



ANNUAL STATEMENT

For the Year Ended December 31, 2018
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 <i>(Street and Number) (City or Town, State, Country and Zip Code)</i>				
Main Administrative Office	230 North Elm Street .. Greensboro .. NC .. US .. 27401 <i>(Street and Number) (City or Town, State, Country and Zip Code)</i>			336-373-0232 <i>(Area Code) (Telephone Number)</i>	
Mail Address	Post Office Box 20597 .. Greensboro .. NC .. US .. 27420 <i>(Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)</i>				
Primary Location of Books and Records	230 North Elm Street .. Greensboro .. NC .. US .. 27401 <i>(Street and Number) (City or Town, State, Country and Zip Code)</i>			336-373-0232 <i>(Area Code) (Telephone Number)</i>	
Internet Web Site Address	www.archmi.com				
Statutory Statement Contact	Jeffrey Wayne Shaw <i>(Name)</i>			336-412-0800 <i>(Area Code) (Telephone Number)</i> <i>(Extension)</i>	
	statutoryaccountingteam@archmi.com <i>(E-Mail Address)</i>			336-217-4402 <i>(Fax Number)</i>	

OFFICERS

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

OTHER

Cheryl Ann Feltgen	Executive Vice President & Chief Risk Officer	John Edward Gaines	Executive Vice President, Chief Credit & Pricing Officer
Carl Edward Tyree #	Executive Vice President & Chief Sales Officer	David William McLaughry	Senior Vice President & Chief Actuary
James Heath Taylor	Vice President & Treasurer		

DIRECTORS OR TRUSTEES

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

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

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

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

Subscribed and sworn to before me	a. Is this an original filing?	Yes [X] No []
This _____ day of _____ 2019	b. If no	1. State the amendment number _____
		2. Date filed _____
		3. Number of pages attached _____

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	1,770,735,983	0	1,770,735,983	1,760,547,673
2. Stocks (Schedule D):				
2.1 Preferred stocks.....	0	0	0	0
2.2 Common stocks.....	49,331,214	49,331,214	0	0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....	0	0	0	0
3.2 Other than first liens.....	0	0	0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....	0	0	0	0
4.2 Properties held for the production of income (less \$.....0 encumbrances).....	0	0	0	0
4.3 Properties held for sale (less \$.....0 encumbrances).....	0	0	0	0
5. Cash (\$.....8,441,495, Schedule E-Part 1), cash equivalents (\$.....40,935,819, Schedule E-Part 2) and short-term investments (\$.....3,573,751, Schedule DA).....	52,951,065	0	52,951,065	114,110,743
6. Contract loans (including \$.....0 premium notes).....	0	0	0	0
7. Derivatives (Schedule DB).....	0	0	0	0
8. Other invested assets (Schedule BA).....	0	0	0	0
9. Receivables for securities.....	0	0	0	0
10. Securities lending reinvested collateral assets (Schedule DL).....	0	0	0	0
11. Aggregate write-ins for invested assets.....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	1,873,018,262	49,331,214	1,823,687,048	1,874,658,416
13. Title plants less \$.....0 charged off (for Title insurers only).....	0	0	0	0
14. Investment income due and accrued.....	14,262,728	0	14,262,728	10,543,562
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	111,264,946	0	111,264,946	180,519,244
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	0	0	0	0
15.3 Accrued retrospective premiums (\$.....0) and contracts subject to redetermination (\$.....0).....	0	0	0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	3,212,087	0	3,212,087	6,972,775
16.2 Funds held by or deposited with reinsured companies.....	0	0	0	0
16.3 Other amounts receivable under reinsurance contracts.....	0	0	0	0
17. Amounts receivable relating to uninsured plans.....	0	0	0	0
18.1 Current federal and foreign income tax recoverable and interest thereon.....	4,559,187	0	4,559,187	0
18.2 Net deferred tax asset.....	191,451,662	151,167,001	40,284,661	61,556,337
19. Guaranty funds receivable or on deposit.....	0	0	0	0
20. Electronic data processing equipment and software.....	0	0	0	0
21. Furniture and equipment, including health care delivery assets (\$.....0).....	0	0	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates.....	0	0	0	0
23. Receivables from parent, subsidiaries and affiliates.....	218,666	0	218,666	5,126
24. Health care (\$.....0) and other amounts receivable.....	0	0	0	0
25. Aggregate write-ins for other-than-invested assets.....	1,685,097	1,672,343	12,754	306,776
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	2,199,672,635	202,170,558	1,997,502,077	2,134,562,236
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0	0
28. TOTAL (Lines 26 and 27).....	2,199,672,635	202,170,558	1,997,502,077	2,134,562,236

DETAILS OF WRITE-INS

1101.....	0	0	0	0
1102.....	0	0	0	0
1103.....	0	0	0	0
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above).....	0	0	0	0
2501. Other receivables.....	12,754	0	12,754	306,776
2502. Licenses purchased.....	1,672,343	1,672,343	0	0
2503.....	0	0	0	0
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).....	1,685,097	1,672,343	12,754	306,776

Annual Statement for the year 2018 of the **ARCH MORTGAGE INSURANCE COMPANY**
LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8).....	158,506,373	206,917,894
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....	19,881,288	58,894,993
3. Loss adjustment expenses (Part 2A, Line 35, Column 9).....	5,496,558	9,742,721
4. Commissions payable, contingent commissions and other similar charges.....	0	0
5. Other expenses (excluding taxes, licenses and fees).....	907,362	967,115
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	5,741,816	3,751,346
7.1 Current federal and foreign income taxes (including \$.....0 on realized capital gains (losses)).....	0	0
7.2 Net deferred tax liability.....	0	0
8. Borrowed money \$.....0 and interest thereon \$.....0.....	0	0
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$.....141,496,886 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).....	165,184,342	209,059,241
10. Advance premium.....	114,795	132,423
11. Dividends declared and unpaid:		
11.1 Stockholders.....	0	0
11.2 Policyholders.....	0	0
12. Ceded reinsurance premiums payable (net of ceding commissions).....	125,869,250	114,922,477
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 20).....	67,108,434	67,801,459
14. Amounts withheld or retained by company for account of others.....	0	0
15. Remittances and items not allocated.....	652,203	86,409
16. Provision for reinsurance (including \$.....0 certified) (Schedule F, Part 3, Column 78).....	0	0
17. Net adjustments in assets and liabilities due to foreign exchange rates.....	0	0
18. Drafts outstanding.....	0	0
19. Payable to parent, subsidiaries and affiliates.....	24,328,267	57,222,152
20. Derivatives.....	0	0
21. Payable for securities.....	0	0
22. Payable for securities lending.....	0	0
23. Liability for amounts held under uninsured plans.....	0	0
24. Capital notes \$.....0 and interest thereon \$.....0.....	0	0
25. Aggregate write-ins for liabilities.....	1,114,862,326	933,132,091
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....	1,688,653,014	1,662,630,321
27. Protected cell liabilities.....	0	0
28. Total liabilities (Lines 26 and 27).....	1,688,653,014	1,662,630,321
29. Aggregate write-ins for special surplus funds.....	0	0
30. Common capital stock.....	2,750,000	2,750,000
31. Preferred capital stock.....	0	0
32. Aggregate write-ins for other-than-special surplus funds.....	0	0
33. Surplus notes.....	49,500,000	49,500,000
34. Gross paid in and contributed surplus.....	246,270,163	426,283,210
35. Unassigned funds (surplus).....	10,328,900	(6,601,295)
36. Less treasury stock, at cost:		
36.1 .....0.000 shares common (value included in Line 30 \$.....0).....	0	0
36.2 .....0.000 shares preferred (value included in Line 31 \$.....0).....	0	0
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39).....	308,849,063	471,931,915
38. TOTAL (Page 2, Line 28, Col. 3).....	1,997,502,077	2,134,562,236

DETAILS OF WRITE-INS

2501. Contingency reserve.....	1,097,599,634	920,734,999
2502. Premium refund reserve.....	981,307	192,746
2503. Deferred ceding commission.....	16,281,385	12,204,347
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	1,114,862,326	933,132,091
2901.	0	0
2902.	0	0
2903.	0	0
2998. Summary of remaining write-ins for Line 29 from overflow page.....	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above).....	0	0
3201.	0	0
3202.	0	0
3203.	0	0
3298. Summary of remaining write-ins for Line 32 from overflow page.....	0	0
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above).....	0	0

Annual Statement for the year 2018 of the **ARCH MORTGAGE INSURANCE COMPANY**
STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4).....	353,729,269	236,326,635
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7).....	26,512,100	32,618,197
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....	(1,880,755)	8,934,723
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	65,610,890	71,835,409
5. Aggregate write-ins for underwriting deductions.....	176,864,635	118,163,317
6. Total underwriting deductions (Lines 2 through 5).....	267,106,870	231,551,646
7. Net income of protected cells.....	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....	86,622,399	4,774,989
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	40,064,873	8,043,407
10. Net realized capital gains (losses) less capital gains tax of \$.....(3,525,134) (Exhibit of Capital Gains (Losses)).....	(13,261,220)	(514,338)
11. Net investment gain (loss) (Lines 9 + 10).....	26,803,653	7,529,069
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$.....0 amount charged off \$.....0).....	0	0
13. Finance and service charges not included in premiums.....	0	0
14. Aggregate write-ins for miscellaneous income.....	0	94,052
15. Total other income (Lines 12 through 14).....	0	94,052
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	113,426,052	12,398,111
17. Dividends to policyholders.....	0	0
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17).....	113,426,052	12,398,111
19. Federal and foreign income taxes incurred.....	53,170,414	276,951
20. Net income (Line 18 minus Line 19) (to Line 22).....	60,255,638	12,121,160
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....	471,931,915	155,506,622
22. Net income (from Line 20).....	60,255,638	12,121,160
23. Net transfers (to) from Protected Cell accounts.....	0	0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....0.....	(2,100,566)	(30,263)
25. Change in net unrealized foreign exchange capital gain (loss).....	0	0
26. Change in net deferred income tax.....	28,423,776	107,745,335
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3).....	(69,648,654)	(69,261,013)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....	0	0
29. Change in surplus notes.....	0	0
30. Surplus (contributed to) withdrawn from Protected Cells.....	0	0
31. Cumulative effect of changes in accounting principles.....	0	0
32. Capital changes:		
32.1 Paid in.....	0	0
32.2 Transferred from surplus (Stock Dividend).....	0	0
32.3 Transferred to surplus.....	0	0
33. Surplus adjustments:		
33.1 Paid in.....	(180,013,047)	265,850,075
33.2 Transferred to capital (Stock Dividend).....	0	0
33.3. Transferred from capital.....	0	0
34. Net remittances from or (to) Home Office.....	0	0
35. Dividends to stockholders.....	0	0
36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1).....	0	0
37. Aggregate write-ins for gains and losses in surplus.....	0	0
38. Change in surplus as regards policyholders for the year (Lines 22 through 37).....	(163,082,853)	316,425,294
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37).....	308,849,063	471,931,915
DETAILS OF WRITE-INS		
0501. Change in contingency reserve.....	176,864,635	118,163,317
0502.	0	0
0503.	0	0
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above).....	176,864,635	118,163,317
1401. Other rent.....	0	94,052
1402.	0	0
1403.	0	0
1498. Summary of remaining write-ins for Line 14 from overflow page.....	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above).....	0	94,052
3701.	0	0
3702.	0	0
3703.	0	0
3798. Summary of remaining write-ins for Line 37 from overflow page.....	0	0
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above).....	0	0

