PROPERTY AND CASUALTY COMPANIES - ASSOCIATION EDITION

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ANNUAL STATEMENT

For the Year Ended December 31, 2016

of the Condition and Affairs of the

ARCH MORTGAGE INSURANCE COMPANY

NAIC Group Code.....1279, 1279 (Current Period) (Prior Period) | NAIC Company Code..... 40266 | Employer's ID Number..... 36-3105660

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

Incorporated/Organized..... December 30, 1980 | Commenced Business..... December 31, 1981

Statutory Home Office: 33 East Main Street, Suite 900..... Madison ..... WI ..... US 53703
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office: 3003 Oak Road..... Walnut Creek ..... CA ..... US..... 94597 — 800-909-4264
(Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Mail Address: 3003 Oak Road..... Walnut Creek ..... CA ..... US 94597
(Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records: 3003 Oak Road..... Walnut Creek ..... CA ..... US ..... 94597 — 800-909-4264
(Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Internet Web Site Address: www.archmi.com

Statutory Statement Contact: Leslie Renae Marquart *(Name)* — 800-909-4264 x 6687 *(Area Code) (Telephone Number) (Extension)*
lmarquart@archmi.com *(E-Mail Address)* — 925-658-6519 *(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. Leslie Renae Marquart #	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	Kenneth Scott Dailey	Vice President & 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 #	DonnaLee Ann DeMaio #

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)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document above, and not the truthfulness, accuracy, or validity of that document.

State of California
County of Contra Costa

On 2/13/2017 *before me,* MELODIE J. WHITE, NOTARY PUBLIC
personally appeared David E. Gansberg, Sara F. Millard, and Thomas H. Jeter who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Melodie J. White

(Seal)

MELODIE J. WHITE
Notary Public - California
Contra Costa County
Commission # 2164657
My Comm. Expires Oct 12, 2020

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)	484,704,949		484,704,949	362,547,604
2. Stocks (Schedule D):				
2.1 Preferred stocks			0	
2.2 Common stocks	26,494,186	26,494,186	0	
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	
3.2 Other than first liens			0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less $..........0 encumbrances)			0	
4.2 Properties held for the production of income (less $..........0 encumbrances)			0	
4.3 Properties held for sale (less $..........0 encumbrances)	232,750		232,750	
5. Cash ($.....23,492,652, Schedule E-Part 1), cash equivalents ($..........0, Schedule E-Part 2) and short-term investments ($.....2,285,187, Schedule DA)	25,777,839		25,777,839	45,833,255
6. Contract loans (including $..........0 premium notes)			0	
7. Derivatives (Schedule DB)			0	
8. Other invested assets (Schedule BA)			0	
9. Receivables for securities			0	2,756
10. Securities lending reinvested collateral assets (Schedule DL)			0	
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	537,209,724	26,494,186	510,715,538	408,383,615
13. Title plants less $..........0 charged off (for Title insurers only)			0	
14. Investment income due and accrued	4,455,136		4,455,136	3,105,603
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	10,511,720	1,165	10,510,555	5,406,561
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $..........0 earned but unbilled premiums)			0	
15.3 Accrued retrospective premiums ($..........0) and contracts subject to redetermination ($..........0)			0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	1,505,926		1,505,926	1,603,075
16.2 Funds held by or deposited with reinsured companies			0	
16.3 Other amounts receivable under reinsurance contracts			0	
17. Amounts receivable relating to uninsured plans			0	
18.1 Current federal and foreign income tax recoverable and interest thereon			0	301,146
18.2 Net deferred tax asset	55,282,552	34,999,079	20,283,473	17,541,487
19. Guaranty funds receivable or on deposit			0	
20. Electronic data processing equipment and software	16,746	16,746	0	
21. Furniture and equipment, including health care delivery assets ($..........0)			0	
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	
23. Receivables from parent, subsidiaries and affiliates			0	
24. Health care ($..........0) and other amounts receivable			0	
25. Aggregate write-ins for other-than-invested assets	1,757,756	1,749,715	8,041	77,079
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	610,739,560	63,260,891	547,478,669	436,418,566
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	
28. TOTAL (Lines 26 and 27)	610,739,560	63,260,891	547,478,669	436,418,566

DETAILS OF WRITE-INS

1101.			0	
1102.			0	
1103.			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. Prepaid Expenses	77,372	77,372	0	
2502. Licenses Purchased	1,672,343	1,672,343	0	
2503. Other Receivables	8,041		8,041	77,079
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	1,757,756	1,749,715	8,041	77,079

LIABILITIES, SURPLUS AND OTHER FUNDS

		1 Current Year	2 Prior Year
1.	Losses (Part 2A, Line 35, Column 8)	34,388,492	50,794,618
2.	Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)		
3.	Loss adjustment expenses (Part 2A, Line 35, Column 9)	1,969,309	1,880,062
4.	Commissions payable, contingent commissions and other similar charges		
5.	Other expenses (excluding taxes, licenses and fees)	573,620	621,026
6.	Taxes, licenses and fees (excluding federal and foreign income taxes)	1,891,721	853,175
7.1	Current federal and foreign income taxes (including $..........0 on realized capital gains (losses))		
7.2	Net deferred tax liability		
8.	Borrowed money $..........0 and interest thereon $..........0		
9.	Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of $.....37,696,925 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)	29,188,850	14,487,308
10.	Advance premium	111,893	96,013
11.	Dividends declared and unpaid:		
	11.1 Stockholders		
	11.2 Policyholders		
12.	Ceded reinsurance premiums payable (net of ceding commissions)	17,080,556	10,314,834
13.	Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)	64,605,130	33,895,579
14.	Amounts withheld or retained by company for account of others		
15.	Remittances and items not allocated	568,259	138,315
16.	Provision for reinsurance (including $...........0 certified) (Schedule F, Part 8)		
17.	Net adjustments in assets and liabilities due to foreign exchange rates		
18.	Drafts outstanding		
19.	Payable to parent, subsidiaries and affiliates	48,459,594	38,210,735
20.	Derivatives		
21.	Payable for securities		
22.	Payable for securities lending		
23.	Liability for amounts held under uninsured plans		
24.	Capital notes $...........0 and interest thereon $..........0		
25.	Aggregate write-ins for liabilities	193,134,623	150,642,161
26.	Total liabilities excluding protected cell liabilities (Lines 1 through 25)	391,972,047	301,933,826
27.	Protected cell liabilities		
28.	Total liabilities (Lines 26 and 27)	391,972,047	301,933,826
29.	Aggregate write-ins for special surplus funds	0	0
30.	Common capital stock	2,750,000	2,750,000
31.	Preferred capital stock		
32.	Aggregate write-ins for other-than-special surplus funds	0	0
33.	Surplus notes	49,500,000	39,500,000
34.	Gross paid in and contributed surplus	160,433,135	116,205,536
35.	Unassigned funds (surplus)	(57,176,513)	(23,970,796)
36.	Less treasury stock, at cost:		
	36.1 ....0.000 shares common (value included in Line 30 $..........0)		
	36.2 ....0.000 shares preferred (value included in Line 31 $..........0)		
37.	Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39)	155,506,622	134,484,740
38.	TOTAL (Page 2, Line 28, Col. 3)	547,478,669	436,418,566

DETAILS OF WRITE-INS

2501.	Contingency reserve	186,122,740	149,274,676
2502.	Reserve for escheatable and stale checks	229,491	258,164
2503.	Premium refund reserve	724,426	1,109,321
2598.	Summary of remaining write-ins for Line 25 from overflow page	6,057,966	0
2599.	Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	193,134,623	150,642,161
2901.			
2902.			
2903.			
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.			
3202.			
3203.			
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)	73,696,127	54,568,093
	DEDUCTIONS:		
2.	Losses incurred (Part 2, Line 35, Column 7)	1,127,123	11,379,464
3.	Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	1,628,664	1,338,616
4.	Other underwriting expenses incurred (Part 3, Line 25, Column 2)	74,085,519	56,182,924
5.	Aggregate write-ins for underwriting deductions	36,848,064	27,284,047
6.	Total underwriting deductions (Lines 2 through 5)	113,689,370	96,185,051
7.	Net income of protected cells		
8.	Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(39,993,243)	(41,616,958)
	INVESTMENT INCOME		
9.	Net investment income earned (Exhibit of Net Investment Income, Line 17)	5,648,751	5,631,350
10.	Net realized capital gains (losses) less capital gains tax of $.....692,535 (Exhibit of Capital Gains (Losses))	1,286,138	406,321
11.	Net investment gain (loss) (Lines 9 + 10)	6,934,889	6,037,671
	OTHER INCOME		
12.	Net gain (loss) from agents' or premium balances charged off (amount recovered $..........0 amount charged off $..........0)	0	
13.	Finance and service charges not included in premiums		
14.	Aggregate write-ins for miscellaneous income	564,314	517,288
15.	Total other income (Lines 12 through 14)	564,314	517,288
16.	Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	(32,494,040)	(35,061,999)
17.	Dividends to policyholders		
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)	(32,494,040)	(35,061,999)
19.	Federal and foreign income taxes incurred	(697,514)	(218,789)
20.	Net income (Line 18 minus Line 19) (to Line 22)	(31,796,526)	(34,843,210)
	CAPITAL AND SURPLUS ACCOUNT		
21.	Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	134,484,740	152,482,249
22.	Net income (from Line 20)	(31,796,526)	(34,843,210)
23.	Net transfers (to) from Protected Cell accounts		
24.	Change in net unrealized capital gains or (losses) less capital gains tax of $..........0		
25.	Change in net unrealized foreign exchange capital gain (loss)		
26.	Change in net deferred income tax	11,873,238	12,918,154
27.	Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3)	(12,318,813)	(37,572,453)
28.	Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)		
29.	Change in surplus notes	10,000,000	39,500,000
30.	Surplus (contributed to) withdrawn from Protected Cells		
31.	Cumulative effect of changes in accounting principles		
32.	Capital changes:		
	32.1 Paid in		
	32.2 Transferred from surplus (Stock Dividend)		
	32.3 Transferred to surplus		
33.	Surplus adjustments:		
	33.1 Paid in	43,263,983	2,000,000
	33.2 Transferred to capital (Stock Dividend)		
	33.3. Transferred from capital		
34.	Net remittances from or (to) Home Office		
35.	Dividends to stockholders		
36.	Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1)		
37.	Aggregate write-ins for gains and losses in surplus	0	0
38.	Change in surplus as regards policyholders for the year (Lines 22 through 37)	21,021,882	(17,997,509)
39.	Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37)	155,506,622	134,484,740

DETAILS OF WRITE-INS

0501.	Increase in reserve for contingencies	36,848,064	27,284,047
0502.			
0503.			
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)	36,848,064	27,284,047
1401.	Other rent	564,314	517,288
1402.			
1403.			
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)	564,314	517,288
3701.			
3702.			
3703.			
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)	0	0

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance	89,689,711	62,287,525
2. Net investment income	9,514,821	8,584,772
3. Miscellaneous income	564,314	517,288
4. Total (Lines 1 through 3)	99,768,846	71,389,585
5. Benefit and loss related payments	17,436,100	29,143,548
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	68,575,830	57,445,200
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of $.....692,535 tax on capital gains (losses)	(306,125)	
10. Total (Lines 5 through 9)	85,705,805	86,588,748
11. Net cash from operations (Line 4 minus Line 10)	14,063,041	(15,199,163)
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	274,357,590	326,900,334
12.2 Stocks		
12.3 Mortgage loans		
12.4 Real estate	997,500	
12.5 Other invested assets		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds	2,756	271,891
12.8 Total investment proceeds (Lines 12.1 to 12.7)	275,357,846	327,172,225
13. Cost of investments acquired (long-term only):		
13.1 Bonds	399,751,864	365,293,025
13.2 Stocks		
13.3 Mortgage loans		
13.4 Real estate	1,230,251	
13.5 Other invested assets		
13.6 Miscellaneous applications		
13.7 Total investments acquired (Lines 13.1 to 13.6)	400,982,115	365,293,025
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14)	(125,624,269)	(38,120,800)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	10,000,000	39,500,000
16.2 Capital and paid in surplus, less treasury stock	40,000,000	2,000,000
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	41,505,812	35,979,843
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	91,505,812	77,479,843
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)	(20,055,416)	24,159,880
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	45,833,255	21,673,375
19.2 End of year (Line 18 plus Line 19.1)	25,777,839	45,833,255

