinsurance Ceded 5 To Non-Affiliates	6 Net Premiums Written (Cols. 1 + 2 + 3 - 4 - 5)
1.	Fire	0	0	0	0	0	0
2.	Allied lines	0	0	0	0	0	0
3.	Farmowners multiple peril	0	0	0	0	0	0
4.	Homeowners multiple peril	0	0	0	0	0	0
5.	Commercial multiple peril	0	0	0	0	0	0
6.	Mortgage guaranty	657,067,525	209,726,391	75,272	393,885,496	257,931,908	215,051,784
8.	Ocean marine	0	0	0	0	0	0
9.	Inland marine	0	0	0	0	0	0
10.	Financial guaranty	0	0	0	0	0	0
11.1	Medical professional liability - occurrence	0	0	0	0	0	0
11.2	Medical professional liability - claims-made	0	0	0	0	0	0
12.	Earthquake	0	0	0	0	0	0
13.	Group accident and health	0	0	0	0	0	0
14.	Credit accident and health (group and individual)	0	0	0	0	0	0
15.	Other accident and health	0	0	0	0	0	0
16.	Workers' compensation	0	0	0	0	0	0
17.1	Other liability - occurrence	0	0	0	0	0	0
17.2	Other liability - claims-made	0	0	0	0	0	0
17.3	Excess workers' compensation	0	0	0	0	0	0
18.1	Products liability - occurrence	0	0	0	0	0	0
18.2	Products liability - claims-made	0	0	0	0	0	0
19.1, 19.2	Private passenger auto liability	0	0	0	0	0	0
19.3, 19.4	Commercial auto liability	0	0	0	0	0	0
21.	Auto physical damage	0	0	0	0	0	0
22.	Aircraft (all perils)	0	0	0	0	0	0
23.	Fidelity	0	0	0	0	0	0
24.	Surety	0	0	0	0	0	0
26.	Burglary and theft	0	0	0	0	0	0
27.	Boiler and machinery	0	0	0	0	0	0
28.	Credit	0	0	0	0	0	0
29.	International	0	0	0	0	0	0
30.	Warranty	0	0	0	0	0	0
31.	Reinsurance - nonproportional assumed property	XXX	0	0	0	0	0
32.	Reinsurance - nonproportional assumed liability	XXX	0	0	0	0	0
33.	Reinsurance - nonproportional assumed financial lines	XXX	0	0	0	0	0
34.	Aggregate write-ins for other lines of business	0	0	0	0	0	0
35.	TOTALS	657,067,525	209,726,391	75,272	393,885,496	257,931,908	215,051,784

DETAILS OF WRITE-INS

3401.		0	0	0	0	0	0
3402.		0	0	0	0	0	0
3403.		0	0	0	0	0	0
3498.	Summary of remaining write-ins for Line 34 from overflow page	0	0	0	0	0	0
3499.	Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)	0	0	0	0	0	0

(a) Does the company's direct premiums written include premiums recorded on an installment basis? Yes [ ] No [X]

If yes: 1. The amount of such installment premiums $..........0.

2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis $..........0.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

	Line of Business	Losses Paid Less Salvage 1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)	5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
1.	Fire	0	0	0	0	0	0	0	0.0
2.	Allied lines	0	0	0	0	0	0	0	0.0
3.	Farmowners multiple peril	0	0	0	0	0	0	0	0.0
4.	Homeowners multiple peril	0	0	0	0	0	0	0	0.0
5.	Commercial multiple peril	0	0	0	0	0	0	0	0.0
6.	Mortgage guaranty	205,221,726	3,113,546	(17,931,125)	226,266,397	206,917,894	359,462,489	73,721,802	16.8
8.	Ocean marine	0	0	0	0	0	0	0	0.0
9.	Inland marine	0	0	0	0	0	0	0	0.0
10.	Financial guaranty	0	0	0	0	0	0	0	0.0
11.1	Medical professional liability - occurrence	0	0	0	0	0	0	0	0.0
11.2	Medical professional liability - claims-made	0	0	0	0	0	0	0	0.0
12.	Earthquake	0	0	0	0	0	0	0	0.0
13.	Group accident and health	0	0	0	0	0	0	0	0.0
14.	Credit accident and health (group and individual)	0	0	0	0	0	0	0	0.0
15.	Other accident and health	0	0	0	0	0	0	0	0.0
16.	Workers' compensation	0	0	0	0	0	0	0	0.0
17.1	Other liability - occurrence	0	0	0	0	0	0	0	0.0
17.2	Other liability - claims-made	0	0	0	0	0	0	0	0.0
17.3	Excess workers' compensation	0	0	0	0	0	0	0	0.0
18.1	Products liability - occurrence	0	0	0	0	0	0	0	0.0
18.2	Products liability - claims-made	0	0	0	0	0	0	0	0.0
19.1, 19.2	Private passenger auto liability	0	0	0	0	0	0	0	0.0
19.3, 19.4	Commercial auto liability	0	0	0	0	0	0	0	0.0
21.	Auto physical damage	0	0	0	0	0	0	0	0.0
22.	Aircraft (all perils)	0	0	0	0	0	0	0	0.0
23.	Fidelity	0	0	0	0	0	0	0	0.0
24.	Surety	0	0	0	0	0	0	0	0.0
26.	Burglary and theft	0	0	0	0	0	0	0	0.0
27.	Boiler and machinery	0	0	0	0	0	0	0	0.0
28.	Credit	0	0	0	0	0	0	0	0.0
29.	International	0	0	0	0	0	0	0	0.0
30.	Warranty	0	0	0	0	0	0	0	0.0
31.	Reinsurance - nonproportional assumed property	XXX	0	0	0	0	0	0	0.0
32.	Reinsurance - nonproportional assumed liability	XXX	0	0	0	0	0	0	0.0
33.	Reinsurance - nonproportional assumed financial lines	XXX	0	0	0	0	0	0	0.0
34.	Aggregate write-ins for other lines of business	0	0	0	0	0	0	0	0.0
35.	TOTALS	205,221,726	3,113,546	(17,931,125)	226,266,397	206,917,894	359,462,489	73,721,802	16.8

DETAILS OF WRITE-INS

3401.		0	0	0	0	0	0	0	0.0
3402.		0	0	0	0	0	0	0	0.0
3403.		0	0	0	0	0	0	0	0.0
3498.	Summary of remaining write-ins for Line 34 from overflow page	0	0	0	0	0	0	0	XXX
3499.	Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)	0	0	0	0	0	0	0	0.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

	Reported Losses				Incurred But Not Reported			8	9
Line of Business	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable	4 Net Losses Excluding Incurred but not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded	Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Net Unpaid Loss Adjustment Expenses
1. Fire	x	0	0	0	0	0	0	0	0
2. Allied lines	0	0	0	0	0	0	0	0	0
3. Farmowners multiple peril	0	0	0	0	0	0	0	0	0
4. Homeowners multiple peril	0	0	0	0	0	0	0	0	0
5. Commercial multiple peril	0	0	0	0	0	0	0	0	0
6. Mortgage guaranty	309,535,379	100,428,316	220,307,806	189,655,889	23,250,684	8,782,113	14,770,792	206,917,894	9,742,721
8. Ocean marine	0	0	0	0	0	0	0	0	0
9. Inland marine	0	0	0	0	0	0	0	0	0
10. Financial guaranty	0	0	0	0	0	0	0	0	0
11.1 Medical professional liability - occurrence	0	0	0	0	0	0	0	0	0
11.2 Medical professional liability - claims-made	0	0	0	0	0	0	0	0	0
12. Earthquake	0	0	0	0	0	0	0	0	0
13. Group accident and health	0	0	0	0	0	0	0	(a) 0	0
14. Credit accident and health (group and individual)	0	0	0	0	0	0	0	0	0
15. Other accident and health	0	0	0	0	0	0	0	(a) 0	0
16. Workers' compensation	0	0	0	0	0	0	0	0	0
17.1 Other liability - occurrence	0	0	0	0	0	0	0	0	0
17.2 Other liability - claims-made	0	0	0	0	0	0	0	0	0
17.3 Excess workers' compensation	0	0	0	0	0	0	0	0	0
18.1 Products liability - occurrence	0	0	0	0	0	0	0	0	0
18.2 Products liability - claims-made	0	0	0	0	0	0	0	0	0
19.1, 19.2 Private passenger auto liability	0	0	0	0	0	0	0	0	0
19.3, 19.4 Commercial auto liability	0	0	0	0	0	0	0	0	0
21. Auto physical damage	0	0	0	0	0	0	0	0	0
22. Aircraft (all perils)	0	0	0	0	0	0	0	0	0
23. Fidelity	0	0	0	0	0	0	0	0	0
24. Surety	0	0	0	0	0	0	0	0	0
26. Burglary and theft	0	0	0	0	0	0	0	0	0
27. Boiler and machinery	0	0	0	0	0	0	0	0	0
28. Credit	0	0	0	0	0	0	0	0	0
29. International	0	0	0	0	0	0	0	0	0
30. Warranty	0	0	0	0	0	0	0	0	0
31. Reinsurance - nonproportional assumed property	XXX	0	0	0	XXX	0	0	0	0
32. Reinsurance - nonproportional assumed liability	XXX	0	0	0	XXX	0	0	0	0
33. Reinsurance - nonproportional assumed financial lines	XXX	0	0	0	XXX	0	0	0	0
34. Aggregate write-ins for other lines of business	0	0	0	0	0	0	0	0	0
35. TOTALS	309,535,379	100,428,316	220,307,806	189,655,889	23,250,684	8,782,113	14,770,792	206,917,894	9,742,721

DETAILS OF WRITE-INS

3401.	0	0	0	0	0	0	0	0	0
3402.	0	0	0	0	0	0	0	0	0
3403.	0	0	0	0	0	0	0	0	0
3498. Summary of remaining write-ins for Line 34 from overflow page	0	0	0	0	0	0	0	0	0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)	0	0	0	0	0	0	0	0	0

(a) Including $..........0 for present value of life indemnity claims.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct	459,449	0	0	459,449
1.2 Reinsurance assumed	7,858,791	0	0	7,858,791
1.3 Reinsurance ceded	9,933,750	0	0	9,933,750
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	(1,615,510)	0	0	(1,615,510)
2. Commission and brokerage:				
2.1 Direct, excluding contingent	0	0	0	0
2.2 Reinsurance assumed, excluding contingent	0	7,733,875	0	7,733,875
2.3 Reinsurance ceded, excluding contingent	0	76,976,314	0	76,976,314
2.4 Contingent - direct	0	0	0	0
2.5 Contingent - reinsurance assumed	0	0	0	0
2.6 Contingent - reinsurance ceded	0	0	0	0
2.7 Policy and membership fees	0	0	0	0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)	0	(69,242,439)	0	(69,242,439)
3. Allowances to manager and agents	0	0	0	0
4. Advertising	0	3,273,323	0	3,273,323
5. Boards, bureaus and associations	0	427,500	0	427,500
6. Surveys and underwriting reports	0	5,709,620	0	5,709,620
7. Audit of assureds' records	0	0	0	0
8. Salary and related items:				
8.1 Salaries	409,348	71,554,346	42,975	72,006,669
8.2 Payroll taxes	25,930	4,532,662	2,722	4,561,314
9. Employee relations and welfare	84,925	14,845,017	8,916	14,938,858
10. Insurance	3,322	580,610	349	584,281
11. Directors' fees	0	940,866	0	940,866
12. Travel and travel items	16,695	2,918,307	1,753	2,936,755
13. Rent and rent items	30,250	5,287,717	3,176	5,321,143
14. Equipment	44,361	7,754,370	4,657	7,803,388
15. Cost or depreciation of EDP equipment and software	76,189	13,317,864	7,999	13,402,052
16. Printing and stationery	1,492	260,863	157	262,512
17. Postage, telephone and telegraph, exchange and express	8,672	1,516,035	911	1,525,618
18. Legal and auditing	13,204	2,308,026	1,386	2,322,616
19. Totals (Lines 3 to 18)	714,388	135,227,126	75,001	136,016,515
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of $.........0	0	16,974,904	0	16,974,904
20.2 Insurance department licenses and fees	0	0	0	0
20.3 Gross guaranty association assessments	0	0	0	0
20.4 All other (excluding federal and foreign income and real estate)	0	0	0	0
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)	0	16,974,904	0	16,974,904
21. Real estate expenses	0	0	0	0
22. Real estate taxes	0	951,222	0	951,222
23. Reimbursements by uninsured plans	0	0	0	0
24. Aggregate write-ins for miscellaneous expenses	0	44,740,598	6,350,381	51,090,979
25. Total expenses incurred	(901,122)	128,651,411	6,425,382	(a) 134,175,671
26. Less unpaid expenses - current year	9,742,721	2,777,757	0	12,520,478
27. Add unpaid expenses - prior year	16,371,539	16,449,147	28,809	32,849,495
28. Amounts receivable relating to uninsured plans, prior year	0	0	0	0
29. Amounts receivable relating to uninsured plans, current year	0	0	0	0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	5,727,696	142,322,801	6,454,191	154,504,688

DETAILS OF WRITE-INS

2401. Depreciation	0	799,889	0	799,889
2402. Investment advisory fee	0	0	6,350,381	6,350,381
2403. Sundry	0	8,719,823	0	8,719,823
2498. Summary of remaining write-ins for Line 24 from overflow page	0	35,220,886	0	35,220,886
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	0	44,740,598	6,350,381	51,090,979

(a) Includes management fees of $.....134,195,347 to affiliates and $.....30,202 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. government bonds	(a)3,980,228	5,435,143
1.1	Bonds exempt from U.S. tax	(a)21,672,018	13,010,381
1.2	Other bonds (unaffiliated)	(a)55,132,886	49,784,030
1.3	Bonds of affiliates	(a)0	0
2.1	Preferred stocks (unaffiliated)	(b)19,750	19,750
2.11	Preferred stocks of affiliates	(b)0	0
2.2	Common stocks (unaffiliated)	0	0
2.21	Common stocks of affiliates	0	0
3.	Mortgage loans	(c)0	0
4.	Real estate	(d)0	0
5.	Contract loans	0	0
6.	Cash, cash equivalents and short-term investments	(e)978,996	1,186,055
7.	Derivative instruments	(f)0	0
8.	Other invested assets	0	0
9.	Aggregate write-ins for investment income	303,717	303,717
10.	Total gross investment income	82,087,596	69,739,076
11.	Investment expenses		(g)6,425,381
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)0
13.	Interest expense		(h)423,084
14.	Depreciation on real estate and other invested assets		(i)0
15.	Aggregate write-ins for deductions from investment income		0
16.	Total deductions (Lines 11 through 15)		6,848,465
17.	Net investment income (Line 10 minus Line 16)		62,890,611

DETAILS OF WRITE-INS

0901.	Misc. Investment Income	175,501	175,501
0902.	Additional Other Bonds Income	128,216	128,216
0903.		0	0
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)	303,717	303,717
1501.			0
1502.			0
1503.			0
1598.	Summary of remaining write-ins for Line 15 from overflow page		0
1599.	Totals (Lines 1501 through 1503 plus 1598) (Line 15 above)		0