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	390,826,374	344,051,953
2. Net investment income.....	43,211,327	8,487,098
3. Miscellaneous income.....	0	94,052
4. Total (Lines 1 through 3).....	434,037,701	352,633,104
5. Benefit and loss related payments.....	110,176,638	(208,536,488)
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions.....	61,988,422	204,313,408
8. Dividends paid to policyholders.....	0	0
9. Federal and foreign income taxes paid (recovered) net of \$....(3,525,134) tax on capital gains (losses).....	54,204,467	0
10. Total (Lines 5 through 9).....	226,369,527	(4,223,079)
11. Net cash from operations (Line 4 minus Line 10).....	207,668,174	356,856,183
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	1,622,026,308	626,016,641
12.2 Stocks.....	0	1,670,253
12.3 Mortgage loans.....	0	0
12.4 Real estate.....	684,255	232,750
12.5 Other invested assets.....	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	(51,061)	(393)
12.7 Miscellaneous proceeds.....	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	1,622,659,502	627,919,252
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	1,657,916,090	1,909,171,469
13.2 Stocks.....	19,986,953	4,561,502
13.3 Mortgage loans.....	0	0
13.4 Real estate.....	755,130	0
13.5 Other invested assets.....	0	0
13.6 Miscellaneous applications.....	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6).....	1,678,658,173	1,913,732,971
14. Net increase (decrease) in contract loans and premium notes.....	0	0
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....	(55,998,670)	(1,285,813,719)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....	0	0
16.2 Capital and paid in surplus, less treasury stock.....	(180,013,047)	265,850,075
16.3 Borrowed funds.....	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....	0	0
16.5 Dividends to stockholders.....	0	0
16.6 Other cash provided (applied).....	(32,816,135)	751,440,365
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(212,829,182)	1,017,290,440
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).....	(61,159,678)	88,332,904
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	114,110,743	25,777,839
19.2 End of year (Line 18 plus Line 19.1).....	52,951,065	114,110,743
Note: Supplemental disclosures of cash flow information for non-cash transactions:		
20.0001 Change in contingency reserve.....	(176,864,635)	(118,163,317)
20.0002 Change in premium refund reserve.....	788,561	(284,717)
20.0003 Change in deferred ceding commission.....	(4,077,037)	(6,146,500)
20.0004 Change in escheatable and stale checks.....	19,879	(20,138)
20.0005 Non-cash transfer of assets for reinsurance agreements.....	0	785,794,919
20.0006 Change in investment in AMIS.....	4,336,558	2,850,075

Annual Statement for the year 2018 of the **ARCH MORTGAGE INSURANCE COMPANY**
UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums December 31 Prior Year- per Col. 3, Last Year's Part 1	3 Unearned Premiums December 31 Current Year- per Col. 5, Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire.....	0	0	0	0
2. Allied lines.....	0	0	0	0
3. Farmowners multiple peril.....	0	0	0	0
4. Homeowners multiple peril.....	0	0	0	0
5. Commercial multiple peril.....	0	0	0	0
6. Mortgage guaranty.....	309,854,369	209,059,241	165,184,342	353,729,268
8. Ocean marine.....	0	0	0	0
9. Inland marine.....	0	0	0	0
10. Financial guaranty.....	0	0	0	0
11.1 Medical professional liability - occurrence.....	0	0	0	0
11.2 Medical professional liability - claims-made.....	0	0	0	0
12. Earthquake.....	0	0	0	0
13. Group accident and health.....	0	0	0	0
14. Credit accident and health (group and individual).....	0	0	0	0
15. Other accident and health.....	0	0	0	0
16. Workers' compensation.....	0	0	0	0
17.1 Other liability - occurrence.....	0	0	0	0
17.2 Other liability - claims-made.....	0	0	0	0
17.3 Excess workers' compensation.....	0	0	0	0
18.1 Products liability - occurrence.....	0	0	0	0
18.2 Products liability - claims-made.....	0	0	0	0
19.1, 19.2 Private passenger auto liability.....	0	0	0	0
19.3, 19.4 Commercial auto liability.....	0	0	0	0
21. Auto physical damage.....	0	0	0	0
22. Aircraft (all perils).....	0	0	0	0
23. Fidelity.....	0	0	0	0
24. Surety.....	0	0	0	0
26. Burglary and theft.....	0	0	0	0
27. Boiler and machinery.....	0	0	0	0
28. Credit.....	0	0	0	0
29. International.....	0	0	0	0
30. Warranty.....	0	0	0	0
31. Reinsurance - nonproportional assumed property.....	0	0	0	0
32. Reinsurance - nonproportional assumed liability.....	0	0	0	0
33. Reinsurance - nonproportional assumed financial lines.....	0	0	0	0
34. Aggregate write-ins for other lines of business.....	0	0	0	0
35. TOTALS.....	309,854,369	209,059,241	165,184,342	353,729,268

DETAILS OF WRITE-INS

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

Annual Statement for the year 2018 of the **ARCH MORTGAGE INSURANCE COMPANY**
UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

Line of Business		1	2	3	4	5
		Amount Unearned (Running One Year or Less from Date of Policy) (a)	Amount Unearned (Running More Than One Year from Date of Policy) (a)	Earned But Unbilled Premium	Reserve for Rate Credits and Retrospective Adjustments Based on Experience	Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1.	Fire.....	0	0	0	0	0
2.	Allied lines.....	0	0	0	0	0
3.	Farmowners multiple peril.....	0	0	0	0	0
4.	Homeowners multiple peril.....	0	0	0	0	0
5.	Commercial multiple peril.....	0	0	0	0	0
6.	Mortgage guaranty.....	0	165,184,342	0	0	165,184,342
8.	Ocean marine.....	0	0	0	0	0
9.	Inland marine.....	0	0	0	0	0
10.	Financial guaranty.....	0	0	0	0	0
11.1	Medical professional liability - occurrence.....	0	0	0	0	0
11.2	Medical professional liability - claims-made.....	0	0	0	0	0
12.	Earthquake.....	0	0	0	0	0
13.	Group accident and health.....	0	0	0	0	0
14.	Credit accident and health (group and individual).....	0	0	0	0	0
15.	Other accident and health.....	0	0	0	0	0
16.	Workers' compensation.....	0	0	0	0	0
17.1	Other liability - occurrence.....	0	0	0	0	0
17.2	Other liability - claims-made.....	0	0	0	0	0
17.3	Excess workers' compensation.....	0	0	0	0	0
18.1	Products liability - occurrence.....	0	0	0	0	0
18.2	Products liability - claims-made.....	0	0	0	0	0
19.1, 19.2	Private passenger auto liability.....	0	0	0	0	0
19.3, 19.4	Commercial auto liability.....	0	0	0	0	0
21.	Auto physical damage.....	0	0	0	0	0
22.	Aircraft (all perils).....	0	0	0	0	0
23.	Fidelity.....	0	0	0	0	0
24.	Surety.....	0	0	0	0	0
26.	Burglary and theft.....	0	0	0	0	0
27.	Boiler and machinery.....	0	0	0	0	0
28.	Credit.....	0	0	0	0	0
29.	International.....	0	0	0	0	0
30.	Warranty.....	0	0	0	0	0
31.	Reinsurance - nonproportional assumed property.....	0	0	0	0	0
32.	Reinsurance - nonproportional assumed liability.....	0	0	0	0	0
33.	Reinsurance - nonproportional assumed financial lines.....	0	0	0	0	0
34.	Aggregate write-ins for other lines of business.....	0	0	0	0	0
35.	TOTALS.....	0	165,184,342	0	0	165,184,342
36.	Accrued retrospective premiums based on experience.....					0
37.	Earned but unbilled premiums.....					0
38.	Balance (sum of Lines 35 through 37).....					165,184,342

DETAILS OF WRITE-INS

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

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

Annual Statement for the year 2018 of the **ARCH MORTGAGE INSURANCE COMPANY**
UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written (Cols. 1 + 2 + 3 - 4 - 5)
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire.....	0	0	0	0	0	0
2. Allied lines.....	0	0	0	0	0	0
3. Farmowners multiple peril.....	0	0	0	0	0	0
4. Homeowners multiple peril.....	0	0	0	0	0	0
5. Commercial multiple peril.....	0	0	0	0	0	0
6. Mortgage guaranty.....	534,415,284	309,939,487	0	247,129,784	287,370,618	309,854,369
8. Ocean marine.....	0	0	0	0	0	0
9. Inland marine.....	0	0	0	0	0	0
10. Financial guaranty.....	0	0	0	0	0	0
11.1 Medical professional liability - occurrence.....	0	0	0	0	0	0
11.2 Medical professional liability - claims-made.....	0	0	0	0	0	0
12. Earthquake.....	0	0	0	0	0	0
13. Group accident and health.....	0	0	0	0	0	0
14. Credit accident and health (group and individual).....	0	0	0	0	0	0
15. Other accident and health.....	0	0	0	0	0	0
16. Workers' compensation.....	0	0	0	0	0	0
17.1 Other liability - occurrence.....	0	0	0	0	0	0
17.2 Other liability - claims-made.....	0	0	0	0	0	0
17.3 Excess workers' compensation.....	0	0	0	0	0	0
18.1 Products liability - occurrence.....	0	0	0	0	0	0
18.2 Products liability - claims-made.....	0	0	0	0	0	0
19.1, 19.2 Private passenger auto liability.....	0	0	0	0	0	0
19.3, 19.4 Commercial auto liability.....	0	0	0	0	0	0
21. Auto physical damage.....	0	0	0	0	0	0
22. Aircraft (all perils).....	0	0	0	0	0	0
23. Fidelity.....	0	0	0	0	0	0
24. Surety.....	0	0	0	0	0	0
26. Burglary and theft.....	0	0	0	0	0	0
27. Boiler and machinery.....	0	0	0	0	0	0
28. Credit.....	0	0	0	0	0	0
29. International.....	0	0	0	0	0	0
30. Warranty.....	0	0	0	0	0	0
31. Reinsurance - nonproportional assumed property.....	XXX	0	0	0	0	0
32. Reinsurance - nonproportional assumed liability.....	XXX	0	0	0	0	0
33. Reinsurance - nonproportional assumed financial lines.....	XXX	0	0	0	0	0
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0
35. TOTALS.....	534,415,284	309,939,487	0	247,129,784	287,370,618	309,854,369