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

20.0001 Premiums Collected - Non-cash adjustment in premium refund reserve	(384,896)	(429,454)
20.0002 Commissions, Expenses Paid - Non-cash adjustment in contingency reserve	(36,848,064)	(27,284,047)
20.0003 Commissions, Expenses Paid - Non-cash adjustment in deferred ceding commissions	(6,057,966)	
20.0004 Paid-in Surplus - Non-cash adjustment from subsidiary	(3,263,983)	
20.0005 REO OTTI-gain/loss on disposal	44,970	
20.0006 REO OTTI-adjustment to NRV	(47,731)	
20.0007		

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
2.	Allied lines	0		0	0
3.	Farmowners multiple peril	0		0	0
4.	Homeowners multiple peril	0		0	0
5.	Commercial multiple peril	0		0	0
6.	Mortgage guaranty	88,397,669	14,487,308	29,188,850	73,696,127
8.	Ocean marine	0		0	0
9.	Inland marine	0		0	0
10.	Financial guaranty	0		0	0
11.1	Medical professional liability - occurrence	0		0	0
11.2	Medical professional liability - claims-made	0		0	0
12.	Earthquake	0		0	0
13.	Group accident and health	0		0	0
14.	Credit accident and health (group and individual)	0		0	0
15.	Other accident and health	0		0	0
16.	Workers' compensation	0		0	0
17.1	Other liability - occurrence	0		0	0
17.2	Other liability - claims-made	0		0	0
17.3	Excess workers' compensation	0		0	0
18.1	Products liability - occurrence	0		0	0
18.2	Products liability - claims-made	0		0	0
19.1, 19.2	Private passenger auto liability	0		0	0
19.3, 19.4	Commercial auto liability	0		0	0
21.	Auto physical damage	0		0	0
22.	Aircraft (all perils)	0		0	0
23.	Fidelity	0		0	0
24.	Surety	0		0	0
26.	Burglary and theft	0		0	0
27.	Boiler and machinery	0		0	0
28.	Credit	0		0	0
29.	International	0		0	0
30.	Warranty	0		0	0
31.	Reinsurance - nonproportional assumed property	0		0	0
32.	Reinsurance - nonproportional assumed liability	0		0	0
33.	Reinsurance - nonproportional assumed financial lines	0		0	0
34.	Aggregate write-ins for other lines of business	0	0	0	0
35.	TOTALS	88,397,669	14,487,308	29,188,850	73,696,127

DETAILS OF WRITE-INS

3401.		0		0	0
3402.		0		0	0
3403.		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
2.	Allied lines					0
3.	Farmowners multiple peril					0
4.	Homeowners multiple peril					0
5.	Commercial multiple peril					0
6.	Mortgage guaranty		29,188,850			29,188,850
8.	Ocean marine					0
9.	Inland marine					0
10.	Financial guaranty					0
11.1	Medical professional liability - occurrence					0
11.2	Medical professional liability - claims-made					0
12.	Earthquake					0
13.	Group accident and health					0
14.	Credit accident and health (group and individual)					0
15.	Other accident and health					0
16.	Workers' compensation					0
17.1	Other liability - occurrence					0
17.2	Other liability - claims-made					0
17.3	Excess workers' compensation					0
18.1	Products liability - occurrence					0
18.2	Products liability - claims-made					0
19.1, 19.2	Private passenger auto liability					0
19.3, 19.4	Commercial auto liability					0
21.	Auto physical damage					0
22.	Aircraft (all perils)					0
23.	Fidelity					0
24.	Surety					0
26.	Burglary and theft					0
27.	Boiler and machinery					0
28.	Credit					0
29.	International					0
30.	Warranty					0
31.	Reinsurance - nonproportional assumed property					0
32.	Reinsurance - nonproportional assumed liability					0
33.	Reinsurance - nonproportional assumed financial lines					0
34.	Aggregate write-ins for other lines of business	0	0	0	0	0
35.	TOTALS	0	29,188,850	0	0	29,188,850
36.	Accrued retrospective premiums based on experience					
37.	Earned but unbilled premiums					0
38.	Balance (sum of Lines 35 through 37)					29,188,850

DETAILS OF WRITE-INS

		1	2	3	4	5
3401.						0
3402.						0
3403.						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:

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
2.	Allied lines						0
3.	Farmowners multiple peril						0
4.	Homeowners multiple peril						0
5.	Commercial multiple peril						0
6.	Mortgage guaranty	199,337,006			87,809,279	23,130,058	88,397,669
8.	Ocean marine						0
9.	Inland marine						0
10.	Financial guaranty						0
11.1	Medical professional liability - occurrence						0
11.2	Medical professional liability - claims-made						0
12.	Earthquake						0
13.	Group accident and health						0
14.	Credit accident and health (group and individual)						0
15.	Other accident and health						0
16.	Workers' compensation						0
17.1	Other liability - occurrence						0
17.2	Other liability - claims-made						0
17.3	Excess workers' compensation						0
18.1	Products liability - occurrence						0
18.2	Products liability - claims-made						0
19.1, 19.2	Private passenger auto liability						0
19.3, 19.4	Commercial auto liability						0
21.	Auto physical damage						0
22.	Aircraft (all perils)						0
23.	Fidelity						0
24.	Surety						0
26.	Burglary and theft						0
27.	Boiler and machinery						0
28.	Credit						0
29.	International						0
30.	Warranty						0
31.	Reinsurance - nonproportional assumed property	XXX					0
32.	Reinsurance - nonproportional assumed liability	XXX					0
33.	Reinsurance - nonproportional assumed financial lines	XXX					0
34.	Aggregate write-ins for other lines of business	0	0	0	0	0	0
35.	TOTALS	199,337,006	0	0	87,809,279	23,130,058	88,397,669

DETAILS OF WRITE-INS

3401.							0
3402.							0
3403.							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
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	27,955,588		10,422,341	17,533,247	34,388,492	50,794,618	1,127,121	1.5
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	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	0	0.0
35.	TOTALS	27,955,588	0	10,422,341	17,533,247	34,388,492	50,794,618	1,127,121	1.5

DETAILS OF WRITE-INS

		1	2	3	4	5	6	7	8
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	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
		1	2	3	4	5	6	7		
	Line of Business	Direct	Reinsurance Assumed	Deduct Reinsurance Recoverable	Net Losses Excluding Incurred but not Reported (Cols. 1 + 2 - 3)	Direct	Reinsurance Assumed	Reinsurance Ceded	Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Net Unpaid Loss Adjustment Expenses
1.	Fire				0				0	
2.	Allied lines				0				0	
3.	Farmowners multiple peril				0				0	
4.	Homeowners multiple peril				0				0	
5.	Commercial multiple peril				0				0	
6.	Mortgage guaranty	49,995,752		18,321,295	31,674,457	4,742,682		2,028,647	34,388,492	1,969,309
8.	Ocean marine				0				0	
9.	Inland marine				0				0	
10.	Financial guaranty				0				0	
11.1	Medical professional liability - occurrence				0				0	
11.2	Medical professional liability - claims-made				0				0	
12.	Earthquake				0				0	
13.	Group accident and health				0				(a) 0	
14.	Credit accident and health (group and individual)				0				0	
15.	Other accident and health				0				(a) 0	
16.	Workers' compensation				0				0	
17.1	Other liability - occurrence				0				0	
17.2	Other liability - claims-made				0				0	
17.3	Excess workers' compensation				0				0	
18.1	Products liability - occurrence				0				0	
18.2	Products liability - claims-made				0				0	
19.1, 19.2	Private passenger auto liability				0				0	
19.3, 19.4	Commercial auto liability				0				0	
21.	Auto physical damage				0				0	
22.	Aircraft (all perils)				0				0	
23.	Fidelity				0				0	
24.	Surety				0				0	
26.	Burglary and theft				0				0	
27.	Boiler and machinery				0				0	
28.	Credit				0				0	
29.	International				0				0	
30.	Warranty				0				0	
31.	Reinsurance - nonproportional assumed property	XXX			0	XXX			0	
32.	Reinsurance - nonproportional assumed liability	XXX			0	XXX			0	
33.	Reinsurance - nonproportional assumed financial lines	XXX			0	XXX			0	
34.	Aggregate write-ins for other lines of business	0	0	0	0	0	0	0	0	0
35.	TOTALS	49,995,752	0	18,321,295	31,674,457	4,742,682	0	2,028,647	34,388,492	1,969,309

DETAILS OF WRITE-INS

3401.					0				0	
3402.					0				0	
3403.					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				0
1.2 Reinsurance assumed				0
1.3 Reinsurance ceded				0
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	0	0	0	0
2. Commission and brokerage:				
2.1 Direct, excluding contingent		9,808,210		9,808,210
2.2 Reinsurance assumed, excluding contingent				0
2.3 Reinsurance ceded, excluding contingent		34,876,830		34,876,830
2.4 Contingent - direct				0
2.5 Contingent - reinsurance assumed				0
2.6 Contingent - reinsurance ceded				0
2.7 Policy and membership fees				0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)	0	(25,068,620)	0	(25,068,620)
3. Allowances to manager and agents				0
4. Advertising	195	2,733,913		2,734,108
5. Boards, bureaus and associations	323	94,213		94,536
6. Surveys and underwriting reports				0
7. Audit of assureds' records				0
8. Salary and related items:				
8.1 Salaries	1,134,476	54,724,456	310,249	56,169,181
8.2 Payroll taxes		3,409,034		3,409,034
9. Employee relations and welfare	1,811	4,584,332	7,383	4,593,526
10. Insurance		294,209		294,209
11. Directors' fees				0
12. Travel and travel items	11,000	3,628,620		3,639,620
13. Rent and rent items	165,236	2,466,280		2,631,516
14. Equipment	204,847	3,519,235		3,724,082
15. Cost or depreciation of EDP equipment and software	16,180	7,107,554		7,123,734
16. Printing and stationery	879	209,273	48	210,200
17. Postage, telephone and telegraph, exchange and express	25,982	787,140	953	814,075
18. Legal and auditing	30,169	3,989,507		4,019,676
19. Totals (Lines 3 to 18)	1,591,098	87,547,766	318,633	89,457,497
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of $.........0		4,412,096		4,412,096
20.2 Insurance department licenses and fees	1,151	164,668		165,819
20.3 Gross guaranty association assessments				0
20.4 All other (excluding federal and foreign income and real estate)				0
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)	1,151	4,576,764	0	4,577,915
21. Real estate expenses				0
22. Real estate taxes				0
23. Reimbursements by uninsured plans				0
24. Aggregate write-ins for miscellaneous expenses	36,415	7,029,609	494,895	7,560,919
25. Total expenses incurred	1,628,664	74,085,519	813,528	(a)76,527,711
26. Less unpaid expenses - current year	1,969,309	2,465,341		4,434,650
27. Add unpaid expenses - prior year	1,880,062	1,474,201		3,354,263
28. Amounts receivable relating to uninsured plans, prior year				0
29. Amounts receivable relating to uninsured plans, current year				0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	1,539,417	73,094,379	813,528	75,447,324

DETAILS OF WRITE-INS

	1	2	3	4
2401. Miscellaneous expenses	36,415	7,029,609	(318,633)	6,747,391
2402. Investment expenses			813,528	813,528
2403.				0
2498. Summary of remaining write-ins for Line 24 from overflow page	0	0	0	0
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	36,415	7,029,609	494,895	7,560,919