(a) Includes $.....3,534,220 accrual of discount less $.....10,098,090 amortization of premium and less $.....14,658,509 paid for accrued interest on purchases.
(b) Includes $..........0 accrual of discount less $..........0 amortization of premium and less $..........0 paid for accrued dividends on purchases.
(c) Includes $..........0 accrual of discount less $..........0 amortization of premium and less $..........0 paid for accrued interest on purchases.
(d) Includes $..........0 for company's occupancy of its own buildings; and excludes $..........0 interest on encumbrances.
(e) Includes $.....14,480 accrual of discount less $.....117,638 amortization of premium and less $.....373,653 paid for accrued interest on purchases.
(f) Includes $..........0 accrual of discount less $..........0 amortization of premium.
(g) Includes $..........0 investment expenses and $..........0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(h) Includes $..........0 interest on surplus notes and $..........0 interest on capital notes.
(i) Includes $..........0 depreciation on real estate and $..........0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. government bonds	(1,151,151)	0	(1,151,151)	0	0
1.1	Bonds exempt from U.S. tax	14,377,386	0	14,377,386	(1)	0
1.2	Other bonds (unaffiliated)	23,565,075	0	23,565,075	528,352	0
1.3	Bonds of affiliates	0	0	0	0	0
2.1	Preferred stocks (unaffiliated)	(29,666)	0	(29,666)	0	0
2.11	Preferred stocks of affiliates	0	0	0	0	0
2.2	Common stocks (unaffiliated)	0	0	0	0	0
2.21	Common stocks of affiliates	0	0	0	(10,541,730)	0
3.	Mortgage loans	0	0	0	0	0
4.	Real estate	1,389,189	0	1,389,189	0	0
5.	Contract loans	0	0	0	0	0
6.	Cash, cash equivalents and short-term investments	(10,815)	0	(10,815)	0	0
7.	Derivative instruments	0	0	0	0	0
8.	Other invested assets	0	0	0	0	0
9.	Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10.	Total capital gains (losses)	38,140,018	0	38,140,018	(10,013,379)	0

DETAILS OF WRITE-INS

0901.		0	0	0	0	0
0902.		0	0	0	0	0
0903.		0	0	0	0	0
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)	0	0	0	0	0

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks	0	0	0
2.2 Common stocks	0	0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens	0	0	0
3.2 Other than first liens	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company	0	0	0
4.2 Properties held for the production of income	0	0	0
4.3 Properties held for sale	0	0	0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)	0	0	0
6. Contract loans	0	0	0
7. Derivatives (Schedule DB)	0	0	0
8. Other invested assets (Schedule BA)	0	0	0
9. Receivables for securities	0	0	0
10. Securities lending reinvested collateral assets (Schedule DL)	0	0	0
11. Aggregate write-ins for invested assets	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	0	0	0
13. Title plants (for Title insurers only)	0	0	0
14. Investment income due and accrued	0	0	0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	0	0	0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	0	0	0
15.3 Accrued retrospective premiums and contracts subject to redetermination	0	0	0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers	0	0	0
16.2 Funds held by or deposited with reinsured companies	0	0	0
16.3 Other amounts receivable under reinsurance contracts	0	0	0
17. Amounts receivable relating to uninsured plans	0	0	0
18.1 Current federal and foreign income tax recoverable and interest thereon	0	15,119,508	15,119,508
18.2 Net deferred tax asset	103,230,987	315,074,002	211,843,015
19. Guaranty funds receivable or on deposit	0	0	0
20. Electronic data processing equipment and software	11,433,049	51,887,573	40,454,524
21. Furniture and equipment, including health care delivery assets	425,934	507,779	81,845
22. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0
23. Receivables from parent, subsidiaries and affiliates	0	0	0
24. Health care and other amounts receivable	0	0	0
25. Aggregate write-ins for other-than-invested assets	0	643,887	643,887
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25)	115,089,970	383,232,749	268,142,779
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0	0
28. TOTALS (Lines 26 and 27)	115,089,970	383,232,749	268,142,779

DETAILS OF WRITE-INS

1101.	0	0	0
1102.	0	0	0
1103.	0	0	0
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0
2501. PREPAID ASSETS	0	49,382	49,382
2502. SETTLEMENT RECEIVABLE	0	594,505	594,505
2503.	0	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	0	643,887	643,887

NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies and Going Concern

A. Accounting Practices

The financial statements of United Guaranty Residential Insurance Company (the Company) are presented on the basis of accounting practices prescribed or permitted by the North Carolina Insurance Department.

The North Carolina Insurance Department recognizes only statutory accounting practices prescribed or permitted by the state of North Carolina for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the North Carolina Insurance Law. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures* manual, (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the state of North Carolina.

Changes in surplus in the accompanying financial statements due to differences between the prescribed accounting practices of the state of North Carolina and those of the NAIC are as follows:

	SSAP #	F/S Page	F/S Line #	2017	2016
NET INCOME					
(1) UNITED GUARANTY RESIDENTIAL INSURANCE COMPANY Company state basis (Page 4, Line 20, Columns 1 & 2)	XXX	XXX	XXX	$ 326,608,275	$ 335,169,888
(2) State Prescribed Practice that are an increase/(decrease) from NAIC SAP					
				$ 0	$ 0
(3) State Permitted Practice that are an increase/(decrease) from NAIC SAP					
				$ 0	$ 0
(4) NAIC SAP (1 – 2 – 3 = 4)	XXX	XXX	XXX	$ 326,608,275	$ 335,169,888
SURPLUS					
(5) UNITED GUARANTY RESIDENTIAL INSURANCE COMPANY Company state basis (Page 3, line 37, Columns 1 & 2)	XXX	XXX	XXX	$ 1,004,933,926	$ 1,186,509,107
(6) State Prescribed Practice that are an increase/(decrease) from NAIC SAP					
				$ 0	$ 0
(7) State Permitted Practice that are an increase/(decrease) from NAIC SAP					
				$ 0	$ 0
(8) NAIC SAP (5 – 6 – 7 = 8)	XXX	XXX	XXX	$ 1,004,933,926	$ 1,186,509,107

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

The preparation of a financial statement in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

Premiums are earned over the terms of the related insurance policies and reinsurance contracts. Unearned premium reserves are established to cover the unexpired portion of premiums written. Such reserves are computed based on North Carolina statutory requirements.

Expenses incurred in connection with acquiring new insurance business, including such acquisition costs as sales commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.

In addition, the company uses the following accounting policies:

(1) Basis for Short-Term Investments

The Company considers all highly liquid debt securities with maturities of greater than three months but less than twelve months from the date of purchase to be short-term investments. Short-term investments are carried at amortized cost which approximates NAIC market value (as designated by the NAIC Securities Valuation Office).

(2) Basis for Bonds and Amortization Schedule

Bonds, loan backed and structured securities (“LBaSS”) with an NAIC designation (as obtained from the NAIC Investment analysis Office (“IAO”)) of “1” or “2” (considered to be investment grade) are carried at amortized cost. Bonds and LBaSS with an NAIC designation of “3,” “4”, “5”, 5*, “6” or “6*” (considered to be non-investment grade) are carried at the lower of amortized cost or fair value. LBaSS fair values are determined using independent pricing services and broker quotes. Bonds and LBaSS that have not been filed and have not received a designation in over a year, from the NAIC IAO, are assigned a 6* designation and carried at zero, with unrealized losses charged to surplus. Bond and LBaSS securities that have been filed and received a 6* designation can carry a value greater than zero. Bond and LBaSS securities are assigned a 5* designation when the following conditions are met: a) the documentation required for a full credit analysis did not exist, b) the issuer/obligor has made all contracted interest and principal payments, and c) an expectation of repayment of interest and principal exists. Amortization of premium or discount on bonds and LBaSS is calculated using the effective yield method.

Additionally, mortgage-backed securities and asset backed securities prepayment assumptions were obtained from an outside vendor or internal estimates. The retrospective adjustment method is used to account for the effect of unscheduled payments affecting high credit quality securities, while securities with less than high credit quality and securities for which the collection of all contractual cash flows is not probable are both accounted for using the prospective adjustment method.

NOTES TO FINANCIAL STATEMENTS

(3) Basis for Common Stocks

Not Applicable

(4) Basis for Preferred Stocks

Not Applicable

(5) Basis for Mortgage Loans

Not Applicable

(6) Basis for Loan-Backed Securities and Adjustment Methodology

Loan-backed securities - Refer to Note 1.C (2) above. The fair value of the Company's loan-backed securities was $425,876,694 and $230,399,066 at 12/31/17 and 12/31/16, respectively.

(7) Accounting Policies for Investments in Subsidiaries, Controlled and Affiliated Entities

Investments in affiliates are stated at statutory book value.

(8) Accounting Policies for Investments in Joint Ventures, Partnerships and Limited Liability Entities

Not Applicable

(9) Accounting Policies for Derivatives

Not Applicable

(10) Anticipated Investment Income Used in Premium Deficiency Calculation

No premium deficiencies exist regardless of whether or not anticipated investment income is used as a factor in the calculation.

(11) Management's Policies and Methodologies for Estimating Liabilities for Losses and Loss/Claim Adjustment Expenses

Reserves are provided for reported and unreported claims. Estimates of claims incurred but not reported and of expenses required to settle unpaid claims are included on the basis of historical loss experience and management's evaluation of current trends. All such reserves are periodically evaluated and reviewed during the year and changes therein are reflected in operating results when known. Loss and loss adjustment expense reserves are stated after deduction for reinsurance ceded to other insurers.

(12) Changes in the Capitalization Policy and Predefined Thresholds from Prior Period

The Company has not modified its capitalization policy from the prior period.

(13) Method Used to Estimate Pharmaceutical Rebate Receivables

Not Applicable

D. Going Concern

Based upon its evaluation of relevant conditions and events, management does not have substantial doubt about the Company's ability to continue as a going concern.

Note 2 – Accounting Changes and Correction of Errors

Not Applicable

Note 3 – Business Combinations and Goodwill

Not Applicable

Note 4 – Discontinued Operations

Not Applicable

Note 5 – Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

Not Applicable

B. Debt Restructuring

Not Applicable

C. Reverse Mortgages

Not Applicable

NOTES TO FINANCIAL STATEMENTS

D. Loan-Backed Securities

(1) Description of Sources Used to Determined Prepayment Assumptions

Prepayment assumptions for single class, multi-class mortgage-backed and asset-backed securities were obtained from independent third party services or internal estimates. These assumptions are consistent with the current interest rate and economic environment.

(2) Securities with a recognized other-than-temporary impairment

Not Applicable

(3) Recognized OTTI securities

Not Applicable

(4) All impaired securities (fair value is less than cost or amortized cost) for which an other-than-temporary impairment has not been recognized in earnings as a realized loss (including securities with a recognized other-than-temporary impairment for non-interest related declines when a non-recognized interest related impairment remains):

a.	The aggregate amount of unrealized losses:	1. Less than 12 Months	$	(1,675,235)
		2. 12 Months or Longer	$	0
b.	The aggregate related fair value of securities with unrealized losses:	1. Less than 12 Months	$	259,762,865
		2. 12 Months or Longer	$	0

(5) Information Investor Considered in Reaching Conclusion that Impairments are Not Other-Than-Temporary

In its OTTI assessment, the Company considers all information relevant to the collectability of the security, including past history, current conditions and reasonable forecasts when developing an estimate of future cash flows. Relevant analyst reports and forecasts for the asset class also receive appropriate consideration. The Company also considers how credit enhancements affect the expected performance of the security. In addition, the Company also considers its cash and working capital requirements and generally considers expected cash flows in relation to its business plans and how such forecasts affect the intent and ability to hold such securities to recovery of their amortized cost.

E. Dollar Repurchase Agreements and/or Securities Lending Transactions

Not Applicable

F. Repurchase Agreements Transactions Accounted for as Secured Borrowing

Not Applicable

G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing

Not Applicable

H. Repurchase Agreements Transactions Accounted for as a Sale

Not Applicable

I. Reverse Repurchase Agreements Transactions Accounted for as a Sale

Not Applicable

J. Real Estate

Real estate is sometimes acquired in the settlement of claims as part of the Company's effort to mitigate losses. The real estate is carried at the lower of cost or market value as prescribed by SSAP 40. Gains or losses from the holding or disposition of real estate acquired in claim settlement are recorded in net losses and loss adjustment expenses.

K. Low-Income Housing Tax Credits (LIHTC)

Not Applicable

NOTES TO FINANCIAL STATEMENTS

L. Restricted Assets

(1) Restricted Assets (Including Pledged)

	Gross (Admitted & Nonadmitted) Restricted							Current Year			
	Current Year					6	7	8	9	Percentage	
	1	2	3	4	5					10	11
Restricted Asset Category	Total General Account (G/A)	G/A Supporting Protected Cell Account Activity (a)	Total Protected Cell Account Restricted Assets	Protected Cell Account Assets Supporting G/A Activity (b)	Total (1 plus 3)	Total From Prior Year	Increase/ (Decrease) (5 minus 6)	Total Nonadmitted Restricted	Total Admitted Restricted (5 minus 8)	Gross (Admitted & Nonadmitted) Restricted to Total Assets (c)	Admitted Restricted to Total Admitted Assets (d)
a. Subject to contractual obligation for which liability is not shown	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	0.0%	0.0%
b. Collateral held under security lending arrangements	0	0	0	0	0	0	0	0	0	0.0%	0.0%
c. Subject to repurchase agreements	0	0	0	0	0	0	0	0	0	0.0%	0.0%
d. Subject to reverse repurchase agreements	0	0	0	0	0	0	0	0	0	0.0%	0.0%
e. Subject to dollar repurchase agreements	0	0	0	0	0	0	0	0	0	0.0%	0.0%
f. Subject to dollar reverse repurchase agreements	0	0	0	0	0	0	0	0	0	0.0%	0.0%
g. Placed under option contracts	0	0	0	0	0	0	0	0	0	0.0%	0.0%
h. Letter stock or securities restricted as to sale – excluding FHLB capital stock	0	0	0	0	0	0	0	0	0	0.0%	0.0%
i. FHLB capital stock	0	0	0	0	0	0	0	0	0	0.0%	0.0%
j. On deposit with states	4,058,419	0	0	0	4,058,419	4,222,112	(163,693)	0	4,058,419	0.0%	0.0%
k. On deposit with other regulatory bodies	0	0	0	0	0	0	0	0	0	0.0%	0.0%
l. Pledged as collateral to FHLB (including assets backing funding agreements)	0	0	0	0	0	0	0	0	0	0.0%	0.0%
m. Pledged as collateral not captured in other categories	0	0	0	0	0	0	0	0	0	0.0%	0.0%
n. Other restricted assets	0	0	0	0	0	0	0	0	0	0.0%	0.0%
o. Total Restricted Assets	$4,058,419	$ 0	$ 0	$ 0	$4,058,419	$4,222,112	$(163,693)	$ 0	$4,058,419	0.0%	0.0%

(a) Subset of column 1
(b) Subset of column 3
(c) Column 5 divided by Asset Page, Column 1, Line 28
(d) Column 9 divided by Asset Page, Column 3, Line 28

NOTES TO FINANCIAL STATEMENTS

M. Working Capital Finance Investments

Not Applicable

N. Offsetting and Netting of Assets and Liabilities

Not Applicable

O. Structured Notes

Not Applicable

P. 5* Securities

	Number of 5* Securities		Aggregate BACV		Aggregate Fair Value	
Investment	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year
(1) Bonds – AC	0	0	$ 0	$ 0	$ 0	$ 0
(2) Bonds – FV	0	0	0	0	0	0
(3) LB & SS – AC	0	0	0	0	0	0
(4) LB & SS – FV	0	0	0	0	0	0
(5) Preferred Stock – AC	0	0	0	0	0	0
(6) Preferred Stock – FV	0	0	0	0	0	0
(7) Total (1+2+3+4+5+6)	0	0	$ 0	$ 0	$ 0	$ 0

AC – Amortized Cost FV – Fair Value

Q. Short Sales

Not Applicable

R. Prepayment Penalty and Acceleration Fees

Not Applicable

Note 6 – Joint Ventures, Partnerships and Limited Liability Companies

Not Applicable

Note 7 – Investment Income-

A. The bases, by category of investment income, for excluding (nonadmitting) any investment income due and accrued:

The Company does not admit investment income due and accrued if amounts are over 90 days past due.