DETAILS OF WRITE-INS

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

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

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

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

ARCH MORTGAGE INSURANCE COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				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 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire.....	0	0	0	0	0	0	0	0.0
2. Allied lines.....	0	0	0	0	0	0	0	0.0
3. Farmowners multiple peril.....	0	0	0	0	0	0	0	0.0
4. Homeowners multiple peril.....	0	0	0	0	0	0	0	0.0
5. Commercial multiple peril.....	0	0	0	0	0	0	0	0.0
6. Mortgage guaranty.....	12,312,887	75,199,388	12,588,655	74,923,620	158,506,373	206,917,894	26,512,100	7.5
8. Ocean marine.....	0	0	0	0	0	0	0	0.0
9. Inland marine.....	0	0	0	0	0	0	0	0.0
10. Financial guaranty.....	0	0	0	0	0	0	0	0.0
11.1 Medical professional liability - occurrence.....	0	0	0	0	0	0	0	0.0
11.2 Medical professional liability - claims-made.....	0	0	0	0	0	0	0	0.0
12. Earthquake.....	0	0	0	0	0	0	0	0.0
13. Group accident and health.....	0	0	0	0	0	0	0	0.0
14. Credit accident and health (group and individual).....	0	0	0	0	0	0	0	0.0
15. Other accident and health.....	0	0	0	0	0	0	0	0.0
16. Workers' compensation.....	0	0	0	0	0	0	0	0.0
17.1 Other liability - occurrence.....	0	0	0	0	0	0	0	0.0
17.2 Other liability - claims-made.....	0	0	0	0	0	0	0	0.0
17.3 Excess workers' compensation.....	0	0	0	0	0	0	0	0.0
18.1 Products liability - occurrence.....	0	0	0	0	0	0	0	0.0
18.2 Products liability - claims-made.....	0	0	0	0	0	0	0	0.0
19.1, 19.2 Private passenger auto liability.....	0	0	0	0	0	0	0	0.0
19.3, 19.4 Commercial auto liability.....	0	0	0	0	0	0	0	0.0
21. Auto physical damage.....	0	0	0	0	0	0	0	0.0
22. Aircraft (all perils).....	0	0	0	0	0	0	0	0.0
23. Fidelity.....	0	0	0	0	0	0	0	0.0
24. Surety.....	0	0	0	0	0	0	0	0.0
26. Burglary and theft.....	0	0	0	0	0	0	0	0.0
27. Boiler and machinery.....	0	0	0	0	0	0	0	0.0
28. Credit.....	0	0	0	0	0	0	0	0.0
29. International.....	0	0	0	0	0	0	0	0.0
30. Warranty.....	0	0	0	0	0	0	0	0.0
31. Reinsurance - nonproportional assumed property.....	XXX	0	0	0	0	0	0	0.0
32. Reinsurance - nonproportional assumed liability.....	XXX	0	0	0	0	0	0	0.0
33. Reinsurance - nonproportional assumed financial lines.....	XXX	0	0	0	0	0	0	0.0
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0	0	0.0
35. TOTALS.....	12,312,887	75,199,388	12,588,655	74,923,620	158,506,373	206,917,894	26,512,100	7.5

DETAILS OF WRITE-INS

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Net Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable	4 Net Losses Excluding Incurred but not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire.....	0	0	0	0	0	0	0	0	0
2. Allied lines.....	0	0	0	0	0	0	0	0	0
3. Farmowners multiple peril.....	0	0	0	0	0	0	0	0	0
4. Homeowners multiple peril.....	0	0	0	0	0	0	0	0	0
5. Commercial multiple peril.....	0	0	0	0	0	0	0	0	0
6. Mortgage guaranty.....	54,935,551	150,584,186	55,793,633	149,726,104	3,661,848	8,792,336	3,673,915	158,506,373	5,496,558
8. Ocean marine.....	0	0	0	0	0	0	0	0	0
9. Inland marine.....	0	0	0	0	0	0	0	0	0
10. Financial guaranty.....	0	0	0	0	0	0	0	0	0
11.1 Medical professional liability - occurrence.....	0	0	0	0	0	0	0	0	0
11.2 Medical professional liability - claims-made.....	0	0	0	0	0	0	0	0	0
12. Earthquake.....	0	0	0	0	0	0	0	0	0
13. Group accident and health.....	0	0	0	0	0	0	0	(a).....0	0
14. Credit accident and health (group and individual).....	0	0	0	0	0	0	0	0	0
15. Other accident and health.....	0	0	0	0	0	0	0	(a).....0	0
16. Workers' compensation.....	0	0	0	0	0	0	0	0	0
17.1 Other liability - occurrence.....	0	0	0	0	0	0	0	0	0
17.2 Other liability - claims-made.....	0	0	0	0	0	0	0	0	0
17.3 Excess workers' compensation.....	0	0	0	0	0	0	0	0	0
18.1 Products liability - occurrence.....	0	0	0	0	0	0	0	0	0
18.2 Products liability - claims-made.....	0	0	0	0	0	0	0	0	0
19.1, 19.2 Private passenger auto liability.....	0	0	0	0	0	0	0	0	0
19.3, 19.4 Commercial auto liability.....	0	0	0	0	0	0	0	0	0
21. Auto physical damage.....	0	0	0	0	0	0	0	0	0
22. Aircraft (all perils).....	0	0	0	0	0	0	0	0	0
23. Fidelity.....	0	0	0	0	0	0	0	0	0
24. Surety.....	0	0	0	0	0	0	0	0	0
26. Burglary and theft.....	0	0	0	0	0	0	0	0	0
27. Boiler and machinery.....	0	0	0	0	0	0	0	0	0
28. Credit.....	0	0	0	0	0	0	0	0	0
29. International.....	0	0	0	0	0	0	0	0	0
30. Warranty.....	0	0	0	0	0	0	0	0	0
31. Reinsurance - nonproportional assumed property.....	XXX	0	0	0	XXX	0	0	0	0
32. Reinsurance - nonproportional assumed liability.....	XXX	0	0	0	XXX	0	0	0	0
33. Reinsurance - nonproportional assumed financial lines.....	XXX	0	0	0	XXX	0	0	0	0
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0	0	0	0
35. TOTALS.....	54,935,551	150,584,186	55,793,633	149,726,104	3,661,848	8,792,336	3,673,915	158,506,373	5,496,558
DETAILS OF WRITE-INS									
3401.	0	0	0	0	0	0	0	0	0
3402.	0	0	0	0	0	0	0	0	0
3403.	0	0	0	0	0	0	0	0	0
3498. Summary of remaining write-ins for Line 34 from overflow page.....	0	0	0	0	0	0	0	0	0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above).....	0	0	0	0	0	0	0	0	0

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

Annual Statement for the year 2018 of the **ARCH MORTGAGE INSURANCE COMPANY**
UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct.....	318,650	0	0	318,650
1.2 Reinsurance assumed.....	708,970	0	0	708,970
1.3 Reinsurance ceded.....	2,908,375	0	0	2,908,375
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	(1,880,755)	0	0	(1,880,755)
2. Commission and brokerage:				
2.1 Direct, excluding contingent.....	0	0	0	0
2.2 Reinsurance assumed, excluding contingent.....	0	0	0	0
2.3 Reinsurance ceded, excluding contingent.....	0	66,663,259	0	66,663,259
2.4 Contingent - direct.....	0	0	0	0
2.5 Contingent - reinsurance assumed.....	0	0	0	0
2.6 Contingent - reinsurance ceded.....	0	0	0	0
2.7 Policy and membership fees.....	0	0	0	0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7).....	0	(66,663,259)	0	(66,663,259)
3. Allowances to manager and agents.....	0	0	0	0
4. Advertising.....	0	5,575,115	0	5,575,115
5. Boards, bureaus and associations.....	0	233,674	0	233,674
6. Surveys and underwriting reports.....	0	2,298,777	0	2,298,777
7. Audit of assureds' records.....	0	0	0	0
8. Salary and related items:				
8.1 Salaries.....	0	62,386,409	0	62,386,409
8.2 Payroll taxes.....	0	4,040,994	0	4,040,994
9. Employee relations and welfare.....	0	14,450,407	0	14,450,407
10. Insurance.....	0	727,794	0	727,794
11. Directors' fees.....	0	1,730,429	0	1,730,429
12. Travel and travel items.....	0	3,646,861	0	3,646,861
13. Rent and rent items.....	0	7,405,831	0	7,405,831
14. Equipment.....	0	334,234	0	334,234
15. Cost or depreciation of EDP equipment and software.....	0	10,539,898	0	10,539,898
16. Printing and stationery.....	0	248,911	0	248,911
17. Postage, telephone and telegraph, exchange and express.....	0	1,160,523	0	1,160,523
18. Legal and auditing.....	0	1,689,366	0	1,689,366
19. Totals (Lines 3 to 18).....	0	116,469,223	0	116,469,223
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....0.....	0	14,947,287	0	14,947,287
20.2 Insurance department licenses and fees.....	0	0	0	0
20.3 Gross guaranty association assessments.....	0	0	0	0
20.4 All other (excluding federal and foreign income and real estate).....	0	0	0	0
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....	0	14,947,287	0	14,947,287
21. Real estate expenses.....	0	0	0	0
22. Real estate taxes.....	0	167,040	0	167,040
23. Reimbursements by uninsured plans.....	0	0	0	0
24. Aggregate write-ins for miscellaneous expenses.....	0	690,600	3,978,151	4,668,751
25. Total expenses incurred.....	(1,880,755)	65,610,891	3,978,151	(a).....67,708,287
26. Less unpaid expenses - current year.....	5,496,558	6,649,178	0	12,145,736
27. Add unpaid expenses - prior year.....	9,742,721	4,718,461	0	14,461,182
28. Amounts receivable relating to uninsured plans, prior year.....	0	0	0	0
29. Amounts receivable relating to uninsured plans, current year.....	0	0	0	0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29).....	2,365,408	63,680,174	3,978,151	70,023,733

DETAILS OF WRITE-INS

2401. Depreciation.....	0	690,600	0	690,600
2402. Investment advisory fee.....	0	0	3,978,151	3,978,151
2403.	0	0	0	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).....	0	690,600	3,978,151	4,668,751

(a) Includes management fees of \$.....130,109,748 to affiliates and \$.....1,405,959 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....5,089,588	.....4,811,156
1.1 Bonds exempt from U.S. tax.....	(a).....9,147,065	.....8,205,868
1.2 Other bonds (unaffiliated).....	(a).....29,616,510	.....34,686,338
1.3 Bonds of affiliates.....	(a).....0	.....0
2.1 Preferred stocks (unaffiliated).....	(b).....0	.....0
2.11 Preferred stocks of affiliates.....	(b).....0	.....0
2.2 Common stocks (unaffiliated).....	.....0	.....0
2.21 Common stocks of affiliates.....	.....0	.....0
3. Mortgage loans.....	(c).....0	.....0
4. Real estate.....	(d).....0	.....0
5. Contract loans.....	.....0	.....0
6. Cash, cash equivalents and short-term investments.....	(e).....1,156,432	.....1,171,271
7. Derivative instruments.....	(f).....0	.....0
8. Other invested assets.....	.....0	.....0
9. Aggregate write-ins for investment income.....	.....0	.....0
10. Total gross investment income.....	45,009,595	48,874,632
11. Investment expenses.....		(g).....3,978,151
12. Investment taxes, licenses and fees, excluding federal income taxes.....		(g).....0
13. Interest expense.....		(h).....4,831,607
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).....		8,809,758
17. Net investment income (Line 10 minus Line 16).....		40,064,873

DETAILS OF WRITE-INS

0901. ....	.....0	.....0
0902. ....	.....0	.....0
0903. ....	.....0	.....0
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....0	.....0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above).....	.....0	.....0
1501. ....	.....0	.....0
1502. ....	.....0	.....0
1503. ....	.....0	.....0
1598. Summary of remaining write-ins for Line 15 from overflow page.....	.....0	.....0
1599. Totals (Lines 1501 through 1503 plus 1598) (Line 15 above).....	.....0	.....0

- (a) Includes \$.....2,089,369 accrual of discount less \$.....8,954,989 amortization of premium and less \$.....5,988,908 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 \$.....242,563 accrual of discount less \$.....84,919 amortization of premium and less \$.....222,853 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.....	(7,004,014)	.....0	(7,004,014)	.....0	.....0
1.1 Bonds exempt from U.S. tax.....	(4,416,046)	.....0	(4,416,046)	.....(19,573)	.....0
1.2 Other bonds (unaffiliated).....	(5,332,451)	.....0	(5,332,451)	.....(2,063,774)	.....0
1.3 Bonds of affiliates.....	.....0	.....0	.....0	.....0	.....0
2.1 Preferred stocks (unaffiliated).....	.....0	.....0	.....0	.....0	.....0
2.11 Preferred stocks of affiliates.....	.....0	.....0	.....0	.....0	.....0
2.2 Common stocks (unaffiliated).....	.....0	.....0	.....0	.....0	.....0
2.21 Common stocks of affiliates.....	.....0	.....0	.....0	4,336,558	.....0
3. Mortgage loans.....	.....0	.....0	.....0	.....0	.....0
4. Real estate.....	(108,995)	108,995	.....0	.....0	.....0
5. Contract loans.....	.....0	.....0	.....0	.....0	.....0
6. Cash, cash equivalents and short-term investments.....	(33,843)	.....0	(33,843)	.....(17,218)	.....0
7. Derivative instruments.....	.....0	.....0	.....0	.....0	.....0
8. Other invested assets.....	.....0	.....0	.....0	.....0	.....0
9. Aggregate write-ins for capital gains (losses).....	.....0	.....0	.....0	(4,336,558)	.....0
10. Total capital gains (losses).....	(16,895,349)	108,995	(16,786,354)	(2,100,565)	.....0