(a) Includes management fees of $..........0 to affiliates and $..........0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. government bonds	(a) 576,600	780,244
1.1	Bonds exempt from U.S. tax	(a) 1,294,501	2,643,087
1.2	Other bonds (unaffiliated)	(a) 3,679,115	3,471,923
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b)	
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)		
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c)	
4.	Real estate	(d)	
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e) 12,779	18,440
7.	Derivative instruments	(f)	
8.	Other invested assets		
9.	Aggregate write-ins for investment income	15,923	15,923
10.	Total gross investment income	5,578,918	6,929,617
11.	Investment expenses		(g) 813,528
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h) 467,338
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)		1,280,866
17.	Net investment income (Line 10 minus Line 16)		5,648,751
	DETAILS OF WRITE-INS		
0901.	Misc. Income	15,923	15,923
0902.			
0903.			
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)	15,923	15,923
1501.			
1502.			
1503.			
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 $.....103,795 accrual of discount less $.....5,319,398 amortization of premium and less $.....1,590,848 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 $..........0 accrual of discount less $.....2,926 amortization of premium and less $.....20,925 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	500,033		500,033		
1.1	Bonds exempt from U.S. tax	1,001,656		1,001,656		
1.2	Other bonds (unaffiliated)	476,984		476,984		
1.3	Bonds of affiliates			0		
2.1	Preferred stocks (unaffiliated)			0		
2.11	Preferred stocks of affiliates			0		
2.2	Common stocks (unaffiliated)			0		
2.21	Common stocks of affiliates			0		
3.	Mortgage loans			0		
4.	Real estate			0		
5.	Contract loans			0		
6.	Cash, cash equivalents and short-term investments			0		
7.	Derivative instruments			0		
8.	Other invested assets			0		
9.	Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10.	Total capital gains (losses)	1,978,673	0	1,978,673	0	0
	DETAILS OF WRITE-INS					
0901.				0		
0902.				0		
0903.				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
2. Stocks (Schedule D):			
2.1 Preferred stocks			0
2.2 Common stocks	26,494,186	22,266,587	(4,227,599)
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			0
3.2 Other than first liens			0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			0
4.2 Properties held for the production of income			0
4.3 Properties held for sale			0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			0
6. Contract loans			0
7. Derivatives (Schedule DB)			0
8. Other invested assets (Schedule BA)			0
9. Receivables for securities			0
10. Securities lending reinvested collateral assets (Schedule DL)			0
11. Aggregate write-ins for invested assets	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	26,494,186	22,266,587	(4,227,599)
13. Title plants (for Title insurers only)			0
14. Investment income due and accrued			0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	1,165	495	(670)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			0
15.3 Accrued retrospective premiums and contracts subject to redetermination			0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			0
16.2 Funds held by or deposited with reinsured companies			0
16.3 Other amounts receivable under reinsurance contracts			0
17. Amounts receivable relating to uninsured plans			0
18.1 Current federal and foreign income tax recoverable and interest thereon			0
18.2 Net deferred tax asset	34,999,079	25,867,828	(9,131,251)
19. Guaranty funds receivable or on deposit			0
20. Electronic data processing equipment and software	16,746	50,520	33,774
21. Furniture and equipment, including health care delivery assets			0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0
23. Receivables from parent, subsidiaries and affiliates			0
24. Health care and other amounts receivable			0
25. Aggregate write-ins for other-than-invested assets	1,749,715	1,793,035	43,320
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25)	63,260,891	49,978,465	(13,282,426)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0
28. TOTALS (Lines 26 and 27)	63,260,891	49,978,465	(13,282,426)

DETAILS OF WRITE-INS

1101.			0
1102.			0
1103.			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 Expenses	77,372	120,692	43,320
2502. Licenses Purchased	1,672,343	1,672,343	0
2503.			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)	1,749,715	1,793,035	43,320

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies and Going Concern

A. Accounting Practices

The accompanying financial statements of Arch Mortgage Insurance Company (the "Company") are presented on the basis of accounting practices prescribed or permitted by the Wisconsin Office of the Commissioner of Insurance (the "Department").

The Department recognizes only statutory accounting practices prescribed or permitted by the state of Wisconsin (the "State") for determining and reporting the financial condition and results of operations of an insurance company and for determining its solvency under the Wisconsin insurance laws. 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. The State has adopted certain prescribed accounting practices that differ from those found in NAIC SAP. Specifically, changes in contingency reserves for the year are reported in the annual statement as a reduction of or addition to underwriting income. Under Statement of Statutory Accounting Principles ("SSAP") No. 58, *Mortgage Guaranty Insurance* ("SSAP No. 58"), changes in contingency reserves are reported directly to unassigned funds (surplus) and not included in income. This modification adopted by the State does not affect the Company's statutory surplus.

Description	SSAP #	F/S Page	F/S Line#	2016	2015
Net Income (Loss)					
1. Company state basis (Page 4, Line 20, Columns 1 & 2)				$ (31,796,526)	$ (34,843,210)
2. State Prescribed Practices that increase/(decrease) NAIC SAP Change in Contingency Reserve	58	4	5	36,848,064	27,284,047
3. State Permitted Practices that increase/(decrease) NAIC SAP				-	-
4. NAIC SAP (1-2-3=4)				$ 5,051,538	$ (7,559,163)

Description	SSAP	F/S	F/S	2016	2015
Surplus					
5. Company state basis (Page 3, Line 37, Columns 1 & 2)				$ 155,506,622	$ 134,484,740
6. State Prescribed Practices that increase/(decrease) NAIC SAP				-	-
7. State Permitted Practices that increase/(decrease) NAIC SAP				-	-
8. NAIC SAP (5-6-7=8)				$ 155,506,622	$ 134,484,740

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

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in these financial statements and notes. Actual results could differ materially from these estimates.

C. Accounting Policies

Direct, assumed and ceded 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 by pro rata methods for direct and ceded business. Expenses incurred in connection with acquiring new insurance business, including such acquisition costs associated with underwriting and sales related activities are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.

Net investment income earned consists primarily of interest and dividends less investment related expenses. Interest is recognized on an accrual basis and dividends are recognized on an ex-dividend basis. Net realized capital gains (losses) are recognized on a specific identification basis when securities are sold, redeemed or otherwise disposed. Realized capital losses include writedowns for impairments considered to be other than temporary.

In addition, the Company uses the following accounting policies:

(1) Short-term investments are stated at amortized value using the interest method. Non-investment grade short-term investments are stated at the lower of amortized value or fair value.

(2) Investment grade bonds not backed by other loans with NAIC designations 1 or 2 are stated at amortized value using the consistent yield interest method. Non-investment grade bonds not backed by other loans with NAIC designations of 3 through 6 are stated at the lower of amortized value or fair value. See paragraph (6) for loan-backed securities.

(3) Not applicable - the Company has no common stock investments.

(4) Not applicable - the Company has no preferred stock investments.

(5) Not applicable - the Company has no real estate investments.

NOTES TO FINANCIAL STATEMENTS

(6) Investment grade loan-backed securities are stated at amortized value. The retrospective adjustment method is used to determine amortized value for loan-backed securities. Non-investment grade loan-backed securities with NAIC designations of 3 through 6 are stated at the lower of amortized value or fair value.

Consistent with the NAIC process, the Company establishes the value of residential mortgage-backed securities by determining the NAIC designation and carrying value for the securities. Those securities assigned an NAIC designation of 1 or 2 are stated at amortized value while those with a 3 through 6 designation are stated at the lower of amortized value or fair value. The NAIC designation for the residential mortgage-backed securities held by the Company is reported in Schedule D.

(7) The Company owns 100% of the issued and outstanding shares of common stock of Arch U.S. MI Services Inc. (“Arch MI Services”), a non-insurance subsidiary. See Note 10. (A) regarding the Company’s investment in Arch MI Services.

(8) Not applicable - the Company has no investments in joint ventures, partnerships, or limited liability companies.

(9) Not applicable - the Company does not have any derivative instruments or hedging activities.

(10) The Company performs an analysis for premium deficiency using assumptions based on management’s best estimate when the assessment is performed. The calculation for premium deficiency reserves (“PDR”) requires significant judgment and includes estimates of future expected premiums, expected claims, loss adjustment expenses (“LAE”) and maintenance costs as of the date of the analysis. The calculation of future expected premiums uses assumptions for persistency and termination levels on policies currently in force. Assumptions for future expected losses include future expected average claim sizes and claim rates which are based on the current default rate and expected future defaults. The Company considers interest income in connection with its PDR analysis; accordingly, anticipated premium and loss cash flows are discounted. The Company performs premium deficiency analyses quarterly.

(11) The reserve for losses and LAE is the estimated cost of settling claims related to notices of default on insured loans that have been reported to the Company, as well as loan defaults that have occurred but have not been reported. A period of time may elapse between the occurrence of the borrower’s default on mortgage payments (the event triggering a potential future claims payment), the reporting of such default to the Company and the eventual payment of the claim related to such default. To recognize the liability for unpaid losses related to the loans in default, the Company, in accordance with industry practice, establishes loss reserves in respect of loans in default based upon the estimated claim rate and estimated average claim amount of loans in default. Included in loss reserves are LAE reserves, and incurred but not reported (“IBNR”) reserves. IBNR reserves represent the Company’s estimated unpaid losses on loans that are in default but have not yet been reported to the Company as delinquent by its policyholders. Loss reserves are estimates and there can be no assurance that the Company’s reserves will prove to be adequate to cover ultimate loss developments on reported defaults. Consistent with industry accounting practices, the Company does not establish loss reserves for estimated potential defaults that have not occurred but that may occur in the future. 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.

(12) The Company has a written capitalization policy for prepaid expenses and purchases of items such as electronic data processing equipment, software, furniture, other equipment and leasehold improvements. The predefined capitalization thresholds under this policy have not changed from those of the prior year.

(13) Not applicable - the Company does not write any medical insurance.

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.

2. Accounting Changes and Correction of Errors: Not Applicable.

3. Business Combinations and Goodwill

A. Statutory Purchase Method: Not Applicable.

B. Statutory Mergers: Not Applicable.

C. Writedowns for Impairment of Investment in Affiliates: Not Applicable.

4. Discontinued Operations: Not Applicable.

5. Investments

A. Mortgage Loans: Not Applicable.

B. Troubled Debt Restructuring for Creditors: Not Applicable.

C. Reverse Mortgages: Not Applicable.

NOTES TO FINANCIAL STATEMENTS

D. Loan-Backed and Structured Securities

(1) Prepayment/default projections are based on historical statistics of the underlying collateral and current market data.

(2) The amounts of the other-than-temporary impairment ("OTTI") related to loan backed securities as of December 31, 2016: None.

(3) Information pertaining to each security with a recognized OTTI: None.

(4) Loan-backed securities in unrealized loss positions as of year-end, stratified based on length of time continuously in these unrealized loss positions, are as follows:

a.	The aggregate amount of unrealized losses:	1	Less than 12 Months	$ (54,230)
		2	12 Months or Longer	(254)
b.	The aggregate related fair value of securities with unrealized losses:	1	Less than 12 Months	13,008,798
		2	12 Months or Longer	585,234

(5) Additional information

In accordance with SSAP No. 43R, *Loan-backed and Structured Securities – Revised*, the Company's loan-backed securities are stated at amortized cost.

In evaluating whether a decline in value is other-than-temporary, the Company considers several factors, including, but not limited to, the following:

- The extent and the duration of the decline in value;
- The reasons for the decline in value (credit event, interest related or market fluctuations);
- The financial position and access to capital of the issuer, including the current and future impact of any specific events;
- Our intent to sell the securities, or whether it is more likely than not that we will be required to sell it before recovery; and
- The financial condition and near term prospects of the issuer.

Impairment due to deterioration in credit that results in a conclusion that the present value of cash flows expected to be collected will not be sufficient to recover the amortized cost basis of the securities is considered other-than-temporary. Other declines in fair value (for example, due to interest rate changes, sector credit rating changes or company-specific rating changes) that result in a conclusion that the present value of cash flows expected to be collected will not be sufficient to recover the amortized cost basis of the security may also result in a conclusion that an OTTI has occurred. To the extent that the Company determines that a security is other-than-temporarily impaired, an impairment loss is recognized in the Statement of Income.

E. Repurchase Agreements and/or Securities Lending Transactions: Not Applicable.

F. Writedowns for Impairment of Real Estate, Real Estate Sales and Retail and Sales Operations and Real Estate with Participating Mortgage Loan Features: Not Applicable.

G. Low income housing tax credits: Not Applicable.

NOTES TO FINANCIAL STATEMENTS

H. Restricted Assets

(1) Restricted assets (including pledged) summarized by restricted asset category

	Gross (Admitted & Nonadmitted) Restricted							Current Year			
	Current Year									Percentage	
	1	2	3	4	5	6	7	8	9	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 Current Year Admitted Restricted	Gross Restricted to total Assets	Admitted Restricted to total Admitted Assets
a. Subject to contractual obligation for which liability is not shown											
b. Collateral held under security lending arrangements											
c. Subject to repurchase agreements											
d. Subject to reverse repurchase agreements											
e. Subject to dollar repurchase agreements											
f. Subject to dollar reverse repurchase agreements											
g. Placed under option contracts											
h. Letter stock or securities restricted as to sale - excluding FHLB capital stock											
i. FHLB capital stock											
j. On deposit with states	4,588,425				4,588,425	4,532,335	56,090	-	4,588,425	0.75%	0.84%
k. On deposit with other regulatory bodies											
l. Pledged as collateral to FHLB (including assets backing funding agreements)											
m. Pledged as collateral not captured in other categories											
n. Other restricted assets											
o. Total restricted assets	4,588,425	-	-	-	4,588,425	4,532,335	56,090	-	4,588,425	0.75%	0.84%

(2) Detail of assets pledged as collateral not captured in other categories (reported on line m above): Not Applicable.

(3) Detail of other restricted assets (reported on line n above): Not Applicable.