B. The total amount excluded:

Not Applicable

Note 8 – Derivative Instruments

Not Applicable

Note 9 – Income Taxes

A. Deferred Tax Assets/(Liabilities)

1. Components of Net Deferred Tax Asset/(Liability)

	2017			2016			Change		
	1 Ordinary	2 Capital	3 (Col 1+2) Total	4 Ordinary	5 Capital	6 (Col 4+5) Total	7 (Col 1-4) Ordinary	8 (Col 2-5) Capital	9 (Col 7+8) Total
a. Gross deferred tax assets	$ 236,679,259	$ 1,067,775	$ 237,747,034	$ 485,795,987	$ 3,247,964	$ 489,043,951	$(249,116,728)	$(2,180,189)	$(251,296,917)
b. Statutory valuation allowance adjustment	0	0	0	0	0	0	0	0	0
c. Adjusted gross deferred tax assets (1a-1b)	$ 236,679,259	$ 1,067,775	$ 237,747,034	$ 485,795,987	$ 3,247,964	$ 489,043,951	$(249,116,728)	$(2,180,189)	$(251,296,917)
d. Deferred tax assets nonadmitted	103,230,987	0	103,230,987	315,074,002	0	315,074,002	(211,843,015)	0	(211,843,015)
e. Subtotal net admitted deferred tax asset (1c-1d)	$ 133,448,272	$ 1,067,775	$ 134,516,047	$ 170,721,985	$ 3,247,964	$ 173,969,949	$(37,273,713)	$(2,180,189)	(39,453,902)
f. Deferred tax liabilities	1,231,526	2,206,183	3,437,709	14,513,980	6,580,659	21,094,639	(13,282,454)	(4,374,476)	(17,656,930)
g. Net admitted deferred tax assets/(net deferred tax liability) (1e-1f)	$ 132,216,746	$(1,138,408)	$ 131,078,338	$ 156,208,005	$(3,332,695)	$ 152,875,310	$(23,991,259)	$ 2,194,287	$(21,796,972)

2. Admission Calculation Components SSAP No. 101

	2017			2016			Change		
	1 Ordinary	2 Capital	3 (Col 1+2) Total	4 Ordinary	5 Capital	6 (Col 4+5) Total	7 (Col 1-4) Ordinary	8 (Col 2-5) Capital	9 (Col 7+8) Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks	0	0	0	0	0	0	0	0	0
b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (The lesser of 2(b)1 and 2(b)2 below:	132,216,747	(1,138,408)	131,078,339	152,875,308	0	152,875,308	(20,658,561)	(1,138,408)	(21,796,969)
Adjusted gross deferred tax assets expected to be realized following the balance sheet date	149,216,209	0	149,216,209	414,097,232	0	414,097,232	(264,881,023)	0	(264,881,023)
Adjusted gross deferred tax assets allowed per limitation threshold			131,078,338			152,875,308			(21,796,970)
c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities	0	3,437,709	3,437,709	17,846,675	3,247,964	21,094,639	(17,846,675)	189,745	(17,656,930)
d. Deferred tax assets admitted as the result of application of SSAP 101. Total (2(a)+2(b)+2(c)	132,216,747	2,299,301	134,516,048	170,721,983	3,247,964	173,969,947	(38,505,236)	(948,663)	(39,453,899)

3. Other Admissibility Criteria

		2017	2016
a.	Ratio percentage used to determine recovery period and threshold limitation amount	249.2%	194.0%
b.	Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	873,855,588	2,161,909,892

4. Impact of Tax Planning Strategies

(a) Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character as a percentage.

	12/31/2017		12/31/2016		Change	
	1 Ordinary	2 Capital	3 Ordinary	4 Capital	5 (Col. 1-3) Ordinary	6 (Col. 2-4) Capital
1. Adjusted gross DTAs amount from Note 9A1(c)	236,679,259	1,067,775	485,795,987	3,247,964	(249,116,728)	(2,180,189)
2. Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies	3.0%	0.0%	0.0%	0.0%	3.0%	0.0%
3. Net Admitted Adjusted Gross DTAs amount from Note 9A1(e)	133,448,272	1,067,775	170,721,985	3,247,964	(37,273,713)	(2,180,189)
4 Percentage of net admitted adjusted gross DTAs by tax	5.0%	0.0%	0.0%	0.0%	5.0%	0.0%

NOTES TO FINANCIAL STATEMENTS

	12/31/2017		12/31/2016		Change	
	1 Ordinary	2 Capital	3 Ordinary	4 Capital	5 (Col. 1-3) Ordinary	6 (Col. 2-4) Capital
character admitted because of the impact of tax planning strategies						

(b) Does the company's tax planning strategies include the use of reinsurance? NO

There are no temporpary differences for which a deferred tax liabilities (DTL) has not been established.

B. Deferred Tax Liabilities Not Recognized

Not Applicable

C. Current and Deferred Income Taxes

1. Current Income Tax

	1 2017	2 2016	3 (Col 1-2) Change
a. Federal	(1,955,970)	127,186,129	(129,142,099)
b. Foreign	0	0	0
c. Subtotal	(1,955,970)	127,186,129	(129,142,099)
d. Federal income tax on net capital gains	12,862,790	(9,500,845)	22,363,635
e. Utilization of capital loss carry-forwards	0	0	0
f. Other	0	(5,649,121)	5,649,121
g. Federal and Foreign income taxes incurred	10,906,820	112,036,163	(101,129,343)

2. Deferred Tax Assets

	1 2017	2 2016	3 (Col 1-2) Change
a. Ordinary:			
1. Discounting of unpaid losses	670,770	1,833,681	(1,162,911)
2. Unearned premium reserve	8,972,699	45,354,800	(36,382,101)
3. Policyholder reserves	138,087,254	399,959,382	(261,872,128)
4. Investments	0	417,399	(417,399)
5. Deferred acquisition costs	0	0	0
6. Policyholder dividends accrual	0	0	0
7. Fixed assets	0	0	0
8. Compensation and benefits accrual	0	0	0
9. Pension accrual	0	0	0
10. Receivables - nonadmitted	0	18,563,734	(18,563,734)
11. Net operating loss carry-forward	0	0	0
12. Tax credit carry-forward	0	0	0
13. Other (items <5% of total ordinary tax assets)	1,880,927	4,176,416	(2,295,489)
Other (items >=5% of total ordinary tax assets)			
14.	87,067,609	15,490,575	71,577,034
99. Subtotal	236,679,259	485,795,987	(249,116,728)
b. Statutory valuation allowance adjustment	0	0	0
c. Nonadmitted	103,230,987	315,074,002	(211,843,015)
d. Admitted ordinary deferred tax assets (2a99-2b-2c)	133,448,272	170,721,985	(37,273,713)
e. Capital:			
1. Investments	1,032,865	2,724,414	(1,691,549)
2. Net capital loss carry-forward	0	0	0
3. Real estate	0	0	0
4. Other (items <5% of total capital tax assets)	34,910	523,550	(488,640)
Other (items >=5% of total capital tax assets)			
5.			0
99. Subtotal	1,067,775	3,247,964	(2,180,189)
f. Statutory valuation allowance adjustment	0	0	0
g. Nonadmitted	0	0	0
h. Admitted capital deferred tax assets (2e99-2f-2g)	1,067,775	3,247,964	(2,180,189)
i. Admitted deferred tax assets (2d+2h)	134,516,047	173,969,949	(39,453,902)

3. Deferred Tax Liabilities

NOTES TO FINANCIAL STATEMENTS

	1 2017	2 2016	3 (Col 1-2) Change
a. Ordinary:			
1. Investments	0	2,477,455	(2,477,455)
2. Fixed assets	1,219,515	0	1,219,515
3. Deferred and uncollected premium	0	0	0
4. Policyholder reserves	0	0	0
5. Other (items <5% of total ordinary tax liabilities)	12,011	12,036,525	(12,024,514)
Other (items >=5% of total ordinary tax liabilities)			
6.			0
99. Subtotal	1,231,526	14,513,980	(13,282,454)
b. Capital:			
1. Investments	2,206,183	6,580,659	(4,374,476)
2. Real estate	0	0	0
3. Other (tems <5% of total capital tax liabilities)	0	0	0
Other (items >=5% of total capital tax liabilities)			
4.			0
99. Subtotal	2,206,183	6,580,659	(4,374,476)
c. Deferred tax liabilities (3a99+3b99)	3,437,709	21,094,639	(17,656,930)
4. Net Deferred Tax Assets (2i – 3c)	131,078,338	152,875,310	(21,796,972)

D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate Among the more significant book to tax adjustments were the following:

	Amount	Effective Tax Rate (%)
Permanent Differences:		
Provision computed at statutory rate	118,503,334	35.0%
Proration of tax exempt investment income	(6,662,739)	(2.0)%
Tax exempt income deduction	(3,233,975)	(1.0)%
Dividends received deduction		%
Disallowed travel and entertainment	1,437	0%
Other permanent differences	31,727,825	9.4%
Temporary Differences:		
Total ordinary DTAs	104,210,925	41.4%
Total ordinary DTLs		%
Total capital DTAs		%
Total capital DTLs		%
Other:		
Statutory valuation allowance adjustment		%
Accrual adjustment – prior year		%
Other		%
Totals	244,546,807	72.2%
Federal and foreign income taxes incurred	(1,955,970)	(0.6)%
Realized capital gains (losses) tax	12,862,790	3.8%
Change in net deferred income taxes	233,639,985	69.1%
Total statutory income taxes	$ 244,546,805	72.2%

E. Operating Loss Carryfowards and Income Taxes Available for Recoupment

1. The amounts, origination dates and expiration dates of operating loss and tax credit carry forwards available for tax purposes:

   At December 31, 2017, the Company had no unused operating loss carryforwards available to offset against future income.

2. The following is income tax expense for current year and proceeding years that is available for recoupment in the event of future net losses:

Year	Amounts
2017	-
2016	-

3. The Company did not have any protective tax deposits under Section 6603 of the Internal Revenue Code.

NOTES TO FINANCIAL STATEMENTS

F. Consolidated Federal Income Tax Return

1. The Company's federal income tax return is consolidated with the following entities:
   Arch Capital Group (U.S.) Inc. (Parent of Tax Group)
   Arch Excess & Surplus Insurance Company
   Arch Insurance Company
   Arch Insurance Group Inc.
   Arch Indemnity Insurance Co.
   Arch Insurance Solutions Inc.
   Arch US MI Services Inc.
   Arch Mortgage Guaranty Company
   Arch Mortgage Reinsurance Company
   United Guaranty Corporation
   United Guaranty Mortgage Insurance Company
   United Guaranty Insurance Company
   United Guaranty Partners Insurance Company
   United Guaranty Services, Inc.
   UG Shared Services, Inc.
   Arch Reinsurance Company
   Arch Re Facultative Underwriters Inc.
   Arch Specialty Insurance Agency Inc.
   Arch Specialty Insurance Company
   First American Service Corporation
   Arch US MI Holdings Inc.
   Arch Mortgage Insurance Company
   Arch Mortgage Assurance Company
   Arch Structured Mortgage Insurance Company
   United Guaranty Mortgage Insurance Company of North Carolina
   United Guaranty Residential Insurance Company
   United Guaranty Credit Insurance Company
   United Guaranty Mortgage Indemnity Company
   United Guaranty Commercial Insurance Company of North Carolina
   United Guaranty Residential Insurance Company of North Carolina

2. The manner in which the Board of Directors sets forth for allocating the consolidated federal income tax:
   The method of allocation of taxes is subject to the terms of a tax sharing agreement between Arch Capital Group (U.S.) Inc. ("Arch Capital U.S.") and its subsidiaries. It is made primarily on a separate return basis with credit given to the Company for any net operating losses or other items used in the consolidated extent those tax return filed by Arch Capital U.S. to the losses or items may be utilized by the Company on a separate return basis. The Tax Cuts and Jobs Act (the "Act") was enacted in December 2017. The Act reduces the U.S. federal corporate tax rate from 35 percent to 21 percent and enacts several other provisions impacting various tax calculations. As of December 31, 2017, we have not completed our accounting for the tax effects of enactment of the Act; however, in certain cases, as described below, we have made a reasonable estimate of the effects on existing deferred tax balances. In other cases, pursuant to the guidance provided by NAIC INT 18-01, we have not been able to make a reasonable estimate and continue to account for those items based on our existing tax accounting guidance and the provisions of the tax laws that were in effect prior to enactment. Specifically, we note that additional guidance is expected on the deferred tax asset associated with the discounting required for loss reserves. The change in tax law required the Company to revalue existing net deferred tax liabilities using the lower rate in the period of enactment resulting in an income tax benefit/(expense) of approximately $156.2 million to reflect these changes in the year ended December 31, 2017.

G. Federal or Foreign Federal Income Tax Loss Contingencies:
Irrespective of the Act, we recorded a full valuation allowance against these deferred assets for the period ending December 31, 2017.

Note 10 – Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

A. Nature of the Relationship Involved

On August 15, 2016, American International Group Incorporated (AIG), entered into a definitive agreement to sell its 100 percent interest in United Guaranty Corporation (UGC) and certain related affiliates, including the Company, to Arch Capital Group Ltd. (ACGL) for total consideration of $3.4 billion, consisting of $2.2 billion of cash, $250 million of newly issued ACGL perpetual preferred stock, with terms similar to ACGL's outstanding Series C preferred stock, and approximately $975 million of newly issued ACGL convertible non-voting common-equivalent preferred stock.

In lieu of receiving the perpetual preferred stock, AIG elected to receive $250 million in pre-closing dividends from UGC. On September 9, 2016, UGC's board of directors declared the dividend of $250 million payable to AIG, to be funded by $214 million of dividends or surplus note repayment from the Company's regulated insurance affiliates. Those dividends and surplus note repayment were approved by the North Carolina Department of Insurance on October 13, 2016. The $250 million dividend was paid to AIG on November 15, 2016.

Arch U.S. MI Holdings Inc. ("Arch U.S. MI Holdings"), an indirect subsidiary of ACGL, completed the acquisition of UGC, including the Company, on December 31, 2016 for $3.4 billion (the "UGC Acquisition"). The UGC Acquisition closed following the satisfaction of closing conditions as stipulated in the Stock Purchase Agreement, the regulatory approval from the North Carolina Department of Insurance, non-objection by the Wisconsin Department of Insurance, and federal approvals from the Federal Housing Finance Agency on behalf of the Government-Sponsored Enterprises ("GSE's") including Fannie Mae and Freddie Mac. The UGC Acquisition expanded the scale of ACGL's mortgage insurance business by combining UGC's position as market leader in the U.S. private mortgage insurance industry with ACGL's financial strength, innovative approach and superior technology platform. While the UGC Acquisition further strengthens ACGL's business profile and customer base, it does not include any current plan to change the Company's state of domicile or basic insurance operations.