DETAILS OF WRITE-INS

0901. Elimination of Non-Admitted Change in Unrealized on Affiliate.....	.....0	.....0	.....0	(4,336,558)	.....0
0902. ....	.....0	.....0	.....0	.....0	.....0
0903. ....	.....0	.....0	.....0	.....0	.....0
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....0	.....0	.....0	.....0	.....0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above).....	.....0	.....0	.....0	(4,336,558)	.....0

Annual Statement for the year 2018 of the **ARCH MORTGAGE INSURANCE COMPANY**
EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks.....	0	0	0
2.2 Common stocks.....	49,331,214	29,344,261	(19,986,953)
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....	0	0	0
3.2 Other than first liens.....	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....	0	0	0
4.2 Properties held for the production of income.....	0	0	0
4.3 Properties held for sale.....	0	0	0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....	0	0	0
6. Contract loans.....	0	0	0
7. Derivatives (Schedule DB).....	0	0	0
8. Other invested assets (Schedule BA).....	0	0	0
9. Receivables for securities.....	0	0	0
10. Securities lending reinvested collateral assets (Schedule DL).....	0	0	0
11. Aggregate write-ins for invested assets.....	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	49,331,214	29,344,261	(19,986,953)
13. Title plants (for Title insurers only).....	0	0	0
14. Investment income due and accrued.....	0	0	0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....	0	0	0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	0	0	0
15.3 Accrued retrospective premiums and contracts subject to redetermination.....	0	0	0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers.....	0	0	0
16.2 Funds held by or deposited with reinsured companies.....	0	0	0
16.3 Other amounts receivable under reinsurance contracts.....	0	0	0
17. Amounts receivable relating to uninsured plans.....	0	0	0
18.1 Current federal and foreign income tax recoverable and interest thereon.....	0	0	0
18.2 Net deferred tax asset.....	151,167,001	101,471,550	(49,695,451)
19. Guaranty funds receivable or on deposit.....	0	0	0
20. Electronic data processing equipment and software.....	0	0	0
21. Furniture and equipment, including health care delivery assets.....	0	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates.....	0	0	0
23. Receivables from parent, subsidiaries and affiliates.....	0	0	0
24. Health care and other amounts receivable.....	0	0	0
25. Aggregate write-ins for other-than-invested assets.....	1,672,343	1,706,093	33,750
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	202,170,558	132,521,904	(69,648,654)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
28. TOTALS (Lines 26 and 27).....	202,170,558	132,521,904	(69,648,654)

DETAILS OF WRITE-INS

1101.....	0	0	0
1102.....	0	0	0
1103.....	0	0	0
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above).....	0	0	0
2501. Prepaid Expenses.....	0	33,750	33,750
2502. Licenses Purchased.....	1,672,343	1,672,343	0
2503.....	0	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	1,672,343	1,706,093	33,750

NOTES TO FINANCIAL STATEMENTS**Note 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 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 changes in contingency reserves must be 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. Reconciliations of net income and policyholder's surplus between the amounts reported in the accompanying financial statements (Wisconsin Basis) and NAIC SAP follow:

	SSAP #	F/S Page	F/S Line #	2018	2017
NET INCOME					
(1) Company state basis (Page 4, Line 20, Columns 1 & 2)	XXX	XXX	XXX	\$ 60,255,638	\$ 12,121,160
(2) State Prescribed Practices that are an increase/(decrease) from NAIC SAP					
Change in Contingency Reserve	58	4	4	\$ (176,864,635)	\$ (118,163,317)
(3) State Permitted Practices that are an increase/(decrease) from NAIC SAP					
				\$ 0	\$ 0
(4) NAIC SAP (1 – 2 – 3 = 4)	XXX	XXX	XXX	\$ 237,120,273	\$ 130,284,477
SURPLUS					
(5) Company state basis (Page 3, Line 37, Columns 1 & 2)	XXX	XXX	XXX	\$ 308,849,063	\$ 471,931,915
(6) State Prescribed Practices that are an increase/(decrease) from NAIC SAP					
				\$ 0	\$ 0
(7) State Permitted Practices that are an increase/(decrease) from NAIC SAP					
				\$ 0	\$ 0
(8) NAIC SAP (5 – 6 – 7 = 8)	XXX	XXX	XXX	\$ 308,849,063	\$ 471,931,915

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

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 from these estimates.

C. Accounting Policy

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

Expenses incurred in connection with acquiring new insurance business, including 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.

In addition, the Company uses the following accounting policies:

(1) Basis for Short-Term Investments

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

(2) Basis for Bonds and Amortization Schedule

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

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

(3) Basis for Common Stocks
Not applicable**(4) Basis for Preferred Stocks**
Not applicable**(5) Basis for Mortgage Loans**
Not applicable

NOTES TO FINANCIAL STATEMENTS

- (6) Basis for Loan-Backed Securities and Adjustment Methodology
Refer to Note 1.C (2) above.
- (7) Accounting Policies for Investments in Subsidiaries, Controlled and Affiliated Entities
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.
- (8) Accounting Policies for Investments in Joint Ventures, Partnerships and Limited Liability Entities
Not applicable
- (9) Accounting Policies for Derivatives
Not applicable
- (10) Anticipated Investment Income Used in Premium Deficiency Calculation
No premium deficiencies exist regardless of whether or not anticipated investment income is used as a factor in the calculation.
- (11) Management's Policies and Methodologies for Estimating Liabilities for Losses and Loss/Claim Adjustment Expenses for A&H Contracts
Reserves are provided for reported and unreported claims. Estimates of claims incurred but not reported and of expenses required to settle unpaid claims are included on the basis of historical loss experience and management's evaluation of current trends. All such reserves are periodically evaluated and reviewed during the year and changes therein are reflected in operating results when known. Loss and loss adjustment expense reserves are stated after deduction for reinsurance ceded to other insurers.
- (12) Changes in the Capitalization Policy and Predefined Thresholds from Prior Period
The Company has not modified its capitalization policy from the prior period.
- (13) Method Used to Estimate Pharmaceutical Rebate Receivables
Not applicable
- D. Going Concern
Based upon its evaluation of relevant conditions and events, management does not have substantial doubt about the Company's ability to continue as a going concern.

Note 2 – Accounting Changes and Correction of Errors

Not Applicable

Note 3 – Business Combinations and Goodwill

- A. Statutory Purchase Method
Not Applicable
- B. Statutory Merger
Not Applicable
- C. Impairment Loss
Not Applicable

Note 4 – Discontinued Operations

- A. Discontinued Operation Disposed of or Classified as Held for Sale
Not Applicable
- B. Change in Plan of Sale of Discontinued Operation
Not Applicable
- C. Nature of any Significant Continuing Involvement with Discontinued Operations After Disposal
Not Applicable
- D. Equity Interest Retained in the Discontinued Operation After Disposal
Not Applicable

Note 5 – Investments

- A. Mortgage Loans, including Mezzanine Real Estate Loans
- (1) Maximum and Minimum Lending Rates
Not Applicable
- (2) The maximum percentage of any one loan to the value of security at the time of the loan, exclusive of insured or guaranteed or purchase money mortgage was:
Not Applicable
- | | | |
|---|--------------|------------|
| (3) Taxes, assessments and any amounts advanced and not included in the mortgage loan total | Current Year | Prior Year |
| | \$ | \$ |
| | 00 | 00 |
- (4) Age Analysis of Mortgage Loans and Identification of Mortgage Loans in which the Insurer is a Participant or Co-Lender in a Mortgage Loan Agreement:
Not Applicable
- (5) Investment in Impaired Loans with or without Allowance for Credit Losses and Impaired Loans Subject to a Participant or Co-Lender Mortgage Loan Agreement for which the Reporting Entity is Restricted from Unilaterally Foreclosing on the Mortgage Loan:
Not Applicable

NOTES TO FINANCIAL STATEMENTS

- (6) Investment in Impaired Loans – Average Recorded Investment, Interest Income Recognized, Recorded Investment on Nonaccrual Status and Amount of Interest Income Recognized Using a Cash-Basis Method of Accounting:
Not Applicable
- (7) Allowance for Credit Balances:
Not Applicable
- (8) Mortgage Loans Derecognized as a Result of Foreclosure:
Not Applicable
- 9) Policy for Recognizing Interest Income on Impaired Loans
Not Applicable
- B. Debt Restructuring
Not Applicable
- C. Reverse Mortgages
- (1) Description of Accounting Policies and Methods
Not Applicable
- (2) General Information Regarding Commitment Under the Agreement
Not Applicable
- (3) At December 31, the actuarial reserve of \$0 reduced the asset value of the group of reverse mortgages.
- (4) The Company recorded an unrealized loss \$0 as a result of the re-estimates of the cash flows.
- D. Loan-Backed Securities
- (1) Description of Sources Used to Determine Prepayment Assumptions
Prepayment assumptions for single class, multi-class mortgage-back and asset-backed securities are obtained from independent third party services or internal estimates. These assumptions are consistent with the current interest rate and economic environment.
- (2) Other-Than-Temporary Impairments
Not Applicable
- (3) Recognized OTTI securities
Not Applicable
- (4) All impaired securities (fair value is less than cost or amortized cost) for which an other-than-temporary impairment has not been recognized in earnings as a realized loss (including securities with a recognized other-than-temporary impairment for non-interest related declines when a non-recognized interest related impairment remains):
- | | | | |
|---|------------------------|----|------------|
| a. The aggregate amount of unrealized losses: | 1. Less than 12 Months | \$ | 1,844,396 |
| | 2. 12 Months or Longer | \$ | 1,004,459 |
| b. The aggregate related fair value of securities with unrealized losses: | 1. Less than 12 Months | \$ | 90,063,771 |
| | 2. 12 Months or Longer | \$ | 58,067,442 |
- (5) Information Investor Considered in Reaching Conclusion that Impairments are Not Other-Than-Temporary
In accordance with SSAP No. 43R, Loan-backed and Structured Securities – Revised, the Company's loan-backed securities are stated at amortized cost. When 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. Dollar Repurchase Agreements and/or Securities Lending Transactions
Not Applicable
- F. Repurchase Agreements Transactions Accounted for as Secured Borrowing
Not Applicable
- G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing
Repurchase Transactions – Cash Provider – Overview of Secured Borrowing Transactions
Not Applicable
- H. Repurchase Agreements Transactions Accounted for as a Sale
Repurchase Transaction – Cash Taker – Overview of Sale Transactions
Not Applicable
- I. Reverse Repurchase Agreements Transactions Accounted for as a Sale
Repurchase Transaction – Cash Provider – Overview of Sale Transactions
Not Applicable