(4) Collateral received and reflected as assets within the reporting entity's financial statements: Not Applicable

I. Working Capital Finance Investments: Not Applicable.

J. Offsetting and Netting of Assets and Liabilities: Not Applicable.

K. Structured Notes: Not Applicable.

L. 5* Securities: Not Applicable.

6. Joint Ventures, Partnerships and Limited Liability Companies: Not Applicable.

7. Investment Income

A. Accrued Investment Income:

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

B. Amounts Non-admitted: Not Applicable.

8. Derivative Instruments: Not Applicable.

9. Income Taxes

A. Deferred Tax Assets/(Liabilities)

(1) The components of the net deferred tax asset / (liability) at December 31 are as follows:

NOTES TO FINANCIAL STATEMENTS

	2016			2015			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 Assets	55,315,194	1,395	55,316,589	43,461,569	-	43,461,569	11,853,625	1,395	11,855,020
(b) Statutory Valuation Allowance Adjustment	-	-	-	-	-	-	-	-	-
(c) Adjusted Gross Deferred Tax Asset (1a-1b)	55,315,194	1,395	55,316,589	43,461,569	-	43,461,569	11,853,625	1,395	11,855,020
(d) Deferred Tax Assets Nonadmitted	34,999,079	-	34,999,079	25,867,827	-	25,867,827	9,131,252	-	9,131,252
(e) Subtotal Net Admitted Deferred Tax Assets (1c-1d)	20,316,115	1,395	20,317,510	17,593,742	-	17,593,742	2,722,373	1,395	2,723,768
(f) Deferred Tax Liabilities	34,038	-	34,038	-	52,254	52,254	34,038	(52,254)	(18,216)
(g) Net Admitted Deferred Tax Assets (1e-1f)	20,282,077	1,395	20,283,472	17,593,742	(52,254)	17,541,488	2,688,335	53,649	2,741,984

(2) The admission calculation components at December 31 are as follows:

	2016			2015			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
Admission Calculation Components - SSAP No. 101									
(a) Paragraph 11.a.	-		-	-		-	-	-	-
(b) Paragraph 11.b. (the lesser paragraph of 2b(1) and 2b(2) below)	20,282,077	1,395	20,283,472	17,541,488		17,541,488	2,740,589	1,395	2,741,984
1. Paragraph 11.b.i.	52,270,467		52,270,467	43,395,757		43,395,757	8,874,710	-	8,874,710
2. Paragraph 11.b.ii.	XXX	XXX	20,283,472	XXX	XXX	17,541,488	XXX	XXX	2,741,984
(c) Paragraph 11.c.	-	34,038	34,038	-	52,254	52,254	-	(18,216)	(18,216)
(d) Total (2a + 2b + 2c)	20,282,077	35,433	20,317,510	17,541,488	52,254	17,593,742	2,740,589	(16,821)	2,723,768

(3) Other Admissibility Criteria:

Realization Threshold Limitation Mortgage Guaranty/Non-RBC Reporting Entities	(1) 2016	(2) 2015
(a) Risk to Capital Ratio percentage used to determine recovery period and threshold limitation amount	153.44%	222.80%
(b) Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2b(2) above.	135,223,150	116,943,253

(4) Impact of Tax Planning Strategies: The tax planning strategies do not include the use of reinsurance-related tax planning strategies. There are no temporary differences for which a deferred tax liability (DTL) has not been established.

B. Deferred Tax Liabilities Not Recognized: Not Applicable.

C. Current and deferred income taxes consist of the following major components:

(1) Current Income Tax

	(1) 2016	(2) 2015	(3) (Col 1-2) Change
(a) Federal	(697,514)	(218,789)	(478,725)
(b) Foreign			-
(c) Subtotal	(697,514)	(218,789)	(478,725)
(d) Federal income tax on net capital gains	692,535	218,789	473,747
(e) Utilization of capital loss carry-forwards			-
(f) Other			-
(g) Federal and Foreign income taxes incurred	(4,979)	(0.00)	(4,979)

NOTES TO FINANCIAL STATEMENTS

(2) Deferred Tax Assets

	(1) 2016	(2) 2015	(3) (Col 1-2) Change
(a) Ordinary			
(1) Discounting of unpaid losses	192,895	312,620	(119,725)
(2) Unearned premium discount	2,090,830	1,030,515	1,060,315
(3) Policyholder reserves			-
(4) Investments			-
(5) Ceding Commission	2,120,288	-	2,120,288
(6) Policyholder dividents accrual			-
(7) Book Abandonment of Fixed assets	58,030	58,030	-
(8) Compensation and benefits accrual			-
(9) Pension accrual			-
(10) Capital loss carryforward	-	-	-
(11) Amortization		-	-
(12) Tax credit carry-forward	5,082,650	5,082,650	-
(13) Depreciation	-	(21,507)	21,507
(14) Prepaid assets	27,080	42,242	(15,162)
(15) Contingency reserve adjustment	45,743,421	36,957,019	8,786,402
(99) Subtotal	55,315,194	43,461,569	11,853,625
(b) Statutory valuation allowance adjustment			-
(c) Nonadmitted	34,999,079	25,867,827	9,131,252
(d) Admitted ordinary deferred tax assets	20,316,115	17,593,742	2,722,373
(e) Capital:			
(1) Investments	1,395	-	1,395
(2) Net capital loss carry-forward			-
(3) Real estate			-
(4) Other (<5% of total capital tax assets)			-
(99) Subtotal	1,395	-	1,395
(f) Statutory valuation allowance adjustment			-
(g) Nonadmitted			-
(h) Admitted capital deferred tax assets	1,395	-	1,395
(i) Admitted deferred tax assets	20,317,510	17,593,742	2,723,768

(3) Deferred Tax Liabilities:

	2016	2015	(Col 1-2) Change
(a) Ordinary			
(1) Investments			-
(2) Fixed Assets	34,038	-	34,038
(3) Deferred and uncollected premium			-
(4) Policyholder reserves			-
(5) Other (<5% of total ordinary tax assets)			-
(6) Additional acq costs-installment premiums			-
(7) Discount of accrued salvage & subrogation			-
(8) Guaranty funds receivable			-
(99) Subtotal	34,038	-	34,038
(e) Capital:			
(1) Investments	-	52,254	(52,254)
(2) Real estate			-
(3) Other (<5% of total capital tax assets)			-
(99) Subtotal	-	52,254	(52,254)
(i) Deferred tax liabilities	34,038	52,254	(18,216)
4. Net Deferred Tax Assets/Liabilities (2i-3c)	20,283,472	17,541,488	2,741,984

D. Reconciliation of Federal Income Tax Rate to Actual Effective Tax Rate

Among the more significant book to tax adjustment were the following:

NOTES TO FINANCIAL STATEMENTS

	2016	
	Amount in Thousands	Effective Tax Rate (%)
Provision computed at statutory rate	(11,130,527)	35.0%
Tax on Realized Gain and losses		0.0%
Tax exempt income deduction	(785,782)	2.5%
Dividends received deduction	-	0.0%
Deferred non admit		0.0%
Contingency Reserve Adjustment		0.0%
Net loss reserve discount		0.0%
Unearned premium discount		0.0%
AMT Tax	-	0.0%
Proration of tax exempt investment income		0.0%
Change in deferred tax assets	26,828	-0.1%
Disallowed travel and entertainment	-	0.0%
State tax impact	-	0.0%
True-ups	(648)	0.0%
Other	11,667	0.0%
Contingency Reserve Reversal	247	0.0%
Totals	(11,878,215)	37.4%
Federal and foreign income taxes incurred	(697,514)	2.2%
Realized capital gains (losses) tax	692,535	-2.2%
Change in net deferred income taxes	(11,873,236)	37.4%
Total statutory income taxes	(11,878,215)	37.4%

E. Operating Loss and Tax Credit Carryforwards and Protective Tax Deposits

(1) At December 31, 2016, the Company had no unused operating loss carryforwards available to offset against future income.

(2) The following is income tax expense for 2016 and 2015 that is available for recoupment in the event of future net losses.

Year	Amount
2016	-
2015	-

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

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
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

The Company is a party to a tax sharing agreement between Arch Capital Group (U.S.) Inc. (“Arch Capital U.S.”) and its subsidiaries. Under this agreement, the Company’s taxes are computed as if it filed a separate tax return on a stand-alone basis.

(2) The method of allocation of taxes among Arch Capital U.S. and its subsidiaries is subject to the terms of a tax sharing agreement, whereby allocation 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 tax return filed by Arch Capital U.S. to the extent those losses or items may be utilized by the Company on a separate return basis.

G. Federal or Foreign Federal Income Tax Loss Contingencies

The Company has no tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within twelve months of the reporting date.

NOTES TO FINANCIAL STATEMENTS

10. Information Concerning Parent, Subsidiaries and Affiliates and Other Related Parties

A. Nature of Relationships

The Company provides private mortgage insurance products and services to residential mortgage lenders. On January 30, 2014, Arch U.S. MI Holdings Inc. (“Arch U.S. MI Holdings”), an indirect subsidiary of Arch Capital Group Ltd. (“ACGL”), completed its acquisition of the Company (the “Acquisition”).

Arch MI Services, a wholly-owned subsidiary of the Company issued a dividend of $2.0 million to the Company on July 29, 2015. For the years 2015 and 2016, the Company has elected to not obtain an audit of the financial statements of Arch MI Services and, in accordance with SSAP No. 97, *Investments in Subsidiary, Controlled and Affiliated Entities*, has reflected its investment in Arch MI Services as a non-admitted asset.

Arch U.S. MI Holdings completed the acquisition of United Guaranty Corporation (“UGC”, which includes ten U.S. insurance companies) on December 31, 2016 (the “UGC Acquisition”). The UGC Acquisition closed following the satisfaction of closing conditions as stipulated in the Stock Purchase Agreement, the receipt of regulatory approval from the North Carolina Department of Insurance, non-objection by the Department, and federal approvals from the Federal Housing Finance Agency on behalf of the Government-Sponsored Entities (“GSEs”) 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 diversified ACGL’s business profile and customer base, it did not include any current plan to change the Company’s name, state of domicile, or basic insurance operations.

Arch U.S. MI Holdings made a capital contribution in the form of cash to the Company in the amount of $40.0 million on December 22, 2016. In accordance with SSAP No. 72, *Surplus and Quasi-reorganizations*, the Company recorded this cash capital contribution as an increase to surplus paid-in and contributed.

B. Detail of Transactions Greater than ½% of Admitted Assets

See Notes 14.G for information on contingency reserves transactions.

C. Change in Terms of Intercompany Agreements

On December 14, 2015, the Company filed a Form D – Prior Notice of a Transaction with the Department regarding the Quota Share Reinsurance Agreement between the Company and Arch Reinsurance Ltd. (“Arch Re Ltd.”) (the “Arch Reinsurance Agreement”). The Company proposed to enter into an Amended and Restated Quota Share Reinsurance Agreement (the “Restated Agreement”) that would amend the Arch Reinsurance Agreement primarily to comply with the Private Mortgage Insurer Eligibility Requirements (“PMIERs”) established by the GSEs (see Note 13 for information on the PMIERs). Additionally, the Company filed with the Department a First Amendment to the Reinsurance Trust Agreement (“Trust Amendment”), with Arch Re Ltd. and the Bank of New York Mellon (“BNY”), which limits eligible assets in the trust account to cash in U.S. dollars, U.S. Treasuries and U.S. Federal Agency Securities. The purpose of the Trust Amendment is to comply with the PMIERs. On December 30, 2015, the Department declined to disapprove the Restated Agreement and the Trust Amendment. The Restated Agreement and Trust Agreement were executed effective as of December 31, 2015.

The Department, on December 16, 2016, declined to disapprove Addendum No. 1 to the Arch Reinsurance Agreement that included United Guaranty Residential Insurance Company (“UGRIC”) and United Guaranty Indemnity Company (“UG Indemnity”) as additional cedents. This amendment became effective on January 1, 2017.

After receiving the Department’s prior notice of non-disapproval, the Company entered into a “Fourth Amended and Restated Tax Sharing Agreement between ACGL and Subsidiaries” (‘Fourth Amendment”) effective January 1, 2017. The Fourth Amendment sets forth the terms for the allocation of tax liabilities among Arch Capital U.S. and its subsidiaries, and adds the thirteen United Guaranty companies acquired by Arch U.S. MI Holdings as additional parties to the agreement.

D. Amounts Due to or from Related Parties

As of December 31, 2016, the Company reported $48.5 million as a net amount due to affiliated companies. The majority of this amount is due to the Company’s wholly-owned subsidiary, Arch MI Services, for services provided to the Company pursuant to the terms of the Service Agreement (see Note 10.F for a discussion of the Service Agreement). The terms of the intercompany agreements require that payments for amounts billed are remitted appropriately.