See the organization chart on Schedule Y.

NOTES TO FINANCIAL STATEMENTS

B. & C. Transactions and Dollar Amounts

United Guaranty Residential Insurance Company of North Carolina (UGRICNC) repaid a partial repayment of Certificate of Contribution on May 29, 2017 in the amount of $79,000,000. This was for the repayment of Certificate of Contribution #5.

UGRICNC received approval from the North Carolina Department of Insurance to repay its outstanding Certificates of Contribution totaling $389,674,500. This repayment was accomplished through UGRIC-NC's exchange of its 24.965% ownership interest in United Guaranty Residential Insurance Company (UGRIC) on October 1, 2017 at the fair value of UGRIC's common stock as of September 30, 2017 with any excess fair value of the common stock being issued as a dividend or distributed by UGRIC-NC to United Guaranty Corporation. The following Certificates of Contribution were repaid for a total of $389,674,500:

No. UGRIC-NC #2 - $75,000,000
No. UGRIC-NC #3 - $24,965,000
No UGRIC-NC #5 - $256,000,000
No. UGRIC-NC #6 - $33,709,500

On September 25, 2017, the Company was a party to a series of quota share reinsurance agreements executed simultaneously with affiliated entities. The reinsurance agreements were effective July 1, 2017. The affiliated entities participating in the reinsurance agreements are United Guaranty Residential Insurance Company (UGRIC), Arch Mortgage Insurance Company (AMIC), United Guaranty Mortgage Indemnity Company (UGMIND), United Guaranty Mortgage Insurance Company (UGMIC), United Guaranty Mortgage Insurance Company of North Carolina (UGMIC-NC), United Guaranty Insurance Company (UGIC) and Arch Mortgage Reinsurance Company (AMRe). With this series of reinsurance agreements, the Company's ultimate parent sought to have both UGRIC and AMIC hold homogeneous risk and avoid adverse risk selection at either entity. Fannie Mae, Freddie Mac and the North Carolina and Wisconsin Departments of Insurance all either approved or declined to disapprove the agreements during the third quarter of 2017. The reinsurance agreements, which coincided with several commutation agreements between affiliates, are detailed below:

AMRe commuted its existing reinsurance agreement with AMIC effective July 1, 2017. Effective December 31, 2017, a statutory merger was approved and executed between Arch Mortgage Assurance Company (AMAC) and AMRe.

UGMIC, UGMIC-NC, and UGIC commuted its existing reinsurance agreement with UGRIC and UGMIND, respectively effective July 1, 2017.

UGMIND amended its existing quota share reinsurance agreement with Arch Reinsurance Ltd (ARL) to inure to the benefit of a 100% quota share with UGRIC.

AMIC executed a 100% quota share reinsurance agreement with UGRIC ("AMIC to UGRIC agreement"), in which AMIC cedes 100% of its net business to UGRIC.

UGRIC executed a 50% quota share reinsurance agreement with AMIC in which UGRIC cedes 50% of its direct and assumed business to AMIC ("UGRIC to AMIC agreement"), net of reinsurance ceded to ARL and unaffiliated parties. This reinsurance back to AMIC is completed after the AMIC to UGRIC agreement reinsurance.

UGRIC and AMIC each executed quota share reinsurance agreements with UGMIC and UGMIC-NC effective July 1, 2017. The reinsurance agreements cede coverage, after all other reinsurance, for those policies where the remaining net coverage exceeds 25%, to UGMIC and UGMIC-NC equally. This reinsurance is completed after both the AMIC to UGRIC and the UGRIC to AMIC agreement reinsurance.

The Company had a net outflow of $678.8 million to AMIC, consisting of $339.1 million in securities and $339.7 million in cash pursuant to the above, representing the transfer of contingency reserves, loss and LAE reserves and unearned premium reserves. This transfer of assets did not impact net income or surplus; but rather impacted the contingency reserves, loss and LAE reserves and unearned premium reserves held by the Company.

In addition, the Company received $284 million from UGMIND which consisted of a return capital of $224.0 million and a repayment of certificates of contribution of $60 million.

In 2016, United Guaranty Corporation received dividends of $232,331,068 from United Guaranty Residential Insurance Company. The transfers consisted of securities valued at $232,028,226 and cash of $302,842.

In 2016, United Guaranty Residential Insurance Company of North Carolina received cash dividends of $77,300,850 from United Guaranty Residential Insurance Company.

The Company, along with its affiliated insurers, has several administrative service agreements as detailed in Note 10(f). United Guaranty Residential Insurance Company paid to United Guaranty Corporation $120,631,448 and received $1,920,849 fromUnited Guaranty Services, Inc. during 2016 for services provided; all other non-insurance related transactions involved less than one-half of one percent of the total assets of the Company.

United Guaranty Residential Insurance Company received $9,833,000 from United Guaranty Mortgage Indemnity Company during 2016 for shared underwriting expenses.

NOTES TO FINANCIAL STATEMENTS

D. Amounts Due From or To Related Parties

At December 31, 2017, the Company reported a receivable of $1,115,566 a payable of $6,510,872. Intercompany balances are settled monthly. Details of the balances are:

Intercompany Balance	Receivable/(Payable)
United Guaranty Residential Insurance Company of North Carolina	$ 1,109,727
United Guaranty Credit Insurance Company	$ 111
Arch Mortgage Insurance Services	$ (70,188)
United Guaranty Corporation	$ (150,990)
United Guaranty Services	$ 4,838
United Guaranty Commercial Insurance Company of North Carolina	$ 890
United Guaranty Mortgage Indemnity Company	$ (6,289,694)

At December 31, 2016, the Company reported a payable and receivable to/from affiliated companies of $15,346,292 and $17,296,599 respectively. Intercompany balances are settled monthly. Details of the balances are:

Company	Receivable (Payable)
UG Corporation	$ 16,567,879
UG Corporation	$ (8,616,489)
UG Services	$ 27,822
UG Mortgage Indemnity Company	$ (2,896,642)
UG Residential Insurance Company of NC	$ 691,294
UG Commercial Insurance Company of NC	$ 8,017
UG Credit Insurance Company	$ 1,308
UG Shared Services	$ (3,833,160)
UG Partners Insurance Company	$ 279

E. Guarantees or Undertakings

The Company has guaranteed all policies issued by United Guaranty Mortgage Indemnity Company.

F. Material Management or Service Contracts and Cost-Sharing Arrangements

The Company has administrative service agreements to provide services in the areas of administration, financial planning, advertising, clerical and other areas as the parties may agree upon with Untied Guaranty Services, Inc., United Guaranty Mortgage Indemnity Company, United Guaranty Credit Insurance, United Guaranty Residential Insurance Company of North Carolina, United Guaranty Commercial Insurance Company of North Carolina, United Guaranty Mortgage Insurance Company, United Guaranty Mortgage Insurance Company of North Carolina and United Guaranty Insurance Company, and Arch Structured Mortgage Insurance Company. The company has administrative service agreements to have services provided in the areas of administration, financial planning, advertising, clerical and other areas as the parties may agree upon with United Guaranty Corporation, Arch Mortgage Insurance Services, United Guaranty Services, Inc., United Guaranty Mortgage Indemnity Company, United Guaranty Credit Insurance Company and United Guaranty Residential Insurance Company of North Carolina. The Company also has an agreement with Arch Investment Management, LLC for investment services provided.

G. Nature of the Control Relationship

See 10A above

H. Amount Deducted from the Value of Upstream Intermediate Entity or Ultimate Parent Owned

Not Applicable

I. Investments in SCA that Exceed 10% of Admitted Assets

The Company owns a 100% interest in United Guaranty Mortgage Indemnity Company, United Guaranty Credit Insurance Company, and United Guaranty Commercial Insurance Company of North Carolina. The Company carries these investments at statutory equity per SSAP No. 97, Investment in Subsidiaries, Controlled and Affiliated Entities. The statement value of these companies is $46,782,793 on the Company's balance sheet at 12/31/17.

J. Investments in Impaired SCAs

Not Applicable

K. Investment in Foreign Insurance Subsidiary

Not Applicable

L. Investment in Downstream Noninsurance Holding Company

Not Applicable

M. All SCA Investments

Not Applicable

N. Investment in Insurance SCAs

Not Applicable

NOTES TO FINANCIAL STATEMENTS

Note 11 – Debt

A. Debt, Including Capital Notes

Not Applicable

B. FHLB (Federal Home Loan Bank) Agreements

Not Applicable

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

Not Applicable

Note 13 – Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations

(1) Number of Share and Par or State Value of Each Class

The Company has 500,000 shares authorized, 479,784 shares issued and outstanding. All shares are common stock with a par value of $12.50.

(2) Dividend Rate, Liquidation Value and Redemption Schedule of Preferred Stock Issues

Not Applicable

(3) Dividend Restrictions

Under the Insurance Code of its domiciliary state, without prior approval of the Commissioner of Insurance, the Company cannot pay annual dividends/distributions exceeding the greater of (1) 10% of the Company's capital and surplus as of the preceding December 31, or (2) net income, excluding realized gains, for the twelve month period ending the preceding December 31. The Company's ability to pay dividends is also restricted by other state surplus requirements that must be considered at the time of the dividend payment. Under North Carolina statute GS 58-19-30c, the calculated maximum amount of dividends available to be paid during 2017 would be $302,720,236.

(4) Dates and Amounts of Dividends Paid

The Company paid ordinary dividends of $313,000,000 during the current year to its Parent Companies as follows:

UG Corporation	234,858,294.57
United Guaranty Residential Insurance Company of North Carolina	78,141,705.43

(5) Profits that may be Paid as Ordinary Dividends to Stockholders

Not withstanding the limitations of (3) above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.

(6) Restrictions Plans on Unassigned Funds (Surplus)

There were no restrictions placed on the Company's surplus, including for whom the surplus is being held.

(7) Amount of Advances to Surplus not Repaid

Not Applicable

(8) Amount of Stock Held for Special Purposes

Not Applicable

(9) Reasons for Changes in Balance of Special Surplus Funds from Prior Period

Not Applicable
ote

(10) The Portion of Unassigned Funds (Surplus) Represented or Reduced by Unrealized Gains and Losses is: $26,332,512.

(11) The Reporting Entity Issued the Following Surplus Debentures or Similar Obligations

See Note 10C

(12)(13) Quasi-reorganizations

Not Applicable

(13) Effective Date of Quasi-Reorganization for a Period of Ten Years Following Reorganization

Not Applicable

Note 14 – Liabilities, Contingencies and Assessments

A. Contingent Commitments

The Company is required to establish a contingency reserve in accordance with the North Carolina General Statute 58-10-135. The annual contribution to the contingency reserve equals fifty percent (50%) of the net earned premium reported in the annual statement. This reserve shall be maintained for 120 months. Although allowed under the Statute, the Company has elected not to accrue provisional withdrawals from the contingency reserve until such release is formally approved by the North Carolina Department of Insurance. The statutory contingency reserve is shown as a liability on page 3 of the annual statement.

To induce parties to purchase insurance from United Guaranty Mortgage Indemnity Company (UGMIND), a wholly owned subsidiary of the Company, the Company entered into an open ended general agreement with UGMIND on September 3, 1998. The nature of the guarantee agreement committed the Company to guarantee the prompt payment, when due, of all present and future obligations and liabilities of any kind of UGMIND should UGMIND become subject to a bankruptcy, reorganization, or any similar proceedings.

In accordance with SSAP 5R – Liabilities, Contingencies and Impairments – Revised, UGMIND is a wholly owned subsidiary of the Company, and as such, an initial liability was not required at the inception of the guarantee agreement. As of the date of these financials, UGMIND has not been party to a bankruptcy, reorganization or similar proceeding and therefore the guarantee has remained unexecuted and the Company has not recorded a liability with regards to the guarantee agreement.

B. Assessments

Not Applicable

C Gain Contingencies

Not Applicable

D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits

Not Applicable

E. Product Warranties

Not Applicable

F. Joint and Several Liabilities

Not Applicable

G. All Other Contingencies

In the normal course of business, various commitments and contingent liabilities are entered into by the Company and certain of its subsidiaries. Although the Company cannot currently quantify its ultimate liability for unresolved litigation, including those referred to below, it is possible that such liability could have a material adverse effect on the Company's financial condition or its result of operations or cash flows for an individual reporting period.

Note 15 – Leases

A. Lessee Operating Lease

(1) Lessee's Leasing Arrangements

Various cancelable and non-cancelable operating lease agreements have been entered into by the Company's parent and affiliates for office facilities and equipment. The expenses for each lease are allocated to the Company and its affiliates under the terms of management service aagreements. Rental expenses associated with these leases for 2017 and 2016 was approximately $5,321,143 and $8,039,367, respectively. Various leases for office facilities contain renewal options and escalation clauses relating to building expenses and/or various changes in the CPI.

(2) Leases with Initial or Remaining Noncancelable Lease Terms in Excess of One Year

a. The minimum aggregate rental commitments associated with non-cancelable leases as mentioned in (1) above at December 31, 2017 are:

Year Ending December 31	Operating Leases
1. 2018	$ 4,023
2. 2019	$ 3,636
3. 2020	$ 3,574
4. 2021	$ 3,288
5. 2022	$ 3,116
6. Total	$ 17,636

b. Total of Minimum Rentals to be Received in the Future under Noncancelable Subleases

Minimum rentals to be received in the future under non-cancelable subleases are not material.

(3) For Sale-Leaseback Transactions

In May 2016, the Company entered into an agreement with CSI Leasing to sell and lease-back data processing equipment. The Company received $11.5 million from the sale, and signed a 36 month lease for the equipment, as well as additional equipment valued at $9 million, with quarterly lease payments of $837,533 until June 30, 2017 when quarterly payments changed to $766,844.

NOTES TO FINANCIAL STATEMENTS

B. Lessor Leases

Not Applicable

Note 16 – Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk

Not Applicable

Note 17 – Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

A. Transfers of Receivables Reported as Sales

Not Applicable

B. Transfer and Servicing of Financial Assets

Not Applicable

C. Wash Sales

Not Applicable

Note 18 – Gain or Loss to the Reporting Entity from Uninsured Plans and the Portion of Partially Insured Plans

Not Applicable

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

Not Applicable

Note 20 – Fair Value Measurements

A. Fair Value Measurements

(1) Fair Value Measurements at Reporting Date

	Level 1	Level 2	Level 3	Total	Net Asset Value (NAV) Included in Level 2
Assets at Fair Value					
Industrial & Miscellaneous Bonds	$ 0	$ 22,088,455	$ 0	$ 22,088,455	$
Exempt MM Mutual Funds	$ 65,788,681	$ 0	$ 0	$ 65,788,681	$
Total	$ 65,788,681	$ 22,088,455	$ 0	$ 87,877,136	$ 0
Liabilities at Fair Value					
	$ 0	$ 0	$ 0	$ 0	$
Total	$ 0	$ 0	$ 0	$ 0	$ 0

(2) Fair Value Measurements in (Level 3) of the Fair Value Hierarchy

Not Applicable

(3) Policies when Transfers Between Levels are Recognized

The Company's policy is to recognize transfers in and out at the end of the reporting period, consistent with the date the determination of fair value.

(4) Description of Valuation Techniques and Inputs Used in Fair Value Measurement

In accordance with SSAP 100, the valuation techniques used in measuring fair values are based on the following:

· Level 1: Fair value measurements that are quoted prices (unadjusted) in active markets that the Company has the ability to access for identical assets or liabilities.