NOTES TO FINANCIAL STATEMENTS

J. Real Estate

- (1) Recognized Impairment Loss
Not Applicable
- (2) Sold or Classified Real Estate Investments as Held for Sale
Real estate is sometimes acquired in the settlement of claims as part of the Company's effort to mitigate losses. The real estate is carried at the lower of cost or market value as prescribed by SSAP 40 - Real Estate Investments. Gains or losses from the holding or disposition of real estate acquired in claim settlement are recorded in net losses and loss adjustment expenses.
- (3) Changes to a Plan of Sale for an Investment in Real Estate
Not Applicable
- (4) Retail Land Sales Operations
Not Applicable
- (5) Real Estate Investments with Participating Mortgage Loan Features
Not Applicable

K. Low-Income Housing Tax Credits (LIHTC)

- (1) Number of Remaining Years of Unexpired Tax Credits and Holding Period for LIHTC Investments
Not Applicable
- (2) Amount of LIHTC and Other Tax Benefits Recognized
Not Applicable
- (3) Balance of Investment Recognized
Not Applicable
- (4) Regulatory Reviews
Not Applicable
- (5) LIHTC investments which Exceed 10% of Total Admitted Assets
Not Applicable
- (6) Recognized Impairment
Not Applicable
- (7) Amount and Nature of Write-Downs or Reclassifications
Not Applicable

L. Restricted Assets

(1) Restricted Assets (Including Pledged)

Restricted Asset Category	Gross (Admitted & Nonadmitted) Restricted					6	7	8	Current Year		
	Current Year								9	Percentage	
	1	2	3	4	5					10	11
Total General Account (G/A)	G/A Supporting Protected Cell Account Activity (a)	Total Protected Cell Account Restricted Assets	Protected Cell Account Assets Supporting G/A Activity (b)	Total (1 plus 3)	Total From Prior Year	Increase/ (Decrease) (5 minus 6)	Total Nonadmitted Restricted	Total Admitted Restricted (5 minus 8)	Gross (Admitted & Nonadmitted) Restricted to Total Assets (c)	Admitted Restricted to Total Admitted Assets (d)	
a. Subject to contractual obligation for which liability is not shown	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0.0%	0.0%
b. Collateral held under security lending arrangements	0	0	0	0	0	0	0	0	0	0.0%	0.0%
c. Subject to repurchase agreements	0	0	0	0	0	0	0	0	0	0.0%	0.0%
d. Subject to reverse repurchase agreements	0	0	0	0	0	0	0	0	0	0.0%	0.0%
e. Subject to dollar repurchase agreements	0	0	0	0	0	0	0	0	0	0.0%	0.0%
f. Subject to dollar reverse repurchase agreements	0	0	0	0	0	0	0	0	0	0.0%	0.0%
g. Placed under option contracts	0	0	0	0	0	0	0	0	0	0.0%	0.0%
h. Letter stock or securities restricted as to sale - excluding FHLB capital stock	0	0	0	0	0	0	0	0	0	0.0%	0.0%
i. FHLB capital stock	0	0	0	0	0	0	0	0	0	0.0%	0.0%
j. On deposit with states	3,426,837	0	0	0	3,426,837	3,427,983	(1,146)	0	3,426,837	0.2%	0.2%
k. On deposit with other regulatory bodies	0	0	0	0	0	0	0	0	0	0.0%	0.0%
l. Pledged as collateral to FHLB (including assets backing funding agreements)	0	0	0	0	0	0	0	0	0	0.0%	0.0%
m. Pledged as collateral not captured in other categories	0	0	0	0	0	0	0	0	0	0.0%	0.0%
n. Other restricted assets	0	0	0	0	0	0	0	0	0	0.0%	0.0%
o. Total Restricted Assets	\$ 3,426,837	\$ 0	\$ 0	\$ 0	\$ 3,426,837	\$ 3,427,983	\$ (1,146)	\$ 0	\$ 3,426,837	0.2%	0.2%

(a) Subset of column 1

(b) Subset of column 3

(c) Column 5 divided by Asset Page, Column 1, Line 28

(d) Column 9 divided by Asset Page, Column 3, Line 28

NOTES TO FINANCIAL STATEMENTS

- (2) Detail of Assets Pledged as Collateral Not Captured in Other Categories (Contracts that Share Similar Characteristics, Such as Reinsurance and Derivatives, are Reported in the Aggregate)
Not Applicable
- (3) Detail of Other Restricted Assets (Contracts that Share Similar Characteristics, such as Reinsurance and Derivatives, are Reported in the Aggregate)
Not Applicable
- (4) Collateral Received and Reflected as Assets Within the Reporting Entity's Financial Statements
Not Applicable

M. Working Capital Finance Investments

- (1) Aggregate Working Capital Finance Investments (WCFI) Book/Adjusted Carrying Value by NAIC Designation:
Not Applicable
- (2) Aggregate Maturity Distribution on the Underlying Working Capital Finance Programs
Not Applicable
- (3) Any Events of Default or Working Capital Finance Investments
Not Applicable

N. Offsetting and Netting of Assets and Liabilities
Not Applicable**O. Structured Notes**
Not Applicable**P. 5GI Securities**
Not Applicable**Q. Short Sales**
Not Applicable**R. Prepayment Penalty and Acceleration Fees**

	General Account	Protected Cell
(1) Number of CUSIPs	4	XXX
(2) Aggregate Amount of Investment Income	\$ 117,428	\$ XXX

Note 6 – Joint Ventures, Partnerships and Limited Liability Companies

- A. Investments in Joint Ventures, Partnerships and Limited Liability Companies that Exceed 10% of Ownership
Not Applicable
- B. Investments in Impaired Joint Ventures, Partnerships and Limited Liability Companies
Not Applicable

Note 7 – Investment Income

- A. The bases, by category of investment income, for excluding (nonadmitting) any investment income due and accrued:
The Company does not admit investment income due and accrued if amounts are over 90 days past due.
- B. The total amount excluded:
Not Applicable

Note 8 – Derivative Instruments

- A. Market Risk, Credit Risk and Cash Requirements
Not Applicable
- B. Objectives for Derivative User
Not Applicable
- C. Accounting Policies for Recognition and Measurement
Not Applicable
- D. Identification of Whether Derivative Contacts with Financing Premiums
Not Applicable
- E. Net Gain or Loss Recognized
Not Applicable
- F. Net Gain or Loss Recognized from Derivatives that no Longer Qualify for Hedge Accounting
Not Applicable

NOTES TO FINANCIAL STATEMENTS

G. Derivatives Accounted for as Cash Flow Hedges

(1) Not Applicable

(2) Not Applicable

H. Total Premium Costs for Contracts

Not Applicable

Note 9 – Income Taxes

A. Deferred Tax Assets/(Liabilities)

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

	2018			2017			Change		
	1 Ordinary	2 Capital	3 (Col 1+2) Total	4 Ordinary	5 Capital	6 (Col 4+5) Total	7 (Col 1-4) Ordinary	8 (Col 2-5) Capital	9 (Col 7+8) Total
a. Gross deferred tax assets	\$191,673,539	\$ 466,703	\$192,140,242	\$161,122,141	\$ 1,913,380	\$163,035,521	\$ 30,551,398	\$ (1,446,677)	\$ 29,104,721
b. Statutory valuation allowance adjustment	0	0	0	0	0	0	0	0	0
c. Adjusted gross deferred tax assets (1a-1b)	\$191,673,539	\$ 466,703	\$192,140,242	\$161,122,141	\$ 1,913,380	\$163,035,521	\$ 30,551,398	\$ (1,446,677)	\$ 29,104,721
d. Deferred tax assets nonadmitted	151,167,001	0	151,167,001	101,471,550	0	101,471,550	49,695,451	0	49,695,451
e. Subtotal net admitted deferred tax asset (1c-1d)	\$ 40,506,538	\$ 466,703	\$ 40,973,241	\$ 59,650,591	\$ 1,913,380	\$ 61,563,971	\$(19,144,053)	\$ (1,446,677)	(20,590,730)
f. Deferred tax liabilities	596,005	92,576	688,581	0	7,632	7,632	596,005	84,944	680,949
g. Net admitted deferred tax assets/(net deferred tax liability) (1e-1f)	\$ 39,910,533	\$ 374,127	\$ 40,284,660	\$ 59,650,591	\$ 1,905,748	\$ 61,556,339	\$(19,740,058)	\$ (1,531,621)	\$(21,271,679)

2. Admission Calculation Components SSAP No. 101

	2018			2017			Change		
	1 Ordinary	2 Capital	3 (Col 1+2) Total	4 Ordinary	5 Capital	6 (Col 4+5) Total	7 (Col 1-4) Ordinary	8 (Col 2-5) Capital	9 (Col 7+8) Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (The lesser of 2(b)1 and 2(b)2 below)	39,910,533	374,127	40,284,660	59,650,589	1,905,748	61,556,337	(19,740,056)	(1,531,621)	(21,271,677)
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	161,216,307	0	161,216,307	157,918,893	0	157,918,893	3,297,414	0	3,297,414
2. Adjusted gross deferred tax assets allowed per limitation threshold			40,284,660			61,556,337			(21,271,677)
c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities	596,005	92,576	688,581	0	7,632	7,632	596,005	84,944	680,949
d. Deferred tax assets admitted as the result of application of SSAP 101. Total (2(a)+2(b)+2(c))	\$ 40,506,538	\$ 466,703	\$ 40,973,241	\$ 59,650,589	\$ 1,913,380	\$ 61,563,969	\$(19,144,051)	\$ (1,446,677)	\$(20,590,728)

NOTES TO FINANCIAL STATEMENTS

3. Other Admissibility Criteria

	2018	2017
a. Ratio percentage used to determine recovery period and threshold limitation amount	186.5%	184.8%
b. Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	\$ 1,406,448,698	\$ 410,375,579

4. Impact of Tax Planning Strategies

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

	2018		2017		Change	
	1 Ordinary	2 Capital	3 Ordinary	4 Capital	5 (Col. 1-3) Ordinary	6 (Col. 2-4) Capital
1. Adjusted gross DTAs amount from Note 9A1(c)	\$ 191,673,539	\$ 466,703	\$ 161,122,141	\$ 1,913,380	\$ 30,551,398	\$ (1,446,677)
2. Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies	0.0%	0.0%	100.0%	0.0%	(100.0)%	0.0%
3. Net Admitted Adjusted Gross DTAs amount from Note 9A1(e)	\$ 40,506,538	\$ 466,703	\$ 59,650,591	\$ 1,913,380	\$ (19,144,053)	\$ (1,446,677)
4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies	0.0%	0.0%	100.0%	0.0%	(100.0)%	0.0%

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

B. Deferred Tax Liabilities Not Recognized

- The types of temporary differences for which a DTL has not been recognized and the types of events that would cause those temporary differences to become taxable are:
Not Applicable
- The cumulative amount of each type of temporary difference is:
Not Applicable
- The amount of the unrecognized DTL for temporary differences related to investments in foreign subsidiaries and foreign corporate joint ventures that are essentially permanent in duration, if determination of that liability is practicable, or a statement that determination is not practicable are:
Not Applicable
- The amount of the DTL for temporary differences other than those in item (3) above that is not recognized is:
Not Applicable

C. Current and Deferred Income Taxes

1. Current Income Tax

	1 2018	2 2017	3 (Col 1-2) Change
a. Federal	\$ 53,170,414	\$ 276,951	\$ 52,893,463
b. Foreign	\$ 0	\$ 0	\$ 0
c. Subtotal	\$ 53,170,414	\$ 276,951	\$ 52,893,463
d. Federal income tax on net capital gains	\$ (3,525,134)	\$ (276,951)	\$ (3,248,183)
e. Utilization of capital loss carry-forwards	\$ 0	\$ 0	\$ 0
f. Other	\$ 0	\$ 0	\$ 0
g. Federal and Foreign income taxes incurred	\$ 49,645,280	\$ 0	\$ 49,645,280