E. Guarantees or Undertakings for Related Parties: Not Applicable.

F. Management, Service Contracts, Cost Sharing Arrangements

On January 30, 2014, the Company, Arch Mortgage Guaranty Company (“AMG”), Arch Mortgage Assurance Company (“Arch MA”), and Arch Mortgage Reinsurance Company (“Arch MI Re”) entered into a Service Agreement with Arch U.S. MI Holdings and Arch MI Services (“Service Agreement”), under which Arch MI Services provides various services to the Company, Arch MA and Arch MI Re, including, but not limited to, accounting, data processing, information technology, employee administration, and legal services.

On January 20, 2015, the Company filed a prior notification with the Department of an Amended and Restated Investment Manager Agreement (the “Amended Investment Manager Agreement”) with Arch Investment Management Ltd. (“Arch Investment”) whereby Arch Investment shall provide investment management services to the Company, including, but not limited to, investment advisory and oversight, investment market risk monitoring, investment compliance monitoring, and asset allocation monitoring. In a letter dated February 2, 2015, the Department declined to disapprove the Amended Investment Manager Agreement.

NOTES TO FINANCIAL STATEMENTS

G. Nature of Relationships that Could Affect Operations

The Company withholds funds in accordance with the Quota Share Reinsurance Agreement between the Company and PMI Insurance Co. ("PIC") (the "PIC Reinsurance Agreement"). As of December 31, 2016 and 2015, the funds withheld account had a balance of $64.6 million and $33.9 million, respectively. On July 18, 2016, the Company reached $25 billion in cumulative new insurance written ("NIW"). As a result, the Company is no longer ceding reinsurance on new policies written after that date under the PIC Reinsurance Agreement.

The Company cedes coverage (net of other reinsurance) of a certain percentage of insured loans to Arch MI Re, a wholly-owned subsidiary of Arch MA.

H. Amount Deducted for Investment in Upstream Company: Not Applicable.

I. Detail of Investments in Affiliates Greater than 10% of Admitted Assets: Not Applicable.

J. Writedowns for Impairment of Investments in Affiliates: Not Applicable.

K. Foreign Subsidiary Valued Using CARVM: Not Applicable.

L. Downstream Holding Company Valued using Look-through Method: Not Applicable.

M. All Subsidiary Controlled and Affiliated Entity ("SCA") Investments: Not Applicable.

N. Investment in Insurance SCAs: Not Applicable.

11. Debt: Not Applicable.

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

A. Defined Benefit Plans: For the year ended December 31, 2016, the Company had no employees.

B. Investment Policies and Strategies: Not Applicable.

C. Fair Value of Plan Assets: Not Applicable.

D. Basis Used to Determine Expected Long-Term Rate-of-Return: Not Applicable.

E. Defined Contribution Plans: For the year ended December 31, 2016, the Company had no employees.

F. Multiemployer Plans: Not Applicable.

G. Consolidated/Holding Company Plans

For the year ended December 31, 2016, the Company had no employees. The Company is currently serviced by employees of Arch MI Services. To the extent Arch MI Services sponsored defined benefit plans for their employees during 2016 and 2015, no expense or obligations of these plans were charged to the Company for the current and prior years.

H. Postemployment Benefits and Compensated Absences: Not Applicable.

I. Impact of Medicare Modernization Act on Postretirement Benefits: Not Applicable.

13. Capital and Surplus, Shareholders' Dividends Restrictions and Quasi-Reorganizations

1. Outstanding Shares

The Company has 40,000,000 shares of $1.25 par value common stock authorized, 2,200,000 shares of which are issued and outstanding. There are no other classes of equity stock authorized.

2. Dividend Rate of Preferred Stock: Not Applicable.

3., 4. and 5. Dividend Restrictions and Dividend Payments

On January 24, 2014, the Company received conditional approval for the expansion of the Company's eligibility to write mortgage insurance for all GSEs approved seller/servicers. This GSE approval is subject to, among other things, maintenance of a minimum capital level and risk-to-capital ratio, limitation on entering into reinsurance or other risk share arrangements without prior written approval and a restriction on the payment of dividends to affiliates for three years commencing February 2014.

On April 17, 2015, the GSEs released the final revised version of the PMIERs with an effective date of December 31, 2015. The PMIERs are the set of requirements imposed upon mortgage insurers to be approved by the GSEs. They include new financial, business and quality control requirements for mortgage insurers. The new PMIERs' primary financial requirement is to maintain "Available Assets" in excess of "Minimum Required Assets" as of the end of each calendar quarter. Minimum Required Assets is the greater of: (1) a calculated amount based on the characteristics of the mortgage insurer's insurance portfolio: and (2) a floor of $400 million. As of December 31, 2016, the Company satisfies the PMIERs' financial requirements.

The Company's ability to pay dividends is limited by, among other restrictions, state insurance laws including, but not limited to, the laws of the State of Wisconsin. Wisconsin Administrative Code ("Wis. Admin. Code") Ins. § 600.03 provides that the Company may pay out

NOTES TO FINANCIAL STATEMENTS

ordinary dividends without the prior approval of the Wisconsin Commissioner of Insurance (the "Commissioner") in an amount, when added to other shareholder distributions made in the last 12 months, not in excess of the lesser of (a) 10% of the insurer's surplus as regards to policyholders as of the prior December 31 or, (b) if the insurer is not a life insurer, the greater of the following:

(i) net income of the insurer for the calendar year preceding the date of the dividend or distribution, minus realized capital gains for that calendar year; or

(ii) the aggregate of the net income of the insurer for the three calendar years preceding the date of the dividend or distribution, minus realized capital gains for those calendar years and minus dividends paid or credited and distributions made within the first two of the preceding calendar years.

A dividend that exceeds the foregoing threshold is deemed an "extraordinary dividend" and requires the prior approval of the Commissioner. Other states including California and Illinois limit dividends by a mortgage insurer to its undivided profits. State minimum capital requirements also limit the amount of dividends that the Company may pay. The Company made no dividend payments during 2016. The PMIERs include restrictions on payment of dividends by mortgage insurers when "Available Assets" fall below the "Minimum Required Assets." Mortgage insurers with an "Available Assets Shortfall" must not, without prior written approval from the GSEs, pay dividends or transfer assets to any affiliate or investor. Additionally, under the PMIERs, the Company is deemed to be a "newly-approved insurer." As a result of this status, until January 2017, the Company is subject to additional PMIER requirements, including being prohibited from paying dividends to affiliates.

6. Restrictions on Unassigned Funds: Not Applicable.

7. Mutual Surplus Advances: Not Applicable.

8. Company Stock Held for Special Purposes: Not Applicable.

9. Changes in Special Surplus Funds: Not Applicable.

10. Changes in Unassigned Funds

The portion of unassigned funds (surplus) represented or reduced by each item below is as follows:

(1)	Change in net deferred income taxes	$ 11,873,238
(2)	Change in nonadmitted assets	(12,318,813)
(3)	Change in paid-in surplus	43,263,985
(4)	Surplus notes	10,000,000

11. Surplus Notes:

After obtaining the Department's prior notice of non-disapproval, the Company, on March 27, 2015, issued a surplus note in the amount of $7.5 million (the "First Surplus Note") to Arch Capital U.S. with the following terms:

Date Issued	Interest Rate	Par Value (Face Amount)	Carrying Value at March 31, 2015	Interest Paid Current Year	Total Interest Paid	Unapproved Interest and/or Principal	Date of Maturity
03/27/2015	30 Year Fixed @ 6.5% annually, interest paid in arrears annually on December 15 of each year, commencing on December 15, 2017	$7,500,000	$7,500,000	$0	$0	$0	03/27/2045

On April 17, 2015, the Company, after prior notification and non-disapproval of the Department, issued a surplus note in the amount of $32.0 million (the "Second Surplus Note") to Arch Capital U.S. with the following terms:

Date Issued	Interest Rate	Par Value (Face Amount)	Carrying Value at April 17, 2015	Interest Paid Current Year	Total Interest Paid	Unapproved Interest and/or Principal	Date of Maturity
04/17/2015	30 Year Fixed @ 6.25% annually, interest paid in arrears annually on December 15 of each year, commencing on December 15, 2017	$32,000,000	$32,000,000	$0	$0	$0	04/17/2045

NOTES TO FINANCIAL STATEMENTS

On December 22, 2016, the Company after prior notification and non-disapproval of the Department, issued a surplus note in the amount of $10.0 million (the "Third Surplus Note") to Arch Capital Finance (Ireland) Limited with the following terms:

Date Issued	Interest Rate	Par Value (Face Amount)	Carrying Value at December 22, 2016	Interest Paid Current Year	Total Interest Paid	Unapproved Interest and/or Principal	Date of Maturity
12/22/2016	30 Year Fixed @ 6.80% annually, interest paid in arrears annually on December 15 of each year, commencing on December 15, 2017	$10,000,000	$10,000,000	$0	$0	$0	12/22/2046

Any payment of principal and interest on the First, Second, or Third Surplus Notes shall be made only with the prior written approval of the Department. In accordance with SSAP No. 41, *Surplus Notes*, the First, Second, and Third Surplus Notes are classified as part of the Company's policyholder's surplus.

12. Impact of Quasi-reorganizations: Not Applicable.

13. Date of Quasi-reorganizations: Not Applicable.

14. Liabilities, Contingencies and Assessments

A. Contingent Commitments: Not Applicable.

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. Other Contingencies:

Under State insurance laws, mortgage insurers are required to establish a special contingency reserve from unassigned funds, with annual additions equal to 50% of premiums earned that year. This reserve is required to be maintained for a period of 120 months to protect against the effects of adverse economic cycles ("Ten-Year Trigger"). After 120 months, the reserve is released to unassigned funds. In the event an insurer's loss ratio in any calendar year exceeds 35%, the insurer may withdraw from its contingency reserve an amount equal to the excess portion (i.e., in excess of 35% of earned premiums) of such losses. Mortgage guaranty insurers can request early withdrawals if, and to the extent, its actual policyholder position exceeds minimum policyholder position. The statute allows the Company, upon approval from the Department, to withdraw from the contingency reserve when incurred losses and incurred loss expenses exceed the greater of either 35% of the net earned premium or 70% of the amount that the Company is required to contribute to the contingency reserve in such a year. Early withdrawals from the contingency reserve are treated on a first-in first-out basis. The contingency reserve is reported in the financial statements as a liability, and not as a special surplus fund reserve. Additions to and withdrawals from contingency reserves are included in underwriting income.

For the year 2016 and 2015, the Company had no contingency reserve withdrawals.

At December 31, 2016 and 2015, the Company had gross admitted assets of $10.5 million and $5.4 million, respectively, related to premiums receivable due from policyholders. The Company routinely assesses the collectability of these receivables. Based upon Company experience, any potential uncollectible premiums receivable as of the end of the current year are not expected to exceed the nonadmitted amount, and therefore, no additional provision for uncollectible amounts has been recorded. The potential for any additional loss is not believed to be material to the Company's financial condition.

15. Leases

A. Lessee Operating Lease

(1) During 2014, the Company vacated the leased office space located at 595 Market Street, San Francisco, California ("San Francisco Office") and moved its office to 3003 Oak Road, Walnut Creek, California ("Walnut Creek Lease"). On January 30, 2014, the Company entered into a lease agreement for the Walnut Creek office that expires on January 31, 2019. On August 14, 2014, the Company subleased the San Francisco Office with a term that commenced on February 1, 2015 and expires on February 27, 2017, with monthly rent payments from the subtenant commencing on June 1, 2015. Rental expense allocated to the Company was $2.4 million in 2016 and $3.0 million in 2015, which includes expenses for offices used by or for the benefit of the Company.

(2) Future minimum rental payments are as follows (in thousands):

NOTES TO FINANCIAL STATEMENTS

Year	Amount
2017	$ 3,296
2018	3,410
2019	565
2020	315
2021	325
Thereafter	167
	$ 8,078

As of December 31, 2016, the total future minimum rental payments to be received by the Company under the sublease agreement for San Francisco Office is $114 thousand.

(3) The Company has not entered into any sale and leaseback arrangement.

B. Lessor Leasing Arrangements: Not Applicable.

16. Information About Financial Instruments with Off-Balance Sheet Risk: Not Applicable.

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities: Not Applicable.

18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Portion of Partially Insured Plans: Not Applicable.