· Level 2: Fair value measurements, based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable at commonly quoted intervals.

· Level 3: Fair value measurements based on valuation techniques that use significant inputs that are unobservable. These measurements include circumstances in which there is little, if any, market activity for the asset or liability.

(5) Fair Value Disclosures

Not Applicable

B. Fair Value Reporting under SSAP 100 and Other Accounting Pronouncements

Not Applicable

NOTES TO FINANCIAL STATEMENTS

C. Fair Value Level

The table below reflects the fair values and admitted values of all admitted assets and liabilities that are financial instruments excluding those accounted for under the equity method (subsidiaries). The fair values are also categorized into the three-level fair value hierarchy.

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)	Net Asset Value (NAV) Included in Level 2
Bonds	$2,023,271,971	$ 2,015,337,934	$ 363,521,646	$ 1,654,750,325	$ 5,000,000	$ 0	$
Cash, cash equivalent and short-term investments	$ 101,660,563	$ 101,688,979	$ 87,452,296	$ 14,208,267	$ 0	$ 0	$

D. Not Practicable to Estimate Fair Value

Not Applicable

Note 21 – Other Items

A. Unusual or Infrequent Items

Not Applicable

B. Troubled Debt Restructuring Debtors

Not Applicable

C. Other Disclosures

Not Applicable

D. Business Interruption Insurance Recoveries

Not Applicable

E. State Transferable and Non-Transferable Tax Credits

There are no additional pledged assets other than amounts reported on Schedule E.

F. Subprime Mortgage Related Risk Exposure

(1) Description of the Subprime-Mortgage-Related Exposure and Related Risk Management Policies

This disclosure is provided pursuant to Note 21 to SSAP No. 1 - Disclosure of Accounting Policies, Risks and Uncertainties, and Other Disclosures ("SSAP No. 1") adopted on December 2, 2007. This disclosure relates specifically to "subprime mortgage" related risk exposure and related risk management practices of United Guaranty Residential Insurance Company (the "Company"). The Company is a direct writer of private mortgage guaranty insurance coverage on residential mortgage loans in the United States. For purposes of this disclosure, the Company defines a "subprime mortgage" as a mortgage loan with a FICO credit score less than 575. Effective 12/31/07, the Company ceased writing insurance on subprime mortgages through all channels. Prior to 12/31/07, the Company insured subprime mortgages through its primary flow and structured finance channels and to a limited extent, through its modified pool products.

(2) Direct Exposure Through Investments in Subprime Mortgage Loans

The Company has indirect exposure related to the 100% ownership in its subsidiary United Guaranty Mortgage Indemnity Company (UGMIND). UGMIND is a domestic property and casualty insurer whose subprime exposure should not have a significant effect on the Company's investment. As of 12/31/2017, UGMIND has subprime direct loss reserves of $5,636,985 or 8% of total direct loss reserves. As of 12/31/2016, UGMIND has subprime direct loss reserves of $7,795,164 or 8% of total direct loss reserves.

(3) Direct Exposure Through Other Investments

Not Applicable

(4) Underwriting Exposure to Subprime Mortgage Risk Through Mortgage Guaranty or Financial Guaranty Insurance Coverage

The private mortgage guaranty insurance business faces significant direct and indirect exposure to subprime mortgage risk. If the homeowner defaults, private mortgage insurance reduces and, in some instances, eliminates the loss to the insured lending institution. The private mortgage insurance business has direct exposure in providing mortgage insurance coverage on subprime mortgage loans, and it has indirect exposure to the extent its insurance on other mortgage loans is affected by conditions in the housing and mortgage markets that result from the performance of subprime mortgages, whether or not insured under mortgage insurance coverage. The Company is limited to only what has previously been insured. The Company no longer writes insurance on subprime mortgages.Private mortgage insurance companies' subprime exposure can be managed and mitigated by its underwriting guidelines that limit the risk factors associated with an insured loan and by higher premium rates on its coverage.

(a) The Company believes that mortgage credit risk is materially affected by the following underwriting factors:
the borrower's credit strength, including the borrower's credit history, debt-to-income ratios, cash reserves, and the loan product, which includes the ratio of the original principal balance of the loan to the value of the property at origination (the "LTV"), the type of loan instrument (including whether the instrument provides for fixed or variable payments and the amortization schedule), the type of property, the purpose of the loan, and the borrower's documentation for the loan.

Excluding other factors, claim incidence increases for loans with lower FICO credit scores compared to loans with higher FICO credit scores; for reduced documentation loans compared to loans with full underwriting documentation; for loans with higher LTV ratios compared to loans with lower LTV ratios; for adjustable rate mortgage loans during a prolonged period of rising interest rates compared to fixed rate loans in such a rate environment; for loans that permit the deferral of principal amortization compared to loans that require principal amortization with each monthly payment; for loans in which the original loan amount exceeds the conforming loan limit compared to loans below such limit; and for cash out refinance loans compared to rate and term refinance loans. There are also other types of loan characteristics relating to the individual loan or borrower which affect the risk potential for a loan, including the origination practices of the lender and the condition of the housing market in the area in which the property is located. The presence of a number of higher-risk characteristics in a loan materially increases the likelihood of a claim on such a loan unless there are other characteristics to lower the risk. From time to time the Company changes its underwriting guidelines to reflect its assessment of risk on insured loans.

(b) The Company's premium rates vary, not only on the basis of the level of coverage provided, but also on the perceived risk of a claim on the insured loan and, thus, take into account the LTV, the loan type (fixed payment versus non-fixed payment) and mortgage term, the location of the borrower's credit score within a range of credit scores, and whether the loan is a reduced documentation loan.

The Company charges higher premium rates to reflect the increased risk of claim incidence that it perceives is associated with certain types of loans, although not all higher risk characteristics are reflected in the premium rate. There can be no assurance that the Company's premium rates adequately reflect the increased risk, particularly in a period of economic recession or decline in housing values.

To recognize the liability for unpaid losses related to reported defaults (known as the "default inventory"), the Company, similar to other private mortgage guaranty insurers, establishes loss reserves, representing the estimated percentage of defaults which will ultimately result in a claim (known as the "claim rate") and the estimated severity of the claims which will arise from the defaults included in the default inventory (known as the "severity rate"). In accordance with industry accounting practices, the Company does not establish loss reserves for future claims on insured loans which are not currently in default.

The Company also establishes reserves to provide for the estimated costs of settling claims, including legal and other fees, and general expenses of administering the claims settlement process ("loss adjustment expenses"), and for losses and loss adjustment expenses from defaults which have occurred, but which have not yet been reported to the Company ("IBNR"). The Company's reserving process is based upon the assumption that past experience provides a reasonable basis for estimating future events. However, estimation of loss reserves is inherently judgmental. Conditions that have affected the development of the loss reserves in the past may not necessarily affect development patterns in the future, in either a similar manner or degree.SSAP No. 1 requires disclosures illustrating exposure related to the subprime mortgage sector and specifically requires disclosure of the related losses paid, losses incurred, case reserves, and IBNR reserves for subprime loans for the current year.

The Company's reserving process is not designed to segregate prime loan reserves from the components of the default inventory for the Company's aggregate primary policies were as follows:

December 31, 2017		
($ in thousands)	**Balance**	**Percent of Total**
Prime	$326,189	98%
Subprime (1)	6,597	2%
Total	$332,786	100%

(1) For purposes of this disclosure, the Company defines a "subprime mortgage" as a mortgage loan with a FICO

To provide reserve and incurred information required by SSAP No. 1, the Company has calculated subprime related case and IBNR reserves for its primary and pool insurance, using the proportionate number of subprime default inventory compared to the total number of default inventory and multiplied that factor by the Company's total case and IBNR reserves, to arrive at subprime case and IBNR reserves as shown in the table below.

		Losses Paid in the Current Year	Losses Incurred in the Current Year	Case Reserves at end of Current Period	IBNR Reserves at End of Current Period
a.	Mortgage guaranty coverage	$ 2,619	$ (175)	$ 6,136	$ 461
b.	Financial guaranty coverage	0	0	0	0
c.	Other lines (specify):				
		0	0	0	0
d.	Total	$ 2,619	$ (175)	$ 6,136	$ 461

The Company also cedes a portion of its prime and subprime exposure to affiliated companies United Guaranty Mortgage Insurance Company, United Guaranty Mortgage Insurance Company of North Carolina, and United Guaranty Insurance Company.

The Company assumes and cedes portions of its subprime exposure to affiliated companies Arch Mortgage Insurance Company, United Guaranty Indemnity Company, United Guaranty Mortgage Insurance Company, United Guaranty Mortgage Insurance Company of North Carolina, United Guaranty Insurance Company and Arch Reinsurance Limited (see Note 10).

G. Insurance-Linked Securities (ILS) Contracts

Management of Risk Related to:	Number of Outstanding ILS Contracts	Aggregate Maximum Proceeds
(1) Directly-Written Insurance Risks		
a. ILS Contracts as Issuer	-	-
b. ILS Contracts as Ceding Insurer	3	401,160,180
c. ILS Contracts as Counterparty	-	-
(2) Assumed Insurance Risks		
a. ILS Contracts as Issuer	-	-
b. ILS Contracts as Ceding Insurer	-	-
c. ILS Contracts as Counterparty	-	-

NOTES TO FINANCIAL STATEMENTS

Note 22 – Events Subsequent

A. Did the reporting entity write accident and health insurance premium that is subject to Section 9010 of the Federal Affordable Care Act (YES/NO)? Yes [ ] No [X]

On February 8, 2018 the NAIC released INT 18-01: Updated Tax Estimate under the Tax Cuts and Jobs Act (the "Bulletin") which provides accounting guidance regarding accounting for income taxes for the reporting period that includes the enactment of the Tax Act. As noted in the Bulletin, a recalculation of the deferred tax assets and/or liabilities from 35% to 21% is required under SSAP 101.

The Bulletin also provides limited guidance in those situations where the accounting for certain income tax effects of the Tax Act will be incomplete by the time financial statements are issued for the reporting period that includes the enactment date. For those elements of the Tax Act that cannot be reasonably estimated, reporting entities shall continue to apply existing guidance in SSAP No. 101 based on the provisions of the tax laws that were in effect prior to the Act being enacted. Reasonable estimates updated and or established after the issuance of the 2017 statutory financial statements, but before the issuance of the year-end 2017 audited financial statements, shall not be recognized as Type I subsequent events. Instead, these changes, as well as future changes in estimates shall be recognized as a change in accounting estimate, pursuant to SSAP No. 3, when the information necessary to update the estimate becomes available. This is a limited-time exception to the Type I subsequent event requirements in SSAP No. 9. The exception to SSAP No. 9 is effective for year-end 2017 audited financial statements only. All accounting impacts shall be completed within one year from the enactment date.

On February 20, 2018, the Board of Directors of United Guaranty Residential Insurance Company passed resolutions, subject to all applicable regulatory approvals, to repay its outstanding Certificates of Contribution valued at $100 million as of December 31, 2017, with a combination of its equity interests in United Guaranty Credit Insurance Company and United Guaranty Commercial Insurance Company of North Carolina, and the remainder paid in cash and short term securities.

Subsequent events have been considered through 2/23/2018 for the statutory statement issued on 2/28/2018.

Note 23 – Reinsurance

A. Unsecured Reinsurance Recoverables

Name of Reinsurer	Federal ID#	Net Aggregate Unsecured Recoverable	NAIC Group Code
Arch Mortgage Insurance Company	36-3105660	$324,354,598	1279
American Home Assurance Company	13-5124990	$ 74,839,661	0012
Lexington Insurance Company	25-1149494	$ 64,147,381	0012
National Union	25-0687550	$ 71,834,931	0012

B. Reinsurance Recoverable in Dispute

The Company does not have reinsurance recoverables in dispute for paid losses and loss adjustment expenses that exceed 5% of policyholders' surplus from an individual reinsurer or exceed 10% of policyholders' surplus in aggregate.

C. Reinsurance Assumed and Ceded

(1) Maximum Amount of Return Commission

	Assumed Reinsurance		Ceded Reinsurance		Net	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
a. Affiliates	$ 66,424,479	$ 0	$ 246,131,497	$ 0	$ (179,707,018)	$ 0
b. All Other	0	0	220,230,915	59,121,087	(220,230,915)	(59,121,087)
c. Total	$ 66,424,479	$ 0	$ 466,362,412	$ 59,121,087	$ (399,937,933)	$ (59,121,087)

d. Direct Unearned Premium Reserves	$ 609,396,246

(2) Contingent Commission-Not applicable

(3) Types of Risks Attributed to Protected Cell-Not Applicable

D. Uncollectible Reinsurance Written Off-Not Applicable-Not Applicable

E. Commutation of Ceded Reinsurance

1. Losses Incurred	$ 606,294
2. Loss adjustment expenses incurred	0
3. Premiums earned	1,476,935
4. Other	0
Total	$ (870,641)

Company	Amount
CAP Re	$ (900,983)
Capital One Reins Co	30 992
BancMortgage Reins Co	(650)
Total	$ (870,641)

NOTES TO FINANCIAL STATEMENTS

F. Retroactive Reinsurance-Noy Applicable

G. Reinsurance Accounted for as a Deposit-Not Applicalbe

H. Disclosures for the Transfer of Property and Casualty Run-off Agreements-Not Applicable

I. Certified Reinsurer Rating Downgraded or Status Subject to Revocation-Not Applicable

J. Reinsurance Agreements Qualifying for Reinsurer Aggregation-Not Applicable

Note 24 – Retrospectively Rated Contracts and Contracts Subject to Redetermination

Not Applicable

Note 25 – Change in Incurred Losses and Loss Adjustment Expenses

A. Change in Incurred Losses and Loss Adjustment Expenses

Incurred loss and loss adjustment expenses attributable to insured events of prior years decreased by $16.4 million in 2017, and $8.1 million in 2016, as a result of re-estimation of unpaid losses and loss adjustment expenses. The change is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased as additional informationbecomes known regarding individual claims.

ote 26 – Intercompany Pooling Arrangeoments

Not Applicable

Note 27 – Structured Settlements

Not Applicable

Note 28 – Health Care Receivables

Not Applicable

Note 29 – Participating Policies

Not Applicable

Note 30 – Premium Deficiency Reserves

1. Liability carried for premium deficiency reserve: $0
2. Date of most recent evaluation of this liability: December 31, 2017
3. Was anticipated investment income utilized in the calculation? Yes [ ] No [X]

Note 31 – High Deductibles

Not Applicable

Note 32 – Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses

Not Applicable

Note 33 – Asbestos/Environmental Reserves

Not Applicable

Note 34 – Subscriber Savings Accounts

Not Applicable

Note 35 – Multiple Peril Crop Insurance

Not Applicable

Note 36 – Financial Guaranty Insurance

Not Applicable

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? If yes, complete Schedule Y, Parts 1, 1A and 2. Yes [X] No [ ]

1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [X] No [ ] N/A [ ]

1.3 State regulating? STATE OF NORTH CAROLINA

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [ ] No [X]

2.2 If yes, date of change:

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2012

3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2012

3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 01/24/2014

3.4 By what department or departments?
STATE OF NORTH CAROLINA

3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes [ ] No [ ] N/A [X]

3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [X] No [ ] N/A [ ]

4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11 sales of new business? Yes [ ] No [X]

4.12 renewals? Yes [ ] No [X]

4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21 sales of new business? Yes [ ] No [X]

4.22 renewals? Yes [ ] No [X]

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [ ] No [X]

5.2 If yes, provide the name of entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
	0	

6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [ ] No [X]

6.2 If yes, give full information:

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

7.2 If yes,

7.21 State the percentage of foreign control 100.0%

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

1 Nationality	2 Type of Entity
Bermuda	Public Limited Liability Company

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

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

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

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

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
PRICEWATERHOUSECOOPERS, LLP 214 NORTH TRYON STREET, SUITE 3600 CHARLOTTE, NC 28202

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

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

10.3 Has the insurer been granted any exemptions related to other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation? Yes [ ] No [X]

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

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

10.6 If the response to 10.5 is no or n/a, please explain:

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
DAVID WILLIAM MCLAUGHRY, SENIOR VICE PRESIDENT & CHIEF ACTUARY, UNITED GUARANTY RESIDENTIAL INSURANCE COMPANY, 230 NORTH ELM STREET, GREENSBORO, NC 27401

12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [ ] No [X]
- 12.11 Name of real estate holding company
- 12.12 Number of parcels involved 0
- 12.13 Total book/adjusted carrying value $ 0

12.2 If yes, provide explanation

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

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

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

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

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

14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No [ ]
- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- (c) Compliance with applicable governmental laws, rules and regulations;
- (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- (e) Accountability for adherence to the code.