NOTES TO FINANCIAL STATEMENTS

2. Deferred Tax Assets

	1	2	3
	2018	2017	(Col 1-2) Change
a. Ordinary:			
1. Discounting of unpaid losses	\$ 1,054,032	\$ 667,821	\$ 386,211
2. Unearned premium reserve	6,969,956	8,789,679	(1,819,723)
3. Policyholder reserves	177,689,135	144,019,053	33,670,082
4. Investments	0	0	0
5. Deferred acquisition costs	3,419,091	2,562,938	856,153
6. Policyholder dividends accrual	0	0	0
7. Fixed assets	0	0	0
8. Compensation and benefits accrual	0	0	0
9. Pension accrual	0	0	0
10. Receivables - nonadmitted	0	0	0
11. Net operating loss carry-forward	0	0	0
12. Tax credit carry-forward	2,541,325	5,082,650	(2,541,325)
13. Other (items <=5% and >5% of total ordinary tax assets)	0	0	0
Other (items listed individually >5% of total ordinary tax assets)			0
99. Subtotal	191,673,539	161,122,141	30,551,398
b. Statutory valuation allowance adjustment	0	0	0
c. Nonadmitted	151,167,001	101,471,550	49,695,451
d. Admitted ordinary deferred tax assets (2a99-2b-2c)	40,506,538	59,650,591	(19,144,053)
e. Capital:			
1. Investments	\$ 466,703	\$ 1,913,380	\$ (1,446,677)
2. Net capital loss carry-forward	0	0	0
3. Real estate	0	0	0
4. Other (items <=5% and >5% of total capital tax assets)	0	0	0
Other (items listed individually >5% of total capital tax assets)			0
99. Subtotal	\$ 466,703	\$ 1,913,380	\$ (1,446,677)
f. Statutory valuation allowance adjustment	0	0	0
g. Nonadmitted	0	0	0
h. Admitted capital deferred tax assets (2e99-2f-2g)	466,703	1,913,380	(1,446,677)
i. Admitted deferred tax assets (2d+2h)	\$ 40,973,241	\$ 61,563,971	\$ (20,590,730)

3. Deferred Tax Liabilities

	1	2	3
	2018	2017	(Col 1-2) Change
a. Ordinary:			
1. Investments	\$ 0	\$ 0	\$ 0
2. Fixed assets	0	0	0
3. Deferred and uncollected premium	0	0	0
4. Policyholder reserves	0	0	0
5. Other (items <=5% and >5% of total ordinary tax liabilities)	596,005	0	596,005
Other (items listed individually >5% of total ordinary tax liabilities)			0
99. Subtotal	596,005	0	596,005
b. Capital:			
1. Investments	92,576	7,632	84,944
2. Real estate	0	0	0
3. Other (Items <=5% and >5% of total capital tax liabilities)	0	0	0
Other (items listed individually >5% of total capital tax liabilities)			0
99. Subtotal	92,576	7,632	84,944
c. Deferred tax liabilities (3a99+3b99)	\$ 688,581	\$ 7,632	\$ 680,949
4. Net Deferred Tax Assets (2i - 3c)	\$ 40,284,660	\$ 61,556,339	\$ (21,271,679)

NOTES TO FINANCIAL STATEMENTS

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

	Amount	Effective Tax Rate (%)
Permanent Differences:		
Provision computed at statutory rate	\$ 23,079,193	21.0%
Proration of tax exempt investment income	431,896	0.4%
Tax exempt income deduction	(1,727,584)	(1.6)%
Dividends received deduction	0	%
Disallowed travel and entertainment	2,897	0%
Other permanent differences	25,358	0%
Temporary Differences:		
Total ordinary DTAs	0	%
Total ordinary DTLs	0	%
Total capital DTAs	0	%
Total capital DTLs	0	%
Other:		
Statutory valuation allowance adjustment	0	%
Accrual adjustment – prior year	0	%
Other	(590,251)	(0.5)%
Totals	21,221,509	19.3%
Federal and foreign income taxes incurred	53,170,414	48.4%
Realized capital gains (losses) tax	(3,525,134)	(3.2)%
Change in net deferred income taxes	(28,423,772)	(25.9)%
Total statutory income taxes	\$ 21,221,508	19.3%

E. Operating Loss Carryforwards and Income Taxes Available for Recoupment

- The amounts, origination dates and expiration dates of operating loss and tax credit carry forwards available for tax purposes:
The Company had no unused operating loss carryforwards available to offset against future income.

Description (Operating Loss or Tax Credit Carry Forward)	Amounts	Origination Dates	Expiration Dates
Refundable Alternative Minimum Tax Credit	\$621,777	December 31, 2008	December 31, 2021
Refundable Alternative Minimum Tax Credit	\$45,697	December 31, 2009	December 31, 2021
Refundable Alternative Minimum Tax Credit	\$576,625	December 31, 2010	December 31, 2021
Refundable Alternative Minimum Tax Credit	\$598,076	December 31, 2011	December 31, 2021
Refundable Alternative Minimum Tax Credit	\$481,459	December 31, 2012	December 31, 2021
Refundable Alternative Minimum Tax Credit	\$203,924	December 31, 2013	December 31, 2021
Refundable Alternative Minimum Tax Credit	\$13,767	January 30, 2014	December 31, 2021

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

Year	Amounts
2018	\$52,462,138
2017	\$0

- The Company's aggregate amount of deposits admitted under Section 6603 of the Internal Revenue Service Code
The Company did not have any protective tax deposits under Section 6603 of the Internal Revenue Service Code.

NOTES TO FINANCIAL STATEMENTS

F. Consolidated Federal Income Tax Return

1. The Company's federal income tax return is consolidated with the following entities:

Arch Capital Group (U.S.) Inc. (Parent of Tax Group)
 Arch Credit Risk Services Inc.
 Arch Excess & Surplus Insurance Company
 Arch Fulfillment Operations Inc.
 Arch Insurance Company
 Arch Insurance Group Inc.
 Arch Indemnity Insurance Co.
 Arch Insurance Solutions Inc.
 Arch Underwriters Inc.
 Arch US MI Services Inc.
 Arch Mortgage Guaranty Company
 McNeil & Company
 United Guaranty Corporation
 United Guaranty Mortgage Insurance Company
 United Guaranty Insurance Company
 United Guaranty Partners Insurance Company
 United Guaranty Services, Inc.
 Arch Reinsurance Company
 Arch Re Facultative Underwriters Inc.
 Arch Specialty Insurance Agency Inc.
 Arch Specialty Insurance Company
 First American Service Corporation
 Arch US MI Holdings Inc.
 Arch Mortgage Insurance Company
 Arch Mortgage Assurance Company
 Arch Structured Mortgage Insurance Company
 United Guaranty Mortgage Insurance Company of North Carolina
 United Guaranty Residential Insurance Company
 United Guaranty Credit Insurance Company
 United Guaranty Mortgage Indemnity Company
 United Guaranty Commercial Insurance Company of North Carolina
 United Guaranty Residential Insurance Company of North Carolina

2. The manner in which the Board of Directors sets forth for allocating the consolidated federal income tax:

The method of allocation of taxes is subject to the terms of a tax sharing agreement between Arch Capital Group (U.S.) Inc. ("Arch Capital U.S.") and its subsidiaries. It is made primarily on a separate return basis with credit given to the Company for any net operating losses or other items used in the consolidated tax return filed by Arch Capital U.S. to the extent the losses or items may be utilized by the Company in the consolidated group's return.

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.

H. Repatriation Transition Tax (RTT) - RTT owed under the TCJA

1a Has the entity fully remitted the RTT? NO

I. Alternative Minimum Tax (AMT Credit)

Was the AMT Credit recognized as a current year recoverable or Deferred Tax Asset (DTA)? Current year recoverable

Gross AMT Credit Recognized as:

1a	Current year recoverable	2,541,325
1b	Deferred tax asset (DTA)	2,541,325
2	Beginning Balance of AMT Credit Carryforward	5,082,650
3	Amounts Recovered	2,541,325
4	Adjustments	
5	Ending Balance of AMT Credit Carryforward (5=2-3-4)	2,541,325
6	Reduction for Sequestration	
7	Nonadmitted by Reporting Entity	
8	Reporting Entity Ending Balance (8=5-6-7)	2,541,325

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

A. Nature of the Relationship Involved

On October 3, 2018, the Board of Directors of Arch U.S. MI Holdings, Inc. approved a resolution to dissolve United Guaranty Corporation ("UGC"), an affiliate of the Company. Articles of Dissolution were filed by Arch U.S. MI Holdings, Inc. on October 22, 2018 with the Secretary of State of the State of North Carolina. On November 7, 2018, the Secretary of State of the State of North Carolina certified the Articles of Dissolution effective December 31, 2018.

As part of the dissolution of UGC, a contribution of \$15.7 million was made from UGC to Arch U.S. MI Holdings, Inc. and subsequently to the Company and ultimately to its subsidiary, Arch U.S. MI Services, Inc.

See the organization chart on Schedule Y.

NOTES TO FINANCIAL STATEMENTS**B. Transactions**

Effective January 30, 2014, and as amended, December 31, 2015, the Company entered into a quota share reinsurance agreement with Arch Reinsurance Ltd. (the "ARL Reinsurance Agreement").

Effective January 1, 2017, the agreement was amended to add the thirteen United Guaranty companies acquired by Arch U.S. MI Holdings, Inc. as additional parties to the agreement.

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

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

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

UGMIND amended its existing quota share reinsurance agreement with Arch Reinsurance Ltd (ARL) to inure to the benefit of a 100% quota share with UGRIC. UGMIND merged into UGRIC on September 30, 2018.

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

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

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

The Company had a net outflow \$67.3 million of assets, of which \$57.8 million was made up of securities, related to the reinsurance agreements representing the transfer of contingency reserves, loss and LAE reserves and unearned premium reserves. This transfer of assets did not impact net income or surplus; but rather impacted the contingency reserves, loss and LAE reserves and unearned premium reserves held by the Company.

On November 20, 2018, the Department approved the Company's request to pay a \$200 million return of capital to its parent, Arch U.S. MI Holdings, Inc. which was paid on November 28, 2019.

C. Dollar Amounts of Transactions

See Note 10A and 10B

Settlements on reinsurance contracts occur in conjunction with the reinsurance agreements. See Schedule F Part 3.

D. Amounts Due From or To Related Parties

At December 31, 2018, the Company reported a receivable of \$218,666 and a payable of (\$24,328,267) from/to affiliated companies. Details of the balances are:

Arch U.S. MI Holdings, Inc. \$106,459; United Guaranty Residential Insurance Company \$102,198; Arch Mortgage Guaranty Company \$9,552; United Guaranty Credit Insurance Company \$457; United Guaranty Services, Inc. (\$1,728); United Residential Insurance Company of North Carolina (\$302,740); Arch U.S. MI Services, Inc. (\$24,023,799).

At December 31, 2017, the Company reported a receivable of \$5,126 and a payable of (\$57,222,152) from/to affiliated companies. Details of the balances are:

United Guaranty Mortgage Indemnity Company (merged with UGRIC) \$5,126; Arch Mortgage Guaranty Company (\$6,357); United Guaranty Corporation (\$90,691); Arch U.S. MI Services, Inc. (\$57,125,104).

Intercompany balances are settled monthly.

E. Guarantees or Undertakings

Not Applicable

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

The Company has administrative service agreements to receive services from several affiliated companies in the areas of administration, financial planning, advertising, clerical and other areas as the parties may agree upon.