19. Direct Premiums Written/Produced by Managing General Agents/Third Party Administrators: Not Applicable.

20. Fair Value Measurements

A. Inputs Used for Assets and Liabilities Measured and Reported at Fair Value

(1) Fair Value Measurements at Reporting Date

For the purposes of this Annual Statement, the Company provides the following disclosure regarding measurement of certain financial assets at fair value.

The Company's financial assets measured at fair value are based on a hierarchy defined by SSAP No. 100, *Fair Value Measurements*. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's classification is based on the lowest level input that is significant to its measurement. For example, a Level 3 fair value measurement may include inputs that are both observable (Levels 1 and 2) and unobservable (Level 3). The levels of the fair value hierarchy are as follows:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted prices that are traded less frequently than exchange-traded instruments and derivative contracts whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable public sources.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

At December 31, 2016 and 2015, the Company had no financial assets recorded at fair value.

At the end of each reporting period, the Company evaluates whether or not any event has occurred or circumstances have changed that would cause an instrument to be transferred between Levels 1 and 2. There were no transfers of assets or liabilities to or from Levels 1 and 2 for the year ended December 31, 2016. This policy also applies to transfers into or out of Level 3 as stated in paragraph 3 below.

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

At December 31, 2016 and 2015, the Company had no assets or liabilities measured at fair value in this category.

(3) Policy on Transfers Into and Out of Level 3

At the end of each reporting period, the Company evaluates whether or not any event has occurred or circumstances have changed that would cause an instrument to be transferred into or out of Level 3. There were no transfers into or out of Level 3 for the year ended December 31, 2016.

(4) Inputs and Techniques Used for Level 2 and Level 3 Fair Values

Bonds carried at fair value categorized as Level 2 were valued using a market approach. These valuations were determined to be Level 2 valuations as quoted market prices for similar instruments in an active market were utilized.

(5) Derivative Fair Values: Not Applicable.

NOTES TO FINANCIAL STATEMENTS

B. Other Fair Value disclosures: Not Applicable.

C. Fair Values for All Financial Instruments by Levels 1, 2 and 3:

D. 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, joint ventures, and ventures). The fair values are also categorized into the three-level fair value hierarchy as described above in Note 20.A.

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3	Not Practicable (Carrying Value)
Financial Instruments - assets						
Bonds	$ 479,458,211	$ 484,704,949	$108,591,130	$ 370,867,081	$ -	$ -
Cash, cash equivalent and short-term investments	25,777,839	25,777,839	25,777,839	-	-	-
Total assets	**$ 505,236,050**	**$ 510,482,788**	**$134,368,969**	**$ 370,867,081**	**$ -**	**$ -**
Financial Instruments - liabilities						
Derivative liabilities	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-

E. Financial Instruments for which Not Practicable to Estimate Fair Values: Not Applicable.

21. Other Items

A. Extraordinary, Unusual or Infrequent Items: Not Applicable.

B. Troubled Debt Restructuring for Debtors: Not Applicable.

C. Other Disclosures

The Company and its affiliates are subject to examination of their financial condition and market conduct by the insurance departments of each of the states in which they are licensed to transact business. The Department periodically conducts a financial examination of insurance companies domiciled in Wisconsin.

On January 4, 2016, the Department sent notification of its plan to conduct a routine financial examination of the Company, AMG, Arch MA, and Arch MI Re for the five year period January 1, 2011 through December 31, 2015. The Department is in the process of completing the examination.

On April 12, 2016, the California Department of Insurance adopted reports of market conduct examination of the Company’s claims handling, rating and underwriting practices during the 2015 calendar year. These reports alleged no findings of violation or other criticism.

D. Business Interruption Insurance Recoveries: Not Applicable.

E. State Transferable and Non-transferable Tax Credits: Not Applicable.

F. Subprime Mortgage Related Risk Exposure

(1) Subprime Mortgage Exposures

The Company is a direct writer of private mortgage guaranty insurance coverage on residential mortgage loans originated in the United States. For purposes of this disclosure, the Company generally defines a “subprime mortgage” as a mortgage loan with a representative credit score less than 620. The Company insures subprime mortgages through its primary products. Additionally, the Company insures or has insured high loan-to-value (“LTV”) loans, adjustable rate mortgages (“ARMs”), and interest-only loans that have riskier characteristics but do not meet the Company’s definition of subprime mortgage exposure. The Company may also have exposure to subprime mortgages through its investments.

The Company utilizes proprietary and other statistical models to measure and predict loan performance based on the historical prepayment and loss experience of loans. The Company analyzes performance based on borrower, loan and property characteristics, along with geographic factors, through historic economic and real estate cycles. The Company uses the outputs from these models and analyses to develop and refine how it prices coverage and in the establishment of underwriting guidelines.

(2) Direct Exposure Through Investments in Subprime Mortgage Loans: Not Applicable.

(3) Direct Exposure Through Other Investments

As of December 31, 2016, the Company’s investments had no mortgage related bonds. As a result, the Company believes it has minimal subprime mortgage exposure in its investment portfolio. The Company has no investments in monoline mortgage companies, however, debt obligations of financial institutions may have some level of subprime exposure. As stated above, the Company defines a subprime mortgage as a loan with a representative credit score of less than 620. Due to the inherent differences in the definition of subprime exposure used by third parties, there could be many more factors, other than credit score, that are used by these third parties to define their own subprime exposure.

(4) Underwriting Risk on Mortgage Guaranty Insurance Policies Issued by the Company

NOTES TO FINANCIAL STATEMENTS

The Company 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's subprime exposure is managed and mitigated by its underwriting guidelines and by premium rates on its coverage. 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 and debt-to-income ratios;
- the borrower's cash reserves; and
- the loan product, which includes the ratio of the original principal balance to the value of the property at origination, 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.

The components of the default inventory were as follows:

($ in thousands)		**Reserve Balance**	**Percentage of Total**
Prime	$	31,139,962	85.6%
Subprime		5,217,839	14.4%
Total	**$**	**36,357,801**	**100.0%**

Losses and reserves were as follows:

($ in thousands)		**Total**		**Subprime**	**Subprime as Percentage of Total**
Losses and LAE Paid	$	19,072,665	$	2,259,267	11.8%
Losses and LAE Incurred		2,755,787		-573,474	-20.8%
Case Loss and LAE Reserves		33,427,132		4,802,355	14.4%
IBNR Loss and LAE Reserves		2,930,669		415,484	14.2%

See Note 1.C.(11) for a discussion of the Company's loss reserving process.

G. Insurance Linked Securities: Not Applicable

22. Events Subsequent

Subsequent events have been considered through February 28, 2017 for the statutory statement issued on March 1, 2017.

23. Reinsurance

A. Unsecured Reinsurance Recoverables: Not Applicable.

B. Reinsurance Recoverables in Dispute: Not Applicable.

C. Reinsurance Assumed and Ceded and Protected Cells:

(1) The following table summarizes assumed and ceded unearned premiums and the related commission equity at the end of the current year:

		Assumed		**Ceded**		**Assumed Less Ceded**	
		Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity
a.	Affiliates	$ -	$ -	$ 29,290,429	$ -	$ (29,290,429)	$ -
b.	All other	-	-	8,406,496	-	(8,406,496)	-
c.	Totals	$ -	$ -	$ 37,696,925	$ -	$ (37,696,925)	$ -

d. Direct unearned premium reserve was $66,885,775

(2) The Company has no additional or return commission as a result of existing contractual arrangements.

(3) The Company does not use protected cells as an alternative to traditional reinsurance.

D. Uncollectible Reinsurance: Not Applicable.

E. Commutation of Ceded Reinsurance: Not Applicable.

F. Retroactive Reinsurance: Not Applicable.

G. Reinsurance Accounted for as a Deposit: Not Applicable.

H. Run-off Agreements: Not Applicable.

NOTES TO FINANCIAL STATEMENTS

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

J. Reinsurance Agreements Qualifying for Reinsurer Aggregation: Not Applicable.

24. Retrospectively Rated Contracts and Contracts Subject to Redetermination: Not Applicable.

25. Changes in Incurred Losses and Loss Adjustment Expenses

Reserves for losses and LAE as of December 31, 2015 were $52.7 million. As of December 31, 2016, $17.9 million was paid year to date relating to incurred losses and LAE attributable to insured events of prior years. Reserves for losses and LAE for prior years as of December 31, 2016 were $22.8 million and correspond to $11.9 million, or 22.7%, of favorable prior-year development since December 31, 2015. The $11.9 million decrease is based upon the Company's re-estimation of unpaid claims and ongoing analysis of recent loss development trends and economic trends, including real estate market and unemployment rates, and their effect on recent claim rate and claim severity experience.

26. Intercompany Pooling Arrangements: Not Applicable.

27. Structured Settlements: Not Applicable.

28. Health Care Receivables: Not Applicable.

29. Participating Policies: Not Applicable.

30. Premium Deficiency Reserves

In accordance with SSAP No. 58 and SSAP No. 53, *Property Casualty Contracts – Premiums*, the Company recognizes a PDR by recording an additional liability for the deficiency, with a corresponding charge to operations when the anticipated losses, LAE, and maintenance costs exceed the recorded unearned premium reserve and any future installment premiums on existing policies. The Company performed a PDR analysis as of December 31, 2016 and determined that it did not have to record a liability related to PDR. The Company considers interest income in connection with its PDR analysis; accordingly anticipated premium and loss cash flows are discounted using the Company's pre-tax book yield.

31. High Deductibles: Not Applicable.

32. Discounting of Liabilities for Unpaid Losses and Unpaid Loss Adjustment Expenses: Not Applicable.

33. Asbestos and Environmental Reserves: Not Applicable.

34. Subscriber Savings Accounts: Not Applicable.

35. Multiple Peril Crop Insurance: Not Applicable.

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? Yes [X] No [ ]
If yes, complete Schedule Y, Parts 1, 1A and 2.

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? Wisconsin

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. 12/31/2015

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. 12/31/2010

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). 06/11/2012

3.4 By what department or departments?
Wisconsin Office of the Commissioner of Insurance

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 [X] No [ ] N/A [ ]

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

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 100.000%

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, Three Embarcadero Center, San Francisco, CA 94111

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?
Kenneth S. Dailey, FCAS, MAAA, employee of an affiliate Arch U.S. MI Services, Inc., 3003 Oak Road, Walnut Creek, CA 94597

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 [X] No [ ]

14.21 If the response to 14.2 is yes, provide information related to amendment(s).
The existing programs and policy statements of the code were updated. There were no material changes.

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

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 $

21.22 Borrowed from others $

21.23 Leased from others $

21.24 Other $

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 $

22.22 Amount paid as expenses $

22.23 Other amounts paid $

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

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

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

INVESTMENT

24.01 Were all of 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).

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. $

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

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	$ 4,588,425
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
		$

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 [X]
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: $

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 all 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, Pittsburg, 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)

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

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

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 [ ]

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
29.2999 TOTAL		

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

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	486,990,136	481,743,398	(5,246,738)
30.2	Preferred Stocks	0	0	0
30.3	Totals	486,990,136	481,743,398	(5,246,738)

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

Fair market values were determined using NAIC Securities Valuation Office and external pricing services.