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

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

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

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

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

15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes [ ] No [X]

15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount
0			$ 0

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinator committee thereof? Yes [X] No [ ]

17. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof? Yes [X] No [ ]

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

FINANCIAL

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

20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.11 To directors or other officers $ 0
- 20.12 To stockholders not officers $ 0
- 20.13 Trustees, supreme or grand (Fraternal only) $ 0

20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.21 To directors or other officers $ 0
- 20.22 To stockholders not officers 0
- 20.23 Trustees, supreme or grand (Fraternal only) 0

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

21.2 If yes, state the amount thereof at December 31 of the current year:
- 21.21 Rented from others $ 0
- 21.22 Borrowed from others $ 0
- 21.23 Leased from others $ 0
- 21.24 Other $ 0

22.1 Does this statement include payments for assessments as described in the *Annual Statement Instructions* other than guaranty fund or guaranty association assessments? Yes [ ] No [X]

22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment $ 0
- 22.22 Amount paid as expenses $ 0
- 22.23 Other amounts paid $ 0

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

23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: $ 0

INVESTMENT

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date (other than securities lending programs addressed in 24.03)? Yes [X] No [ ]

24.02 If no, give full and complete information, relating thereto:

24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet (an alternative is to reference Note 17 where this information is also provided).
As of 12/31/2017, the Comany does not participate in a securities lending program.

24.04 Does the company's security lending program meet the requirements for a conforming program as outlined in the *Risk-Based Capital Instructions*? Yes [ ] No [ ] N/A [X]

24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. $ 0

24.06 If answer to 24.04 is no, report amount of collateral for other programs $ 0

24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [ ] No [ ] N/A [X]

24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [ ] No [ ] N/A [X]

24.09. Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes [ ] No [ ] N/A [X]

24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:

24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2: $ 0

24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2: $ 0

24.103 Total payable for securities lending reported on the liability page: $ 0

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is current in force? (Exclude securities subject to Interrogatory 21.1 and 24.03.) Yes [X] No [ ]

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

25.21	Subject to repurchase agreements	$ 0
25.22	Subject to reverse repurchase agreements	$ 0
25.23	Subject to dollar repurchase agreements	$ 0
25.24	Subject to reverse dollar repurchase agreements	$ 0
25.25	Placed under option agreements	$ 0
25.26	Letter stock or securities restricted as sale – excluding FHLB Capital Stock	$ 0
25.27	FHLB Capital Stock	$ 0
25.28	On deposit with states	$ 4,058,419
25.29	On deposit with other regulatory bodies	$ 0
25.30	Pledged as collateral – excluding collateral pledged to an FHLB	$ 0
25.31	Pledged as collateral to FHLB – including assets backing funding agreements	$ 0
25.32	Other	$ 0

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount
		$ 0

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [ ] No [X]

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [ ] No [ ] N/A [ ]
If no, attach a description with this statement.

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [ ] No [X]

27.2 If yes, state the amount thereof at December 31 of the current year: $ 0

28. Excluding items in Schedule E-Part 3-Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC *Financial Condition Examiners Handbook*? Yes [X] No [ ]

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

1 Name of Custodian(s)	2 Custodian's Address
Bank of New York Mellon	One Mellon Center-Room 1072, Pittsburgh, PA 15258

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

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
Not Applicable.		

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes [ ] No [X]

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

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

28.05 Investment management – Identify all investment advisors, investment managers, broker/dealers, including individuals that have the authority to make investment decisions on behalf of the reporting entity. For assets that are managed internally by employees of the reporting entity, note as such. ["…that have access to the investment accounts", "… handle securities"].

1 Name of Firm or Individual	2 Affiliation
Arch Investment Management, LLC	A

28.0597 For those firms/individuals listed in the table for Question 28.05, do any firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") manage more than 10% of the reporting entity's assets? Yes [ ] No [ ]

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

28.0598 For firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") listed in the table for Question 28.05, does the total assets under management aggregate to more than 50% of the reporting entity's assets? Yes [ ] No [ ]

28.06 For those firms or individuals listed in the table for 28.05 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

1 Central Registration Depository Number	2 Name of Firm or Individual	3 Legal Entity Identifier (LEI)	4 Registered With	5 Investment Management Agreement (IMA) Filed
129060	Arch Investment Management, LLC		SEC	DS

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D-Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])? Yes [ ] No [X]

29.2 If yes, complete the following schedule:

1 CUSIP	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
		$ 0
29.2999 TOTAL		$ 0

29.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
		$ 0	

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

		1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1	Bonds	$ 2,029,574,617	$ 2,037,480,238	$ 7,905,621
30.2	Preferred Stocks	$ 0	$ 0	$ 0
30.3	Totals	$ 2,029,574,617	$ 2,037,480,238	$ 7,905,621

30.4 Describe the sources or methods utilized in determining the fair values:

Clearwater uses a waterfall logic system to determine which price is used as the market price for the day. They contract with many vendors and our Investment Managers to establish significant coverage of pricing on all our assets and use our pre-defined hierarchy to assign the price from the highest source available.

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

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [ ] No [X]

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

32.1 Have all the filing requirements of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* been followed? Yes [X] No [ ]

32.2 If no, list exceptions:

33. By self-designating 5*GI securities, the reporting entity is certifying the following elements for each self-designation 5*GI security:

a. Documentation necessary to permit a full credit analysis of the security does not exist.
b. Issuer or obligor is current on all contracted interest and principal payments.
c. The insurer has an actual expectation of ultimate payment of all contracted interest and principal.

Has the reporting entity self-designated 5*GI securities? Yes [ ] No [X]

OTHER

34.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? $ 427,500

34.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
Moody's	$ 360,000

35.1 Amount of payments for legal expenses, if any? $ 251,201

35.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
	$ 0

36.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? $ 0

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

1 Name	2 Amount Paid
	$ 0

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

1.2 If yes, indicate premium earned on U.S. business only. $ 0

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? $ 0

1.31 Reason for excluding:

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. $ 0

1.5 Indicate total incurred claims on all Medicare Supplement insurance. $ 0

1.6 Individual policies:

Most current three years:

1.61 Total premium earned $ 0

1.62 Total incurred claims $ 0

1.63 Number of covered lives 0

All years prior to most current three years:

1.64 Total premium earned $ 0

1.65 Total incurred claims $ 0

1.66 Number of covered lives 0

1.7 Group policies:

Most current three years:

1.71 Total premium earned $ 0

1.72 Total incurred claims $ 0

1.73 Number of covered lives 0

All years prior to most current three years:

1.74 Total premium earned $ 0

1.75 Total incurred claims $ 0

1.76 Number of covered lives 0

2. Health Test:

		1 Current Year	2 Prior Year
2.1	Premium Numerator	$ 0	$ 0
2.2	Premium Denominator	$ 439,345,744	$ 615,036,956
2.3	Premium Ratio (2.1/2.2)	0.0%	0.0%
2.4	Reserve Numerator	$ 0	$ 0
2.5	Reserve Denominator	$ 448,490,338	$ 828,143,099
2.6	Reserve Ratio (2.4/2.5)	0.0%	0.0%

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

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

3.21 Participating policies $ 0

3.22 Non-participating policies $ 0

4. FOR MUTUAL REPORTING ENTITIES AND RECIPROCAL EXCHANGES ONLY:

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

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

4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? 0.0%

4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. $ 0

5. FOR RECIPROCAL EXCHANGES ONLY:

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

5.2 If yes, is the commission paid:

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

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

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

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

5.5 If yes, give full information:

6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss?
The Company does not write worker's compensation coverage.

6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:
The Company writes mortgage guaranty insurance. Loss exposures are on individual mortgage loans and are limited by coverage.

6.3 What provision has this reporting entity made (such as catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?
The Company maintains an excess of loss reinsurance agreement to protect it from catastrophic losses. Additionally, the Company is required to establish and maintain a contingency reserve to be used for excess losses.

6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes [X] No [ ]

6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss:

7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? Yes [ ] No [X]

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

7.2 If yes, indicate the number of reinsurance contracts containing such provisions. 0

7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes [ ] No [ ]

8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes [ ] No [X]

8.2 If yes, give full information

9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:

(a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;

(b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;

(c) Aggregate stop loss reinsurance coverage;

(d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;

(e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or

(f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity? Yes [ ] No [X]

9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:

(a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or

(b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract. Yes [ ] No [X]

9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:

(a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;

(b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and

(c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.

9.4 Except for transactions meeting the requirements of paragraph 31 of *SSAP No. 62R, Property and Casualty Reinsurance*, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:

(a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or

(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes [ ] No [X]

9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.

9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:

(a) The entity does not utilize reinsurance; or, Yes [ ] No [X]

(b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes [ ] No [X]

(c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes [ ] No [X]

10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes [X] No [ ] N/A [ ]

11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force? Yes [X] No [ ]

11.2 If yes, give full information
Guaranteed policies issued by United Guaranty Mortgage Indemnity Company.

12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the assets schedule, Page 2, state the amount of corresponding liabilities recorded for:

12.11 Unpaid losses $ 0

12.12 Unpaid underwriting expenses (including loss adjustment expenses) $ 0

12.2 Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds? $ 0

12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes [ ] No [ ] N/A [X]

12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:

12.41 From 0.0%

12.42 To 0.0%

12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes [ ] No [X]

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

12.61 Letters of Credit $ 0

12.62 Collateral and other funds $ 0

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): $ 204,750

13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes [X] No [ ]

13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic 36

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

facilities or facultative obligatory contracts) considered in the calculation of the amount.

14.1 Is the reporting entity a cedant in a multiple cedant reinsurance contract? Yes [X] No [ ]

14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:
Allocation based on risk in force

14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? Yes [ ] No [X]

14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements? Yes [X] No [ ]

14.5 If the answer to 14.4 is no, please explain:

15.1 Has the reporting entity guaranteed any financed premium accounts? Yes [ ] No [X]

15.2 If yes, give full information

16.1 Does the reporting entity write any warranty business? Yes [ ] No [X]

If yes, disclose the following information for each of the following types of warranty coverage:

		1 Direct Losses Incurred	2 Direct Losses Unpaid	3 Direct Written Premium	4 Direct Premium Unearned	5 Direct Premium Earned
16.11	Home	$ 0	$ 0	$ 0	$ 0	$ 0
16.12	Products	$ 0	$ 0	$ 0	$ 0	$ 0
16.13	Automobile	$ 0	$ 0	$ 0	$ 0	$ 0
16.14	Other*	$ 0	$ 0	$ 0	$ 0	$ 0

* Disclose type of coverage:

17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F-Part 3 that it excludes from Schedule F-Part 5. Yes [ ] No [X]

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

17.11	Gross amount of unauthorized reinsurance in Schedule F-Part 3 excluded from Schedule F-Part 5	$ 0
17.12	Unfunded portion of Interrogatory 17.11	$ 0
17.13	Paid losses and loss adjustment expenses portion of Interrogatory 17.11	$ 0
17.14	Case reserves portion of Interrogatory 17.11	$ 0
17.15	Incurred but not reported portion of Interrogatory 17.11	$ 0
17.16	Unearned premium portion of Interrogatory 17.11	$ 0
17.17	Contingent commission portion of Interrogatory 17.11	$ 0

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

17.18	Gross amount of unauthorized reinsurance in Schedule F-Part 3 excluded from Schedule F-Part 5	$ 0
17.19	Unfunded portion of Interrogatory 17.18	$ 0
17.20	Paid losses and loss adjustment expenses portion of Interrogatory 17.18	$ 0
17.21	Case reserves portion of Interrogatory 17.18	$ 0
17.22	Incurred but not reported portion of Interrogatory 17.18	$ 0
17.23	Unearned premium portion of Interrogatory 17.18	$ 0
17.24	Contingent commission portion of Interrogatory 17.18	0

18.1 Do you act as a custodian for health savings accounts? Yes [ ] No [X]

18.2 If yes, please provide the amount of custodial funds held as of the reporting date. $ 0

18.3 Do you act as an administrator for health savings accounts? Yes [ ] No [X]

18.4 If yes, please provide the balance of the funds administered as of the reporting date. $ 0

FIVE-YEAR HISTORICAL DATA

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

	1 2017	2 2016	3 2015	4 2014	5 2013
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	0	0	0	0	0
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	0	0	0	0	0
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	0	0	0	0	0
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	866,869,188	895,847,447	1,004,366,926	939,066,602	976,541,235
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
6. Total (Line 35)	866,869,188	895,847,447	1,004,366,926	939,066,602	976,541,235
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	0	0	0	0	0
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	0	0	0	0	0
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	0	0	0	0	0
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	215,051,784	548,800,563	564,831,097	791,268,505	799,925,465
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
12. Total (Line 35)	215,051,784	548,800,563	564,831,097	791,268,505	799,925,465
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	237,873,653	337,302,400	366,760,070	305,585,940	49,780,866
14. Net investment gain (loss) (Line 11)	86,778,651	118,815,664	106,883,820	90,838,693	75,963,515
15. Total other income (Line 15)	0	588,832	0	0	0
16. Dividends to policyholders (Line 17)	0	0	0	0	0
17. Federal and foreign income taxes incurred (Line 19)	(1,955,971)	121,537,008	159,045,895	141,797,426	37,387,695
18. Net income (Line 20)	326,608,275	335,169,888	314,597,995	254,627,207	88,356,686
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	2,607,464,145	3,307,929,353	3,550,416,710	3,247,682,924	3,059,260,763
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 15.1)	146,516,696	34,765,095	35,331,021	30,439,575	31,037,126
20.2 Deferred and not yet due (Line 15.2)	0	0	0	0	0
20.3 Accrued retrospective premiums (Line 15.3)	0	0	0	0	0
21. Total liabilities excluding protected cell business (Page 3, Line 26)	1,602,530,219	2,121,420,246	2,199,146,057	1,863,851,838	1,593,547,410
22. Losses (Page 3, Line 1)	206,917,894	359,462,489	474,039,936	637,733,164	821,732,529
23. Loss adjustment expenses (Page 3, Line 3)	9,742,721	16,371,539	17,378,101	29,079,927	45,326,453
24. Unearned premiums (Page 3, Line 9)	209,059,241	450,568,910	516,805,303	611,095,393	502,211,179
25. Capital paid up (Page 3, Lines 30 & 31)	5,997,300	5,997,300	5,997,300	5,997,300	5,997,300
26. Surplus as regards policyholders (Page 3, Line 37)	1,004,933,926	1,186,509,107	1,351,270,653	1,383,831,086	1,465,713,353
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	(154,653,687)	161,314,965	246,446,423	218,948,286	119,912,028
Risk-Based Capital Analysis					
28. Total adjusted capital	0	0	0	0	0
29. Authorized control level risk-based capital	0	0	0	0	0
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1)	91.2	84.5	88.4	91.1	91.1
31. Stocks (Lines 2.1 & 2.2)	2.1	9.2	7.7	3.1	2.8
32. Mortgage loans on real estate (Lines 3.1 & 3.2)	0.0	0.0	0.0	0.0	0.0
33. Real estate (Lines 4.1, 4.2 & 4.3)	0.0	0.1	0.1	0.0	0.0
34. Cash, cash equivalents and short-term investments (Line 5)	4.6	2.8	0.7	1.1	1.8
35. Contract loans (Line 6)	0.0	0.0	0.0	0.0	0.0
36. Derivatives (Line 7)	0.0	0.0	0.0	0.0	0.0
37. Other invested assets (Line 8)	2.0	3.4	3.1	4.8	4.2
38 Receivables for securities (Line 9)	0.0	0.0	0.0	0.0	0.0
39. Securities lending reinvested collateral assets (Line 10)	0.0	0.0	0.0	0.0	0.0
40. Aggregate write-ins for invested assets (Line 11)	0.0	0.0	0.0	0.0	0.0
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds (Sch. D, Summary, Line 12, Col. 1)	0	0	0	0	0
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)	0	0	0	0	0
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)	46,782,793	281,328,406	257,886,246	95,088,816	83,040,785
45. Affiliated short-term investments (subtotals included in Schedule DA, Verification, Column 5, Line 10)	0	0	0	0	0
46. Affiliated mortgage loans on real estate	0	0	0	0	0
47. All other affiliated	0	0	0	0	0
48. Total of above lines 42 to 47	46,782,793	281,328,406	257,886,246	95,088,816	83,040,785
49. Total investment in parent included in Lines 42 to 47 above	0	0	0	0	0
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0)	4.7	23.7	19.1	6.9	5.7

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2017	2 2016	3 2015	4 2014	5 2013
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24)	(10,013,378)	30,802,845	(7,748,458)	13,689,436	10,648,891
52. Dividends to stockholders (Line 35)	(313,000,000)	(309,631,918)	0	0	0
53. Change in surplus as regards policyholders for the year (Line 38)	(181,575,181)	(164,761,546)	(32,560,433)	(81,882,267)	82,738,543
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	0	0	0	0	0
55. Property lines (Lines 1, 2, 9, 12, 21 & 26)	0	0	0	0	0
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	0	0	0	0	0
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	208,335,272	272,675,208	365,855,554	483,668,172	874,707,007
58. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
59. Total (Line 35)	208,335,272	272,675,208	365,855,554	483,668,172	874,707,007
Net Losses Paid (Page 9, Part 2, Col. 4)					
60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	0	0	0	0	0
61. Property lines (Lines 1, 2, 9, 12, 21 & 26)	0	0	0	0	0
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	0	0	0	0	0
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	226,266,397	215,262,467	293,970,589	364,543,201	644,893,856
64. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
65. Total (Line 35)	226,266,397	215,262,467	293,970,589	364,543,201	644,893,856
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
66. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
67. Losses incurred (Line 2)	16.8	16.4	19.8	26.5	61.1
68. Loss expenses incurred (Line 3)	(0.2)	1.4	0.9	0.9	3.6
69. Other underwriting expenses incurred (Line 4)	29.3	27.4	23.7	27.9	26.9
70. Net underwriting gain (loss) (Line 8)	54.1	54.8	55.6	44.8	8.5
Other Percentages					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0)	59.8	30.6	27.7	24.0	19.7
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	16.6	17.8	20.7	27.4	64.7
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35, divided by Page 3, Line 37, Col. 1 x 100.0)	21.4	46.3	41.8	57.2	54.6
One Year Loss Development ($000 omitted)					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11)	(16,369)	(11,407)	(5,202)	(12,716)	59,266
75. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year-end (Line 74 above divided by Page 4, Line 21, Col. 1 x 100)	(1.4)	(0.8)	(0.4)	(0.9)	4.3
Two Year Loss Development ($000 omitted)					
76. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12)	(33,808)	(8,663)	(13,740)	75,598	199,278
77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior-year end (Line 76 above divided by Page 4, Line 21, Col. 2 x 100.0)	(2.5)	(0.6)	(0.9)	5.5	18.8

If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of *SSAP No. 3, Accounting Changes and Correction of Errors?* Yes [ ] No [ ]

If no, please explain:

SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P - PART 1 - SUMMARY

($000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12
	1	2	3	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10	11	Number of
	Direct and Assumed	Ceded	Net (Cols. 1 - 2)	4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded	Salvage and Subrogation Received	Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	Claims Reported- Direct and Assumed
1. Prior	XXX	XXX	XXX	748	154	2	(1)	30	(51)	323	678	XXX
2. 2008	826,201	367,181	459,020	1,693,732	782,735	26,125	4,870	45,452	18	5,659	977,686	XXX
3. 2009	775,576	336,822	438,754	1,474,809	922,376	17,550	5,831	44,639	28	5,742	608,763	XXX
4. 2010	684,139	268,200	415,939	969,449	730,440	9,917	3,544	31,503	49	4,765	276,836	XXX
5. 2011	647,502	194,215	453,287	793,632	491,176	5,652	245	26,082	44	3,743	333,901	XXX
6. 2012	630,312	221,366	408,946	557,702	276,932	3,555	241	19,572	52	2,069	303,604	XXX
7. 2013	730,780	143,382	587,398	323,356	71,259	2,043	159	12,195	55	770	266,121	XXX
8. 2014	818,160	135,776	682,384	196,843	34,329	1,060	120	7,118	93	379	170,479	XXX
9. 2015	908,614	249,493	659,121	131,218	18,246	629	62	3,871	207	128	117,203	XXX
10. 2016	947,025	331,988	615,037	56,786	(16,081)	183	28	1,841	261	9	74,602	XXX
11. 2017	936,718	497,372	439,346	777	(10,494)	16	3	233	66	(6)	11,451	XXX
12. Totals	XXX	XXX	XXX	6,199,052	3,301,072	66,732	15,102	192,536	822	23,581	3,141,324	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23	24	25
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21	22		Total	
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded	Direct and Assumed	Ceded	Salvage and Subrogation Anticipated	Net Losses and Expenses Unpaid	Number of Claims Outstanding- Direct and Assumed
1. Prior	2,643	1,468	92	47	30	16	0	0	77	42	115	1,269	XXX
2. 2008	9,010	4,587	292	147	121	60	0	0	360	180	58	4,809	XXX
3. 2009	12,176	6,221	385	194	156	78	0	0	393	196	31	6,421	XXX
4. 2010	14,309	7,356	477	241	194	97	0	0	529	264	135	7,551	XXX
5. 2011	16,267	8,404	525	266	226	113	0	0	570	285	302	8,520	XXX
6. 2012	17,263	8,792	543	274	233	117	0	0	629	314	368	9,171	XXX
7. 2013	21,082	10,772	645	326	283	141	0	0	754	377	337	11,148	XXX
8. 2014	30,241	15,547	985	500	432	216	0	0	978	489	203	15,884	XXX
9. 2015	44,377	23,033	1,821	920	656	328	0	0	1,491	745	187	23,319	XXX
10. 2016	94,277	50,021	3,609	1,817	1,361	680	0	0	2,935	1,467	177	48,197	XXX
11. 2017	148,319	84,107	22,659	10,039	2,108	1,054	0	0	4,969	2,484	206	80,371	XXX
12. Totals	409,964	220,308	32,033	14,771	5,800	2,900	0	0	13,685	6,843	2,119	216,660	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34	Net Balance Sheet Reserves after Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense	Inter-Company Pooling Participation Percentage	35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	1,220	49
2. 2008	1,775,092	792,597	982,495	214.8	215.9	214.0	0	0	0.00	4,568	241
3. 2009	1,550,108	934,924	615,184	199.9	277.6	140.2	0	0	0.00	6,146	275
4. 2010	1,026,378	741,991	284,387	150.0	276.7	68.4	0	0	0.00	7,189	362
5. 2011	842,954	500,533	342,421	130.2	257.7	75.5	0	0	0.00	8,122	398
6. 2012	599,497	286,722	312,775	95.1	129.5	76.5	0	0	0.00	8,740	431
7. 2013	360,358	83,089	277,269	49.3	57.9	47.2	0	0	0.00	10,629	519
8. 2014	237,657	51,294	186,363	29.0	37.8	27.3	0	0	0.00	15,179	705
9. 2015	184,063	43,541	140,522	20.3	17.5	21.3	0	0	0.00	22,245	1,074
10. 2016	160,992	38,193	122,799	17.0	11.5	20.0	0	0	0.00	46,048	2,149
11. 2017	179,081	87,259	91,822	19.1	17.5	20.9	0	0	0.00	76,832	3,539
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	206,918	9,742

Note: Parts 2 and 4 are gross of all discounting, including tabular discounting. Part 1 is gross of only nontabular discounting, which is reported in Columns 32 and 33 of Part 1. The tabular discount, if any, is reported in the Notes to Financial Statements, which will reconcile Part 1 with Parts 2 and 4.

SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	Incurred Net Losses and Defense and Cost Containment Expenses Reported at Year End ($000 omitted) 1 2008	2 2009	3 2010	4 2011	5 2012	6 2013	7 2014	8 2015	9 2016	10 2017	DEVELOPMENT 11 One Year	12 Two Year
1. Prior	282,636	303,385	309,641	315,088	294,906	289,443	289,223	289,098	288,855	288,055	(800)	(1,043)
2. 2008	1,054,719	995,936	934,153	976,204	918,826	935,215	936,171	936,687	938,224	936,881	(1,343)	194
3. 2009	XXX	258,255	518,894	484,794	568,481	578,825	572,469	572,912	572,529	570,376	(2,153)	(2,536)
4. 2010	XXX	XXX	105,011	63,810	219,803	253,618	251,994	252,859	254,048	252,668	(1,380)	(191)
5. 2011	XXX	XXX	XXX	318,002	280,923	300,075	324,064	321,092	321,558	316,098	(5,460)	(4,994)
6. 2012	XXX	XXX	XXX	XXX	316,812	301,841	301,428	300,132	300,557	292,940	(7,617)	(7,192)
7. 2013	XXX	XXX	XXX	XXX	XXX	300,808	271,760	273,306	272,466	264,752	(7,714)	(8,554)
8. 2014	XXX	XXX	XXX	XXX	XXX	XXX	193,992	189,814	184,202	178,849	(5,353)	(10,965)
9. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	134,639	126,693	136,112	9,419	1,473
10. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	113,719	119,751	6,032	XXX
11. 2017	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	89,170	XXX	XXX
										12. Totals	(16,369)	(33,808)

SCHEDULE P - PART 3 - SUMMARY

Years in Which Losses Were Incurred	Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported at Year End ($000 omitted) 1 2008	2 2009	3 2010	4 2011	5 2012	6 2013	7 2014	8 2015	9 2016	10 2017	11 Number of Claims Closed With Loss Payment	12 Number of Claims Closed Without Loss Payment
1. Prior	000	142,356	183,048	229,830	272,942	278,741	282,764	285,140	286,224	286,821	XXX	XXX
2. 2008	31,233	198,688	414,576	640,294	850,534	896,349	911,632	921,141	927,976	932,252	XXX	XXX
3. 2009	XXX	16,245	336,129	604,414	420,280	504,942	530,857	544,685	554,749	564,152	XXX	XXX
4. 2010	XXX	XXX	(31,418)	157,694	41,236	148,592	188,276	215,551	231,707	245,382	XXX	XXX
5. 2011	XXX	XXX	XXX	15,781	(12,039)	168,120	236,380	273,125	294,517	307,863	XXX	XXX
6. 2012	XXX	XXX	XXX	XXX	(94,262)	105,245	202,073	251,231	273,395	284,084	XXX	XXX
7. 2013	XXX	XXX	XXX	XXX	XXX	26,538	132,713	206,495	238,005	253,981	XXX	XXX
8. 2014	XXX	XXX	XXX	XXX	XXX	XXX	11,954	84,549	134,605	163,454	XXX	XXX
9. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	10,164	60,727	113,539	XXX	XXX
10. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	7,237	73,022	XXX	XXX
11. 2017	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	11,284	XXX	XXX

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	Bulk and IBNR Reserves on Net Losses and Defense and Cost Containment Expenses Reported at Year End ($000 omitted) 1 2008	2 2009	3 2010	4 2011	5 2012	6 2013	7 2014	8 2015	9 2016	10 2017
1. Prior	(33,940)	12,541	5,995	4,030	886	505	312	160	59	45
2. 2008	175,693	57,404	25,016	16,619	3,126	1,836	1,185	629	230	145
3. 2009	XXX	8,547	(431)	(6,202)	6,804	3,491	2,009	1,143	399	191
4. 2010	XXX	XXX	(281)	(5,137)	8,174	4,962	3,077	1,510	501	236
5. 2011	XXX	XXX	XXX	14,652	13,448	6,235	4,234	1,941	606	259
6. 2012	XXX	XXX	XXX	XXX	19,068	9,269	4,797	1,979	609	269
7. 2013	XXX	XXX	XXX	XXX	XXX	12,979	6,714	2,704	773	319
8. 2014	XXX	XXX	XXX	XXX	XXX	XXX	8,789	4,260	1,112	485
9. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	5,038	1,480	901
10. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,388	1,792
11. 2017	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	12,620