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 [ ] No [X]

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 [ ]

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:

OTHER

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? $ 730,286

33.2 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
U.S. Mortgage Insurers	$ 328,036
Moody's	210,000

34.1 Amount of payments for legal expenses, if any? $ 263,024

34.2 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
	$

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

35.2 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
	$

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	$ 73,696,127	$ 54,568,093
2.3	Premium Ratio (2.1/2.2)		
2.4	Reserve Numerator	$ 0	$ 0
2.5	Reserve Denominator	$ 65,546,651	$ 67,161,988
2.6	Reserve Ratio (2.4/2.5)		

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? %

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?
N/A

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:
N/A

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?
N/A

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 [ ] No [X]

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:
N/A

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 [X] No [ ]

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

7.2 If yes, indicate the number of reinsurance contracts containing such provisions. 1

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 [X]

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 [X] No [ ]

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 [X] No [ ]

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 [ ] No [ ] N/A [X]

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

11.2 If yes, give full information

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 %

12.42 To %

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): $ 204,047

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 [ ] No [X]

13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic 1

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 [ ] No [X]

14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:

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 [ ]

14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements? Yes [ ] 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 2016	2 2015	3 2014	4 2013	5 2012
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)					
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	199,337,006	134,493,846	111,247,041	98,679,142	91,040,724
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
6. Total (Line 35)	199,337,006	134,493,846	111,247,041	98,679,142	91,040,724
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)					
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	88,397,669	60,703,476	52,594,703	87,095,366	80,281,054
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
12. Total (Line 35)	88,397,669	60,703,476	52,594,703	87,095,366	80,281,054
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(39,993,243)	(41,616,958)	(39,151,682)	(8,389,422)	(19,253,881)
14. Net investment gain (loss) (Line 11)	6,934,889	6,037,671	4,433,413	3,588,439	21,128,128
15. Total other income (Line 15)	564,314	517,288			
16. Dividends to policyholders (Line 17)					
17. Federal and foreign income taxes incurred (Line 19)	(697,514)	(218,789)	14,228	423,730	(6,273,354)
18. Net income (Line 20)	(31,796,526)	(34,843,210)	(34,732,497)	(5,224,713)	8,147,601
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	547,478,669	436,418,566	399,604,496	382,132,688	344,598,681
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 15.1)	10,510,555	5,406,561	4,160,235	4,045,636	4,345,996
20.2 Deferred and not yet due (Line 15.2)					
20.3 Accrued retrospective premiums (Line 15.3)					
21. Total liabilities excluding protected cell business (Page 3, Line 26)	391,972,047	301,933,826	247,122,247	220,709,078	235,077,822
22. Losses (Page 3, Line 1)	34,388,492	50,794,618	68,393,261	97,325,465	126,334,535
23. Loss adjustment expenses (Page 3, Line 3)	1,969,309	1,880,062	1,935,000	1,137,476	1,742,854
24. Unearned premiums (Page 3, Line 9)	29,188,850	14,487,308	8,351,925	9,200,826	8,607,053
25. Capital paid up (Page 3, Lines 30 & 31)	2,750,000	2,750,000	2,750,000	2,750,000	2,750,000
26. Surplus as regards policyholders (Page 3, Line 37)	155,506,622	134,484,740	152,482,249	161,423,610	109,520,859
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	14,063,041	(15,199,163)	(39,529,369)	(17,743,113)	(30,168,552)
Risk-Based Capital Analysis					
28. Total adjusted capital					
29. Authorized control level risk-based capital					
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)	94.9	88.8	88.1	54.2	62.8
31. Stocks (Lines 2.1 & 2.2)			6.0		
32. Mortgage loans on real estate (Lines 3.1 & 3.2)					
33. Real estate (Lines 4.1, 4.2 & 4.3)	0.0				
34. Cash, cash equivalents and short-term investments (Line 5)	5.0	11.2	5.8	45.8	37.2
35. Contract loans (Line 6)					
36. Derivatives (Line 7)					
37. Other invested assets (Line 8)					
38 Receivables for securities (Line 9)		0.0	0.1	0.0	0.0
39. Securities lending reinvested collateral assets (Line 10)					
40. Aggregate write-ins for invested assets (Line 11)					
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)					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)					
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)	26,494,186	22,266,587	22,266,587		
45. Affiliated short-term investments (subtotals included in Schedule DA, Verification, Column 5, Line 10)					
46. Affiliated mortgage loans on real estate					
47. All other affiliated					
48. Total of above lines 42 to 47	26,494,186	22,266,587	22,266,587	0	0
49. Total investment in parent included in Lines 42 to 47 above					
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)	17.0	16.6	14.6		

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2016	2 2015	3 2014	4 2013	5 2012
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24)			3,629,269		
52. Dividends to stockholders (Line 35)					
53. Change in surplus as regards policyholders for the year (Line 38)	21,021,882	(17,997,509)	(8,941,361)	51,902,751	8,981,962
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)					
55. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	27,955,588	41,222,338	67,120,427	101,814,082	118,082,069
58. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
59. Total (Line 35)	27,955,588	41,222,338	67,120,427	101,814,082	118,082,069
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)					
61. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	17,533,247	28,978,107	56,294,830	87,310,116	101,471,657
64. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
65. Total (Line 35)	17,533,247	28,978,107	56,294,830	87,310,116	101,471,657
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)	1.5	20.9	51.2	67.4	111.2
68. Loss expenses incurred (Line 3)	2.2	2.5	4.1	0.5	1.9
69. Other underwriting expenses incurred (Line 4)	100.5	103.0	88.3	24.7	27.1
70. Net underwriting gain (loss) (Line 8)	(54.3)	(76.3)	(73.3)	(9.7)	(23.9)
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)	124.9	136.6	119.9	41.6	10.8
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	3.7	23.3	55.3	67.8	113.1
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)	56.8	45.1	34.5	54.0	73.3
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)	(12,629)	(8,910)	(2,047)	4,686	11,398
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)	(9.4)	(5.8)	(1.3)	4.3	11.3
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)	(15,620)	(5,551)	6,874	20,727	5,078
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)	(10.2)	(3.4)	6.3	20.6	4.8

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)

	Premiums Earned			Loss and Loss Expense Payments								12
Years in Which Premiums Were Earned and Losses Were Incurred	1	2	3	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10	11	Number of Claims Reported- Direct and Assumed
	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)	
1. Prior	XXX	XXX	XXX								0	XXX
2. 2007	81,856	11,490	70,366	35,830	5,021			971		43	31,780	XXX
3. 2008	97,728	14,524	83,204	86,432	12,697			1,635		383	75,370	XXX
4. 2009	103,422	14,163	89,259	138,138	21,094			1,908		994	118,952	XXX
5. 2010	95,343	11,753	83,590	131,787	20,219			1,704		1,422	113,272	XXX
6. 2011	90,846	10,501	80,345	112,181	15,008			1,513		1,338	98,686	XXX
7. 2012	91,352	10,736	80,616	81,705	11,386			1,140		646	71,459	XXX
8. 2013	97,932	11,430	86,502	49,119	7,507			1,159		209	42,771	XXX
9. 2014	102,216	48,772	53,444	28,445	12,603			1,097		10	16,939	XXX
10. 2015	118,220	63,652	54,568	13,641	6,394			745		6	7,992	XXX
11. 2016	167,825	94,129	73,696	2,076	1,036			121			1,161	XXX
12. Totals	XXX	XXX	XXX	679,354	112,965	0	0	11,993	0	5,051	578,382	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												0	XXX
2. 2007	155	26							6		16	135	XXX
3. 2008	373	55							14		24	332	XXX
4. 2009	954	163							35		66	826	XXX
5. 2010	644	106							24		48	562	XXX
6. 2011	1,829	182							68		140	1,715	XXX
7. 2012	3,123	430							116		246	2,809	XXX
8. 2013	4,216	553							153		305	3,816	XXX
9. 2014	7,210	2,858	682	265					280			5,049	XXX
10. 2015	11,295	4,818	1,116	468					441			7,566	XXX
11. 2016	20,197	9,130	2,945	1,296					832		3	13,548	XXX
12. Totals	49,996	18,321	4,743	2,029	0	0	0	0	1,969	0	848	36,358	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			XXX	0	0
2. 2007	36,962	5,047	31,915	45.2	43.9	45.4				129	6
3. 2008	88,454	12,752	75,702	90.5	87.8	91.0				318	14
4. 2009	141,035	21,257	119,778	136.4	150.1	134.2				791	35
5. 2010	134,159	20,325	113,834	140.7	172.9	136.2				538	24
6. 2011	115,591	15,190	100,401	127.2	144.7	125.0				1,647	68
7. 2012	86,084	11,816	74,268	94.2	110.1	92.1				2,693	116
8. 2013	54,647	8,060	46,587	55.8	70.5	53.9				3,663	153
9. 2014	37,714	15,726	21,988	36.9	32.2	41.1				4,769	280
10. 2015	27,238	11,680	15,558	23.0	18.3	28.5				7,125	441
11. 2016	26,171	11,462	14,709	15.6	12.2	20.0				12,716	832
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	34,389	1,969

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 2007	2 2008	3 2009	4 2010	5 2011	6 2012	7 2013	8 2014	9 2015	10 2016	DEVELOPMENT 11 One Year	12 Two Year
1. Prior	3,607	4,641	4,360	4,208	4,171	4,008	3,999	4,008	4,035	4,035	0	27
2. 2007	18,655	26,681	30,535	30,509	30,992	31,052	30,972	30,945	30,972	30,938	(34)	(7)
3. 2008	XXX	53,587	67,123	71,732	73,112	73,366	73,755	74,060	74,079	74,053	(26)	(7)
4. 2009	XXX	XXX	108,070	109,738	115,186	114,757	117,004	117,464	117,813	117,835	22	371
5. 2010	XXX	XXX	XXX	111,967	108,149	110,049	111,631	112,722	112,787	112,106	(681)	(616)
6. 2011	XXX	XXX	XXX	XXX	84,254	94,030	99,230	99,209	99,161	98,820	(341)	(389)
7. 2012	XXX	XXX	XXX	XXX	XXX	78,222	73,579	73,950	73,567	73,012	(555)	(938)
8. 2013	XXX	XXX	XXX	XXX	XXX	XXX	54,773	50,538	46,978	45,275	(1,703)	(5,263)
9. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	29,409	24,003	20,611	(3,392)	(8,798)
10. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	20,291	14,372	(5,919)	XXX
11. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	13,756	XXX	XXX
										12. Totals	(12,629)	(15,620)

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 2007	2 2008	3 2009	4 2010	5 2011	6 2012	7 2013	8 2014	9 2015	10 2016	11 Number of Claims Closed With Loss Payment	12 Number of Claims Closed Without Loss Payment
1. Prior	000	2,879	3,813	4,050	4,075	3,922	3,980	3,979	4,035	4,035	XXX	XXX
2. 2007	2,006	16,403	26,822	29,031	30,127	30,361	30,542	30,705	30,812	30,809	XXX	XXX
3. 2008	XXX	4,278	33,241	61,965	68,817	71,168	72,563	73,309	73,596	73,735	XXX	XXX
4. 2009	XXX	XXX	4,268	64,890	97,361	107,440	112,437	114,913	115,950	117,044	XXX	XXX
5. 2010	XXX	XXX	XXX	11,080	66,623	95,862	105,088	109,452	111,134	111,568	XXX	XXX
6. 2011	XXX	XXX	XXX	XXX	10,674	60,542	86,197	93,542	96,037	97,173	XXX	XXX
7. 2012	XXX	XXX	XXX	XXX	XXX	9,854	49,652	64,904	69,165	70,319	XXX	XXX
8. 2013	XXX	XXX	XXX	XXX	XXX	XXX	7,159	30,320	38,960	41,612	XXX	XXX
9. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,788	11,599	15,842	XXX	XXX
10. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,603	7,247	XXX	XXX
11. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,040	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 2007	2 2008	3 2009	4 2010	5 2011	6 2012	7 2013	8 2014	9 2015	10 2016
1. Prior	144	376	111							
2. 2007	4,320	325	243	140		(1)				
3. 2008	XXX	9,342	459	301		(2)				
4. 2009	XXX	XXX	13,532	1,507	457	(15)				
5. 2010	XXX	XXX	XXX	12,590	1,887	464	25			
6. 2011	XXX	XXX	XXX	XXX	11,551	1,943	701			
7. 2012	XXX	XXX	XXX	XXX	XXX	10,171	2,391	878		
8. 2013	XXX	XXX	XXX	XXX	XXX	XXX	7,291	1,715	838	
9. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	3,924	871	417
10. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,113	648
11. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,649