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

	1	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4	5	6	7	8	9
States, Etc.	Active Status	2 Direct Premiums Written	3 Direct Premiums Earned	Dividends Paid or Credited to Policyholders on Direct Business	Direct Losses Paid (Deducting Salvage)	Direct Losses Incurred	Direct Losses Unpaid	Finance and Service Charges not Included in Premiums	Direct Premiums Written for Federal Purchasing Groups (Incl. in Col. 2)
1. Alabama AL	L	10,458,773	11,663,718	0	2,752,304	1,346,379	4,479,248	0	0
2. Alaska AK	L	1,352,393	1,861,379	0	67,755	222,797	374,984	0	0
3. Arizona AZ	L	11,443,901	14,431,732	0	3,124,803	1,366,518	3,363,426	0	0
4. Arkansas AR	L	5,249,049	5,192,982	0	1,245,009	915,024	2,219,783	0	0
5. California CA	L	34,000,271	48,333,912	0	12,091,030	17,995,804	21,188,651	0	0
6. Colorado CO	L	17,526,417	32,520,282	0	556,315	(1,092,994)	2,604,494	0	0
7. Connecticut CT	L	8,214,148	10,395,785	0	4,135,620	920,123	6,138,203	0	0
8. Delaware DE	L	2,281,930	3,874,898	0	2,021,467	898,479	2,157,137	0	0
9. District of Columbia DC	L	1,249,647	5,400,148	0	718,594	(526,134)	1,250,845	0	0
10. Florida FL	L	26,268,684	33,701,128	0	21,864,924	13,162,755	32,196,556	0	0
11. Georgia GA	L	23,400,162	30,406,021	0	5,791,241	2,130,855	13,111,956	0	0
12. Hawaii HI	L	2,753,008	4,392,491	0	261,593	(288,650)	799,574	0	0
13. Idaho ID	L	2,406,565	3,566,396	0	564,801	(224,181)	571,957	0	0
14. Illinois IL	L	25,815,143	28,165,043	0	16,596,047	6,714,595	20,450,388	0	0
15. Indiana IN	L	20,659,608	27,234,225	0	4,695,860	1,761,470	8,736,117	0	0
16. Iowa IA	L	11,200,630	13,952,656	0	2,109,637	1,579,431	4,083,189	0	0
17. Kansas KS	L	8,555,837	11,961,009	0	1,810,645	1,134,865	2,839,397	0	0
18. Kentucky KY	L	6,277,091	7,648,985	0	1,770,091	209,871	2,530,295	0	0
19. Louisiana LA	L	7,938,505	10,195,374	0	3,036,986	801,434	5,556,823	0	0
20. Maine ME	L	2,900,159	2,186,867	0	892,466	78,621	1,385,462	0	0
21. Maryland MD	L	15,616,280	29,194,142	0	11,205,556	4,295,869	15,500,126	0	0
22. Massachusetts MA	L	15,780,834	26,344,753	0	7,539,857	7,096,601	15,091,417	0	0
23. Michigan MI	L	18,829,777	(14,318,089)	0	2,819,987	2,912,215	6,804,912	0	0
24. Minnesota MN	L	57,229,841	(302,964)	0	10,208,015	18,557,209	13,729,711	0	0
25. Mississippi MS	L	2,875,396	3,543,862	0	825,740	(130,358)	1,665,722	0	0
26. Missouri MO	L	14,908,793	20,063,566	0	3,316,705	683,214	4,437,638	0	0
27. Montana MT	L	1,910,403	2,708,796	0	8,633	(16,996)	251,422	0	0
28. Nebraska NE	L	7,970,594	10,010,765	0	342,273	188,979	1,159,932	0	0
29. Nevada NV	L	3,399,915	5,317,949	0	2,022,259	(824,352)	2,740,513	0	0
30. New Hampshire NH	L	4,047,622	6,124,762	0	2,130,224	1,307,421	5,859,437	0	0
31. New Jersey NJ	L	18,449,016	21,637,163	0	23,543,919	5,911,728	27,871,579	0	0
32. New Mexico NM	L	2,028,813	3,283,150	0	1,098,022	(58,762)	1,278,488	0	0
33. New York NY	L	11,771,298	15,711,836	0	5,715,345	2,228,806	7,082,338	0	0
34. North Carolina NC	L	24,205,185	40,351,830	0	3,662,140	(641,060)	8,124,056	0	0
35. North Dakota ND	L	1,824,540	2,236,406	0	313,558	183,558	624,412	0	0
36. Ohio OH	L	16,319,442	24,243,718	0	6,632,405	1,838,561	9,213,248	0	0
37. Oklahoma OK	L	7,278,976	9,183,761	0	2,209,001	1,064,581	3,286,263	0	0
38. Oregon OR	L	8,312,368	12,303,435	0	1,677,610	(1,093,997)	2,512,651	0	0
39. Pennsylvania PA	L	18,117,775	23,912,192	0	8,612,474	911,103	13,800,336	0	0
40. Rhode Island RI	L	1,344,029	1,277,854	0	712,829	163,200	1,221,936	0	0
41. South Carolina SC	L	14,256,379	19,999,837	0	4,039,580	(686,753)	5,684,308	0	0
42. South Dakota SD	L	2,066,480	2,488,623	0	259,819	28,287	403,373	0	0
43. Tennessee TN	L	12,884,329	19,602,769	0	2,134,095	(97,953)	3,293,649	0	0
44. Texas TX	L	68,911,176	77,533,945	0	5,111,628	8,117,045	25,707,298	0	0
45. Utah UT	L	15,500,232	18,412,089	0	718,222	267,114	2,365,333	0	0
46. Vermont VT	L	1,358,092	1,740,133	0	360,737	68,218	719,384	0	0
47. Virginia VA	L	19,651,745	33,960,238	0	5,095,807	2,925,995	6,855,891	0	0
48. Washington WA	L	19,755,042	33,030,369	0	3,608,239	(1,631,528)	4,402,981	0	0
49. West Virginia WV	L	1,325,643	1,085,669	0	438,686	101,989	911,698	0	0
50. Wisconsin WI	L	18,362,246	14,622,521	0	2,668,012	726,089	3,920,374	0	0
51. Wyoming WY	L	823,343	1,450,307	0	83,161	57,708	227,153	0	0
52. American Samoa AS	N	0	0	0	0	0	0	0	0
53. Guam GU	N	0	0	0	0	0	0	0	0
54. Puerto Rico PR	N	0	0	0	0	0	0	0	0
55. US Virgin Islands VI	L	0	0	0	0	0	0	0	0
56. Northern Mariana Islands MP	N	0	0	0	0	0	0	0	0
57. Canada CAN	N	0	0	0	0	0	0	0	0
58. Aggregate Other Alien OT	XXX	0	0	0	0	0	0	0	0
59. Totals	(a) 52	657,067,525	773,840,418	0	205,221,726	103,560,793	332,786,064	0	0
DETAILS OF WRITE-INS									
58001.	XXX	0	0	0	0	0	0	0	0
58002.	XXX	0	0	0	0	0	0	0	0
58003.	XXX	0	0	0	0	0	0	0	0
58998. Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0
58999. Totals (Lines 58001 thru 58003+ Line 58998) (Line 58 above)	XXX	0	0	0	0	0	0	0	0

(L) - Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) - Registered - Non-domiciled RRGs; (Q) - Qualified - Qualified or Accredited Reinsurer;
(E) - Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state (other than their state of domicile see DSLI); (D) - DSLI - Domestic Surplus Lines Insurer
(DSLI) - Reporting entities authorized to write Surplus Lines in the state of domicile; (N) - None of the above - Not allowed to write business in the state.

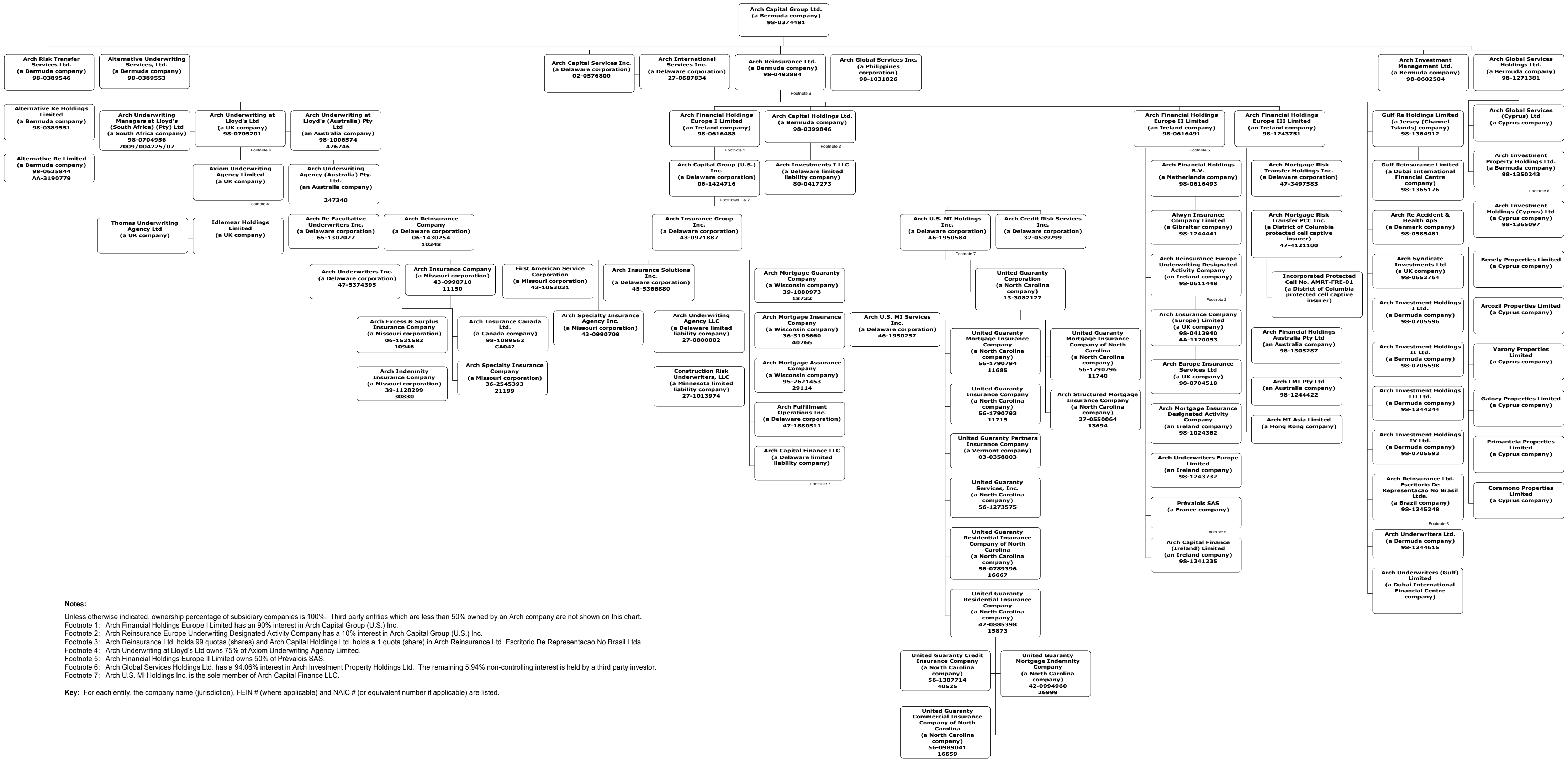
Explanation of Basis of Allocation of Premiums by States, etc.

Premiums paid by borrowers are allocated based on property location. All other premiums are alllocated based on location of the insured.

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

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

PART 1 - ORGANIZATIONAL CHART

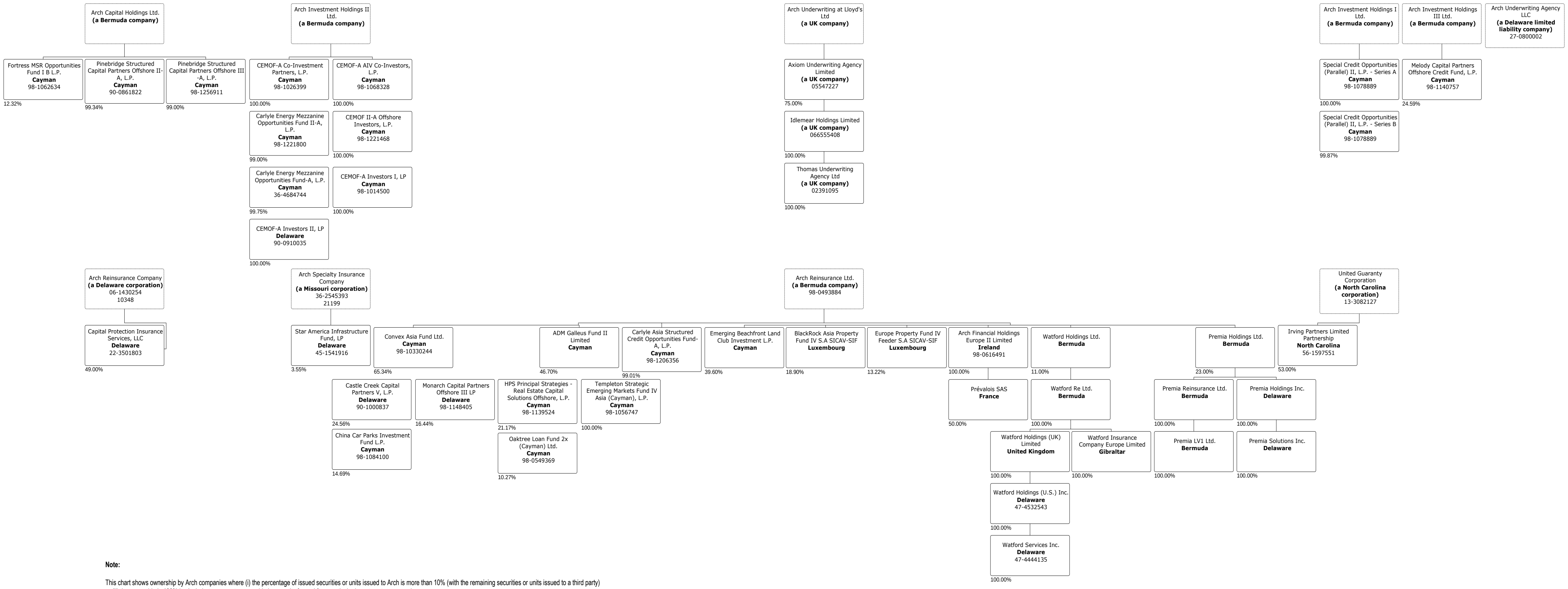


Notes:

Unless otherwise indicated, ownership percentage of subsidiary companies is 100%. Third party entities which are less than 50% owned by an Arch company are not shown on this chart.
Footnote 1: Arch Financial Holdings Europe I Limited has an 90% interest in Arch Capital Group (U.S.) Inc.
Footnote 2: Arch Reinsurance Europe Underwriting Designated Activity Company has a 10% interest in Arch Capital Group (U.S.) Inc.
Footnote 3: Arch Reinsurance Ltd. holds 99 quotas (shares) and Arch Capital Holdings Ltd. holds a 1 quota (share) in Arch Reinsurance Ltd. Escritorio De Representacao No Brasil Ltda.
Footnote 4: Arch Underwriting at Lloyd's Ltd owns 75% of Axiom Underwriting Agency Limited.
Footnote 5: Arch Financial Holdings Europe II Limited owns 50% of Prévalois SAS.
Footnote 6: Arch Global Services Holdings Ltd. has a 94.06% interest in Arch Investment Property Holdings Ltd. The remaining 5.94% non-controlling interest is held by a third party investor.
Footnote 7: Arch U.S. MI Holdings Inc. is the sole member of Arch Capital Finance LLC.

Key: For each entity, the company name (jurisdiction), FEIN # (where applicable) and NAIC # (or equivalent number if applicable) are listed.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART I - ORGANIZATIONAL CHART



Note:

This chart shows ownership by Arch companies where (i) the percentage of issued securities or units issued to Arch is more than 10% (with the remaining securities or units issued to a third party) or (ii) the ownership is 100% by Arch, but represents ownership in an entity formed for a particular investment purpose where such investment entity has no operations other than to hold an investment. Each Arch entity is in a "dotted line" box with entities owned by it meeting the criteria set forth in the prior sentence in "solid line" boxes below; there is no ownership relationship between "solid line" boxes.

Key: For each entity, the company name (jurisdiction), FEIN # (where applicable) and NAIC # (or equivalent number if applicable) are listed.

The figures in the chart are at December 31, 2016; such figures are updated on an annual basis in line with normal practices.

2017 ALPHABETICAL INDEX -- PROPERTY & CASUALTY ANNUAL STATEMENT BLANK