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

	States, Etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken 2 Direct Premiums Written	 3 Direct Premiums Earned	4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges not Included in Premiums	9 Direct Premiums Written for Federal Purchasing Groups (Incl. in Col. 2)
1.	Alabama AL	L	1,236,961	1,086,274		188,419	111,052	358,139		
2.	Alaska AK	L	4,025,836	4,198,639		828,700	632,568	1,497,162		
3.	Arizona AZ	L	3,704,813	3,075,169		582,632	407,846	547,757		
4.	Arkansas AR	L	814,697	685,955		37,363	158,120	299,378		
5.	California CA	L	14,190,559	13,013,865		876,134	(214,034)	1,524,932		
6.	Colorado CO	L	3,476,770	3,119,894		17,175	12,437	255,904		
7.	Connecticut CT	L	1,236,266	1,066,269		269,983	(95,053)	905,185		
8.	Delaware DE	L	420,935	290,267			53,043	59,931		
9.	District of Columbia DC	L	450,975	421,525			11,018	45,286		
10.	Florida FL	L	8,135,555	7,655,917		3,900,352	237,505	4,884,163		
11.	Georgia GA	L	5,397,898	4,587,211		991,629	196,690	1,381,645		
12.	Hawaii HI	L	245,712	256,069		422,248	239,043	764,697		
13.	Idaho ID	L	3,350,831	3,269,228		259,698	(61,361)	153,039		
14.	Illinois IL	L	6,107,416	4,917,581		1,304,861	249,627	1,401,299		
15.	Indiana IN	L	4,101,187	3,095,869		259,778	10,857	786,416		
16.	Iowa IA	L	4,609,218	2,409,388		337,893	(72,311)	833,051		
17.	Kansas KS	L	3,210,106	2,856,638		137,299	102,990	729,090		
18.	Kentucky KY	L	1,238,631	919,279		118,617	60,100	270,654		
19.	Louisiana LA	L	1,588,557	1,430,205		172,940	155,628	873,656		
20.	Maine ME	L	1,141,488	1,100,921		226,379	(255,058)	795,453		
21.	Maryland MD	L	5,892,655	4,476,586		1,336,411	134,270	2,356,646		
22.	Massachusetts MA	L	7,092,999	5,599,878		844,868	411,460	2,461,712		
23.	Michigan MI	L	18,777,675	13,222,623		890,939	596,550	1,833,229		
24.	Minnesota MN	L	6,826,340	6,566,248		1,199,972	278,688	1,663,582		
25.	Mississippi MS	L	450,679	396,907		75,598	35,763	154,960		
26.	Missouri MO	L	4,335,253	3,361,723		355,888	63,067	710,114		
27.	Montana MT	L	315,465	311,026			67,637	75,978		
28.	Nebraska NE	L	1,204,786	1,018,483		27,822	(93,999)	91,630		
29.	Nevada NV	L	822,021	779,405		777,388	737,640	1,467,293		
30.	New Hampshire NH	L	1,940,306	1,856,323		107,922	114,611	376,477		
31.	New Jersey NJ	L	3,222,627	2,580,916		815,296	182,795	2,166,427		
32.	New Mexico NM	L	1,445,864	1,391,363		380,719	326,272	676,112		
33.	New York NY	L	4,412,852	4,132,554		1,570,401	190,071	4,047,236		
34.	North Carolina NC	L	5,704,788	4,972,322		383,144	(39,040)	559,674		
35.	North Dakota ND	L	160,788	146,562		22,212	18,244	58,491		
36.	Ohio OH	L	6,535,897	4,851,101		1,533,387	535,924	2,436,499		
37.	Oklahoma OK	L	1,748,749	1,659,342		159,762	(4,079)	516,409		
38.	Oregon OR	L	2,924,171	2,405,914		114,861	(52,685)	652,842		
39.	Pennsylvania PA	L	4,757,863	3,914,758		848,215	452,081	2,597,603		
40.	Rhode Island RI	L	1,844,248	1,454,870		297,029	90,707	772,570		
41.	South Carolina SC	L	3,156,206	2,719,363		223,612	(76,592)	481,140		
42.	South Dakota SD	L	563,206	415,043		13,272	(84,518)	6,258		
43.	Tennessee TN	L	5,637,515	3,971,061		521,626	357,313	916,592		
44.	Texas TX	L	10,443,997	9,781,792		639,133	(364,663)	2,019,361		
45.	Utah UT	L	2,573,078	2,205,572		149,574	(3,105)	717,950		
46.	Vermont VT	L	989,849	996,470		222,793	130,454	462,351		
47.	Virginia VA	L	7,658,777	5,108,108		634,191	229,867	847,394		
48.	Washington WA	L	5,378,671	5,074,659		886,401	(395,310)	1,056,724		
49.	West Virginia WV	L	310,393	297,196		120,641	(49,092)	201,752		
50.	Wisconsin WI	L	13,194,254	12,379,827		1,737,556	321,086	3,744,406		
51.	Wyoming WY	L	306,504	296,745		90,544	71,440	146,571		
52.	American Samoa AS	N								
53.	Guam GU	N								
54.	Puerto Rico PR	L	24,119	24,191		42,311	(81,116)	95,613		
55.	US Virgin Islands VI	N								
56.	Northern Mariana Islands MP	N								
57.	Canada CAN	N								
58.	Aggregate Other Alien OT	XXX	0	0	0	0	0	0	0	0
59.	Totals	(a) 52	199,337,006	167,825,094	0	27,955,588	6,042,448	54,738,433	0	0

DETAILS OF WRITE-INS

58001.	XXX								
58002.	XXX								
58003.	XXX								
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

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

(L) - Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) - Registered - Non-domiciled RRGs; (Q) - Qualified - Qualified or Accredited Reinsurer;

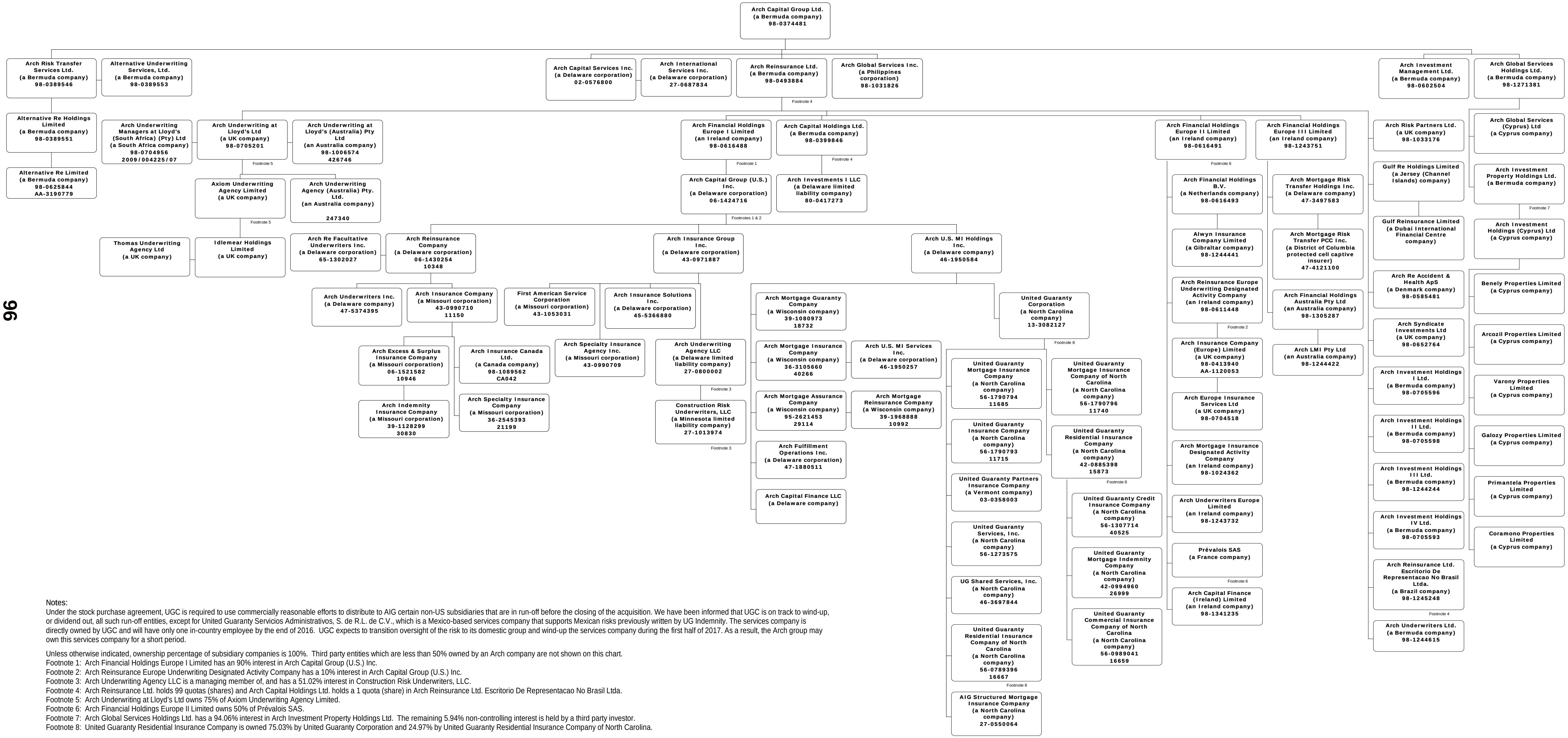
(E) - Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) - None of the above - Not allowed to write business in the state.

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

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

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

PART 1 - ORGANIZATIONAL CHART

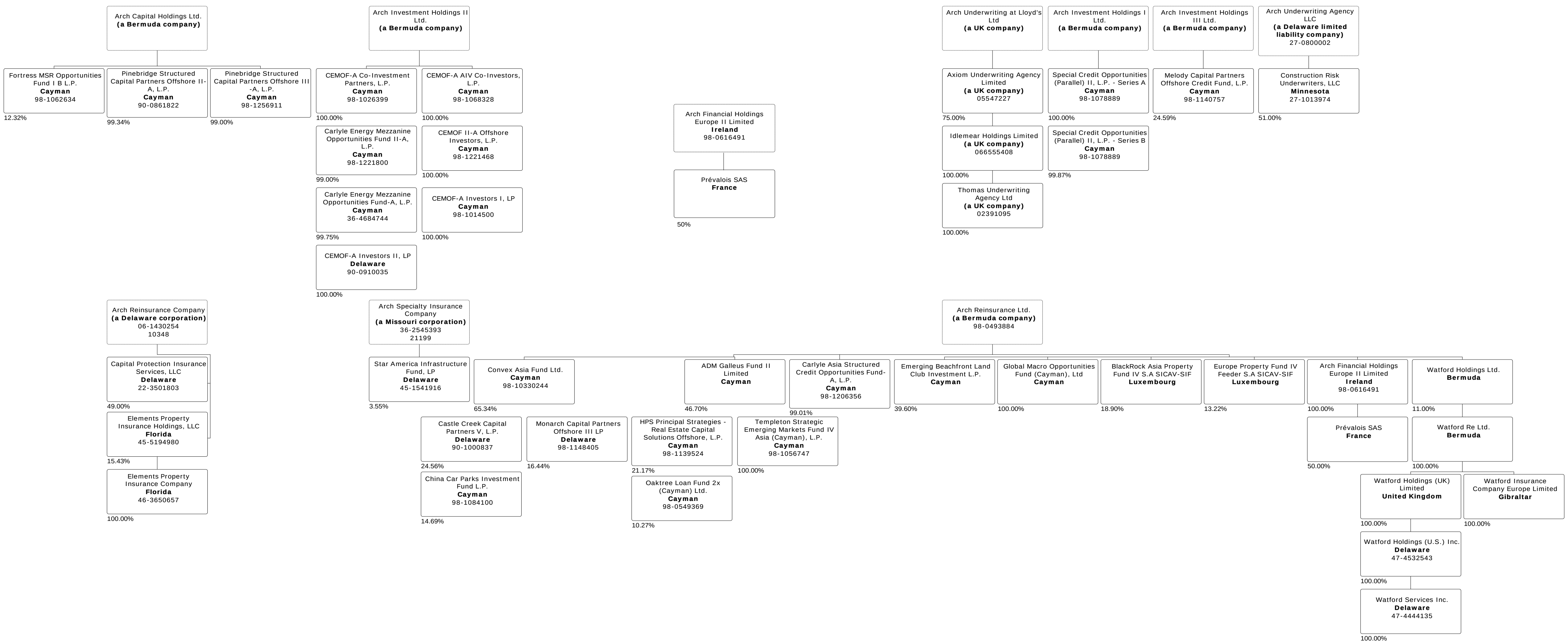


Notes:
Under the stock purchase agreement, UGC is required to use commercially reasonable efforts to distribute to AIG certain non-US subsidiaries that are in run-off before the closing of the acquisition. We have been informed that UGC is on track to wind-up, or dividend out, all such run-off entities, except for United Guaranty Servicios Administrativos, S. de R.L. de C.V., which is a Mexico-based services company that supports Mexican risks previously written by UG Indemnity. The services company is directly owned by UGC and will have only one in-country employee by the end of 2016. UGC expects to transition oversight of the risk to its domestic group and wind-up the services company during the first half of 2017. As a result, the Arch group may own this services company for a short period.

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 Underwriting Agency LLC is a managing member of, and has a 51.02% interest in Construction Risk Underwriters, LLC.
Footnote 4: 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 5: Arch Underwriting at Lloyd's Ltd owns 75% of Axiom Underwriting Agency Limited.
Footnote 6: Arch Financial Holdings Europe II Limited owns 50% of Prévalois SAS.
Footnote 7: 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 8: United Guaranty Residential Insurance Company is owned 75.03% by United Guaranty Corporation and 24.97% by United Guaranty Residential Insurance Company of North Carolina.

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.

2016 ALPHABETICAL INDEX -- PROPERTY & CASUALTY ANNUAL STATEMENT BLANK