The Company files a consolidated federal income tax return with Arch Capital Group (U.S.) Inc. as the parent company. Under the tax-sharing agreement, the Company pays to or receives from Arch U.S. MI Holdings an amount essentially computed as if the Company filed a separate return, except that items such as net operating losses, capital losses, investment tax credits, or similar items, which might not be immediately recognized in a separate return, are allocated according to the agreement and reflected in the Company's provision, to the extent that such items reduce the consolidated group's federal tax liability. Intercompany tax balances are settled quarterly, as appropriate, and pursuant to the terms of the tax sharing agreement.

NOTES TO FINANCIAL STATEMENTS

- G. Nature of the Control Relationship
The Company's ultimate parent is Arch Capital Group, Ltd. See the organization chart on Schedule Y.

The Company is dependent on the administrative service agreements noted in Note 10F.

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, 2018 and 2017, the funds withheld account had a balance of \$67.1 million and \$67.8 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.

- H. Amount Deducted from the Value of Upstream Intermediate Entity or Ultimate Parent Owned
Not Applicable
- I. Investments in SCA that Exceed 10% of Admitted Assets
Not Applicable
- J. Investments in Impaired SCAs
Not Applicable
- K. Investment in Foreign Insurance Subsidiary
Not Applicable
- L. Investment in Downstream Noninsurance Holding Company
Not Applicable
- M. All SCA Investments
Not Applicable
- N. Investment in Insurance SCAs
Not Applicable
- O. SCA Loss Tracking
Not Applicable

Note 11 – Debt

- A. Debt, Including Capital Notes
Not Applicable
- B. FHLB (Federal Home Loan Bank) Agreements
Not Applicable

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

- A. Defined Benefit Plan
- (1) Change in Benefit Obligation
Not Applicable
 - (2) Change in Plan Assets
Not Applicable
 - (3) Funded Status
Not Applicable
 - (4) Components of Net Periodic Benefit Cost
Not Applicable
 - (5) Amounts in Unassigned Funds (Surplus) Recognized as Components of Net Periodic Benefit Cost
Not Applicable
 - (6) Amounts in Unassigned Funds (Surplus) Expected to be Recognized in the Next Fiscal Year as Components of Net Periodic Benefit Cost
Not Applicable
 - (7) Amounts in Unassigned Funds (Surplus) that have not yet been Recognized as Components of Net Periodic Benefit Cost
Not Applicable
 - (8) Weighted-Average Assumptions Used to Determine Net Periodic Benefit Cost as of December 31
Not Applicable
 - (9) Accumulated Benefit Obligation for Defined Benefit Pension Plans
Not Applicable
 - (10) For Postretirement Benefits Other Than Pensions, the Assumed Health Care Cost Trend Rate(s)
Not Applicable
 - (11) Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage point change in assumed health care cost trend rates would have the following effects:
Not Applicable

NOTES TO FINANCIAL STATEMENTS

- (12) The following estimated future payments, which reflect expected future service, as appropriate, are expected to be paid in the year indicated:
Not Applicable
- (13) Estimate of Contributions Expected to be Paid to the Plan
Not Applicable
- (14) Amounts and Types of Securities Included in Plan Assets
Not Applicable
- (15) Alternative Method Used to Amortize Prior Service Amounts or Net Gains and Losses
Not Applicable
- (16) Substantive Comment Used to Account for Benefit Obligation
Not Applicable
- (17) Cost of Providing Special or Contractual Termination Benefits Recognized
Not Applicable
- (18) Significant Change in the Benefit Obligation or Plan Assets
Not Applicable
- (19) Amount and Time Plan Assets Expected to be Returned
Not Applicable
- (20) Accumulated Postretirement and Pension Benefit Obligation and Fair Value of Plan Assets for Defined Postretirement and Pension Benefit Plans
Not Applicable
- (21) Full Transition Surplus Impact of SSAP 102
Not Applicable
- 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
Not Applicable
- F. Multiemployer Plans
Not Applicable
- G. Consolidated/Holding Company Plans
Not Applicable
- H. Postemployment Benefits and Compensated Absences
Not Applicable
- I. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17)
- (1) Recognition of the Existence of the Act
Not Applicable
- (2) Effects of the Subsidy in Measuring the Net Postretirement Benefit Cost
Not Applicable
- (3) Disclosure of Gross Benefit Payments
Not Applicable

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

- (1) Number of Share and Par or State Value of Each Class
The Company has 40,000,000 shares authorized with 2,200,00 shares issued and outstanding. All shares are common with a par value of \$1.25
- (2) Dividend Rate, Liquidation Value and Redemption Schedule of Preferred Stock Issues
Not Applicable
- (3) Dividend Restrictions
Under the General Statute of its domiciliary state, without prior approval of the Commissioner of Insurance, the Company cannot pay annual dividends exceeding the lesser of (1) 10% of the Company's capital and surplus as of the preceding December 31, or (2) the greater of (i) the net income, excluding realized gains, for the twelve month period ending the preceding December 31 of (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 three years. A dividend that exceeds this threshold is deemed to be an "extraordinary" dividend and requires the prior approval of the Commissioner of Insurance. The calculated maximum amount of ordinary dividends available to be paid during 2019 would be \$30,884,906. The Company shall not declare or pay dividends or other distributions to its stockholders from any source other than unassigned surplus without the Commissioner's prior written approval.

NOTES TO FINANCIAL STATEMENTS

- (4) Dates and Amounts of Dividends Paid
On November 20, 2018, the Department approved the Company's request to pay a \$200 million return of capital to its parent, Arch U.S. MI Holdings, Inc. which was paid on November 28, 2019.

The Company paid no dividends during 2018 or 2017.

- (5) Profits that may be Paid as Ordinary Dividends to Stockholders
Notwithstanding the limitations of (3) above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.

- (6) Restrictions Plans on Unassigned Funds (Surplus)
Not Applicable

- (7) Amount of Advances to Surplus not Repaid
Not Applicable

- (8) Amount of Stock Held for Special Purposes
Not Applicable

- (9) Reasons for Changes in Balance of Special Surplus Funds from Prior Period
Not Applicable

- (10) The Portion of Unassigned Funds (Surplus) Represented or Reduced by Unrealized Gains and Losses is: \$1,498,438.

- (11) The Reporting Entity Issued the Following Surplus Debentures or Similar Obligations
After obtaining the Department's prior approval, the Company, on December 22, 2016, issued a Contribution Note in the amount of \$10 million (the "2016 Note") to Arch Capital Finance (Ireland).

After obtaining the Department's prior approval, the Company, on April 1, 2017, issued a Contribution Note in the amount of \$39.5 million (the "2017 Note") to Arch Capital Finance (Ireland).

Details of the 2016 and 2017 Surplus Notes are as follows:

Date Issued	Interest Rate	Par Value (Face Amount of Notes)	Carrying Value of Note*	Principal and/or Interest Paid Current Period	Total Principal and/or Interest Paid	Unapproved Principal and/or Interest	Date of Maturity
12/22/2016	6.8%	\$ 10,000,000	\$ 10,000,000	\$ 680,000	\$ 1,346,959	\$ 26,082	12/21/2046
04/01/2017	6.3%	\$ 39,500,000	\$ 39,500,000	\$ 2,508,250	\$ 4,281,205	\$ 96,207	04/01/2047
Total	XXX	\$ 49,500,000	\$ 49,500,000	\$ 3,188,250	\$ 5,628,164	\$ 122,289	XXX

On March 15, 2017, the Department declined to disapprove the Company's request to repay in full the principal and unpaid accrued interest on the surplus note issued by the Company on March 27, 2015 in the amount of \$7.5 million (the "First Surplus Note") and April 27, 2015 in the amount of \$32 million (the "Second Surplus Note").

On April 3, 2017, the Company paid to Arch Capital Group (U.S.) Inc. the amount of \$44,407,673 as full repayment of the principal and unpaid accrued interest for the First and Second Surplus Note.

On October 10, 2017, the Company requested the Department's approval to make an annual interest payment effective December 15, 2017, in the amount of \$2,439,914 related to the 2016 and 2017 Note. On October 11, 2017, the Department approved the Company's request.

On October 10, 2018, the Company requested the Department's approval to make an annual interest payment effective December 15, 2018, in the amount of \$3,188,250 related to the 2016 and 2017 Note. On October 19, 2018, the Department approved the Company's request.

- (12) The impact of any restatement due to prior quasi-reorganizations is as follows
Not Applicable

- (13) Effective Date of Quasi-Reorganization for a Period of Ten Years Following Reorganization
Not Applicable

Note 14 – Liabilities, Contingencies and Assessments**A. Contingent Commitments**

- (1) Total SSAP No. 97, Investments in Subsidiary, Controlled, and Affiliated Entities, A Replacement of SSAP No. 88, and SSAP No. 48, Joint Ventures, Partnerships and Limited Liability Company contingent liabilities: \$00.
- (2) Detail of other contingent commitments
Under State insurance laws, mortgage insurers are required to establish a contingency reserve. The annual contribution to the contingency reserve equals fifty percent (50%) of the net earned premium reported in the annual statement. This reserve is required to be maintained for a period of 120 months. The statute allows mortgage guaranty insurers, 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 annual amount required to be contributed to the contingency reserve. Mortgage guaranty insurers can request early withdrawals if, and to the extent, its actual policyholder position exceeds minimum policyholder position. The contingency reserve is shown as a liability on page 3 of the annual statement.
- (3) Guarantee Obligations
Not Applicable

B. Assessments

- (1) Nature of Any Assets That Could Have a Material Financial Effect
Not Applicable

NOTES TO FINANCIAL STATEMENTS

- (2) Assets Recognized From Paid and Accrued Premium Tax Offsets and Policy Surcharges
Not Applicable
- (3) Undiscounted and Discounted Guaranty Fund 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
 - (1) Accounting Policy and Methodology Used in Determining Product Warranties
Not Applicable
 - (2) Reconciliation of Aggregate Product Warranty Liability
Not Applicable
- F. Joint and Several Liabilities
Not Applicable
- G. All Other Contingencies
Not Applicable

Note 15 – Leases

- A. Lessee Operating Lease
 - (1) Lessee's Leasing Arrangements
 - a. Rental Expense
Various cancelable and non-cancelable operating lease agreements have been entered into by the Company's parent and affiliates for office facilities and equipment. The expenses for each lease are allocated to the Company and its affiliates under the terms of management service agreements. Rental expenses associated with these leases for 2018 and 2017 was approximately \$7,405,831 and \$5,024,969, respectively. Various leases for office facilities contain renewal options and escalation clauses relating to building expenses and/or various changes in the CPI.
 - b. Basis on Which Contingent Rental Payments are Determined
Not Applicable
 - c. Existence and Terms of Renewal or Purchase Options and Escalation Clauses
Not Applicable
 - d. Restrictions Imposed by Lease Agreements
Not Applicable
 - e. Identification of Lease Agreements that have been Terminated Early
Not Applicable
 - (2) Leases with Initial or Remaining Noncancelable Lease Terms in Excess of One Year
 - a. At December 31, 2018 the minimum aggregate rental commitments are as follows:

Year Ending December 31	Operating Leases
1. 2019	\$ 2,717,423
2. 2020	\$ 2,642,723
3. 2021	\$ 2,589,790
4. 2022	\$ 2,566,675
5. 2023	\$ 2,539,975
6. Total	\$ 18,495,266
 - b. Total of Minimum Rentals to be Received in the Future under Noncancelable Subleases
Not Applicable
 - (3) For Sale-Leaseback Transactions
 - a. Terms of the Sale-Leaseback Transactions
Not Applicable
 - b. Obligation of Future Minimum Lease Payments and Total of Minimum Sublease Rentals
Not Applicable

NOTES TO FINANCIAL STATEMENTS

B. Lessor Leases

(1) Operating Leases:

- a. Lessor's Leasing Arrangements
Not Applicable
- b. Cost and Carrying Amount of Property on Lease or Held for Leasing
Not Applicable
- c. Future minimum lease payment receivables under noncancelable leasing arrangements as of December 31 are as follows:
Not Applicable
- d. Total Contingent Rentals
Not Applicable

(2) Leveraged Leases:

- a. Terms Including Pretax Income from Leveraged Leases
Not Applicable
- b. Pretax Income, Tax Effect and Investment Tax Credit
Not Applicable
- c. The components of the investment in leveraged leases at December 31, 2018 and 2017 were as shown below:
Not Applicable

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

- 1. The table below summarizes the face amount of the Company's financial instruments with off-balance sheet risk:
Not Applicable
- 2. Nature and Terms of Off-Balance Sheet Risk
Not Applicable
- 3. Amount of Loss if any Party to the Financial Instrument Failed
Not Applicable
- 4. Collateral or Other Security Required to Support Financial Instrument
Not Applicable

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

A. Transfers of Receivables Reported as Sales

- (1) Proceeds to the Transferor
Not Applicable
- (2) Gain or Loss Record on Sale
Not Applicable

B. Transfer and Servicing of Financial Assets

- (1) Description of any Loaned Securities
Not Applicable
- (2) Servicing Assets and Servicing Liabilities
Not Applicable
- (3) When Servicing Assets and Liabilities are Measured at Fair Value
Not Applicable
- (4) Securitizations, Asset-Based Financing Arrangements and Similar Transfers Accounted for as Sales
Not Applicable
- (5) Disclosure Requirements for Transfers of Assets Accounted for as Secured Borrowing
Not Applicable
- (6) Transfer of Receivables with Recourse
Not Applicable
- (7) Securities Underlying Repurchase and Reverse Repurchase Agreements, Dollar Repurchase and Dollar Reverse Repurchase Agreements
Not Applicable

C. Wash Sales
Not Applicable

NOTES TO FINANCIAL STATEMENTS**Note 18 – Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans**

- A. ASO Plans
Not Applicable
- B. ASC Plans
Not Applicable
- C. Medicare or Similarly Structured Cost Based Reimbursement Contract
- (1) Major Components of Revenue by Payor
Not Applicable
- (2) Receivables from Payors with Account Balances the Greater of 10% of Amounts Receivable Relating to Uninsured Accident and Health Plans or \$10,000
Not Applicable
- (3) Recorded Allowances and Reserves for Adjustment of Recorded Revenues
Not Applicable
- (4) Adjustments to Revenue Resulting from Audit of Receivables Related to Revenues Recorded in the Prior Period
Not Applicable

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

Not Applicable

Note 20 – Fair Value Measurements

A. Fair Value Measurements

(1) Fair Value Measurements at Reporting Date

Description for Each Type of Asset or Liability	Level 1	Level 2	Level 3	Net Asset Value (NAV)	Total
Assets at Fair Value					
Exempt MM Mutual Fund	\$ 33,963,116	\$ 0	\$ 0	\$ 0	\$ 33,963,116
Political Subdivision	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Special Revenue Bonds	\$ 0	\$ 4,570,071	\$ 0	\$ 0	\$ 4,570,071
Industrial & Miscellaneous Bonds	\$ 0	\$ 97,650,260	\$ 0	\$ 0	\$ 97,650,260
Total	\$ 33,963,116	\$ 102,220,331	\$ 0	\$ 0	\$ 136,183,447
Liabilities at Fair Value					
	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

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

At December 31, 2018, the Company has no assets or liabilities measured at fair value in this category.

(3) Policies when Transfers Between Levels are Recognized

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, 2018.

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

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

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

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

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

(5) Fair Value Disclosures

Not Applicable

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

Not Applicable

C. Fair Value Level

The table below reflects the fair values and admitted values of all admitted assets and liabilities that are financial instruments, excluding those accounted for under the equity method (subsidiaries, joint ventures and ventures). The fair values are also categorized into the three-level fair value hierarchy as described above in Note 20A.

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Net Asset Value (NAV)	Not Practicable (Carrying Value)
Bonds	\$1,744,721,780	\$1,770,735,983	\$ 162,395,800	\$1,608,340,183	\$ 0	\$ 0	\$ 0
Cash, Cash equivalent and short-term investments	\$ 52,951,065	\$ 52,951,065	\$ 49,377,314	\$ 3,573,751	\$ 0	\$ 0	\$ 0

NOTES TO FINANCIAL STATEMENTS

D. Not Practicable to Estimate Fair Value
Not Applicable

E. NAV Practical Expedient Investments
Not Applicable

Note 21 – Other Items

A. Unusual or Infrequent Items
Not Applicable

B. Troubled Debt Restructuring Debtors
Not Applicable

C. Other Disclosures
There are no additional pledged assets other than those reported on Schedule E.

D. Business Interruption Insurance Recoveries
Not Applicable

E. State Transferable and Non-Transferable Tax Credits

(1) Carrying Value of Transferable and Non-Transferable State Tax Credits Gross of any Related Tax Liabilities and Total Unused Transferable and Non-Transferable State Tax Credits by State and in Total
Not Applicable

(2) Method of Estimating Utilization of Remaining Transferable and Non-Transferable State Tax Credits
Not Applicable

(3) Impairment Loss
Not Applicable

(4) State Tax Credits Admitted and Nonadmitted
Not Applicable

F. Subprime Mortgage Related Risk Exposure

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

This disclosure is provided pursuant to Note 21 to SSAP No. 1 - Disclosure of Accounting Policies, Risks and Uncertainties, and Other Disclosures ("SSAP No. 1") adopted on December 2, 2007. This disclosure relates specifically to "subprime mortgage" related risk exposure and related risk management practices of the Company. The Company is a direct writer of private mortgage guaranty insurance coverage on residential mortgage loans in the United States. For purposes of this disclosure, the Company defines a "subprime mortgage" as a mortgage loan with a FICO credit score less than 575. The Company no longer writes insurance on subprime mortgages.

The Company assumes and cedes portions of its subprime exposure from/to affiliated companies.

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

(3) Direct Exposure Through Other Investments
Not Applicable

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

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

(a) The Company believes that mortgage credit risk is materially affected by the following underwriting factors:

The borrower's credit strength, including the borrower's credit history, debt-to-income ratios, cash reserves, and the loan product, which includes the ratio of the original principal balance of the loan to the value of the property at origination (the "LTV"), the type of loan instrument (including whether the instrument provides for fixed or variable payments and the amortization schedule), the type of property, the purpose of the loan, and the borrower's documentation for the loan.

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

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

NOTES TO FINANCIAL STATEMENTS

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

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

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

The Company's reserving process is not designed to segregate prime loan reserves from the components of the default inventory. To provide reserve and incurred information required by SSAP No. 1, the Company has calculated subprime related case and IBNR reserves for its primary and pool insurance, using the proportionate number of subprime default inventory compared to the total number of default inventory and multiplied that factor by the Company's total case and IBNR reserves, to arrive at subprime case and IBNR reserves as show in the table below:

	Losses Paid in the Current Year	Losses Incurred in the Current Year	Case Reserves at end of Current Period	IBNR Reserves at End of Current Period
a. Mortgage guaranty coverage	\$ 122,123	\$ 185,164	\$ 825,475	\$ 40,832
b. Financial guaranty coverage	0	0	0	0
c. Other lines (specify):				
	0	0	0	0
d. Total	\$ 122,123	\$ 185,164	\$ 825,475	\$ 40,832

G. Insurance-Linked Securities (ILS) Contracts

Management of Risk Related to	Number of Outstanding ILS Contracts	Aggregate Maximum Proceeds
(1) Directly-Written Insurance Risks		
a. ILS Contracts as Issuer	0	\$ 0
b. ILS Contracts as Ceding Insurer	4	1,841,497,836
c. ILS Contracts as Counterparty	0	0
(2) Assumed Insurance Risks		
a. ILS Contracts as Issuer	0	\$ 0
b. ILS Contracts as Ceding Insurer	0	0
c. ILS Contracts as Counterparty	0	0

Note 22 – Events Subsequent

On January 23, 2019, the Department approved the Company's request to commute the Twins Quota Share Reinsurance Agreement between the Company, United Guaranty Residential Insurance Company and United Mortgage Insurance Company and United Mortgage Insurance Company of North Carolina. The reinsurance agreement was effective July 1, 2017 and the effective date of the commutation is January 1, 2019.

Subsequent events have been considered through February 21, 2019 for these statutory financial statements which are to be issued on February 26, 2019.

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

Note 23 – Reinsurance

A. Unsecured Reinsurance Recoverables

	NAIC Group Code	FEIN	Unsecured Recoverables
Arch Reinsurance Ltd	0	AA-3194126	\$ 45,520,658
United Guaranty Residential Insurance Company.....	0	42-0885398.	\$ 23,677,800

B. Reinsurance Recoverable in Dispute

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

C. Reinsurance Assumed and Ceded

(1) Maximum Amount of Return Commission

	Assumed Reinsurance		Ceded Reinsurance		Net	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
a. Affiliates	\$ 165,184,342	\$ 0	\$ 129,612,552	\$ 19,546,850	\$ 35,571,790	\$ (19,546,850)
b. All Other	0	0	11,884,333	1,610,528	(11,884,333)	(1,610,528)
c. Total	\$ 165,184,342	\$ 0	\$ 141,496,885	\$ 21,157,378	\$ 23,687,457	\$ (21,157,378)
d. Direct Unearned Premium Reserves						\$ 141,496,886

(2) Additional or Return Commission

NOTES TO FINANCIAL STATEMENTS

Not Applicable

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

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

I. Certified Reinsurer Rating Downgraded or Status Subject to Revocation

- (1) Reporting Entity Ceding to Certified Reinsurer Whose Rating was Downgraded or Status Subject to Revocation
Not Applicable

- (2) Reporting Entity's Certified Reinsurer Rating Downgraded or Status Subject to Revocation
Not Applicable

J. Reinsurance Agreements Qualifying for Reinsurer Aggregation

- (1) Significant Terms of the Retroactive Reinsurance Agreement
Not Applicable

- (2) The amount of unexhausted limit as of December 31, 2018
Not Applicable

Note 24 – Retrospectively Rated Contracts and Contracts Subject to Redetermination

A. Method Used by Reporting Entity to Estimate Accrued Retrospective Premium Adjustments
Not Applicable

B. Accrued Retrospective Premiums Recorded Through Written Premium or an Adjustment to Earned Premium
Not Applicable

C. Amount of Net Premiums Written Subject to Retrospective Rating Features and Percentage to Total Net Premiums Written
Not Applicable

D. Medical Loss Ratio Rebates Required Pursuant to the Public Health Service Act.
Not Applicable

E. Nonadmitted Retrospective Premium

- (1) For Ten Percent (10%) Method of determining Nonadmitted Retrospective Premium
Not Applicable

- (2) For Quality Rating Method of Determining Nonadmitted Retrospective Premium
Not Applicable

F. Risk Sharing Provisions of the Affordable Care Act
Not Applicable

- (1) Did the reporting entity write accident and health insurance premium which is subject to the Affordable Care Act risk sharing provisions
Yes [] No [X]

Note 25 – Change in Incurred Losses and Loss Adjustment Expenses

A. Change in Incurred Losses and Loss Adjustment Expenses
Incurred loss and loss adjustment expenses attributable to insured events of prior years decreased by \$32.8 million and \$17.8 million in 2018 and 2017, respectively, as a result of re-estimation of unpaid losses and loss adjustment expenses. The change is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased as additional information becomes known regarding individual claims.

B. Information about Significant Changes in Methodologies and Assumptions
Not Applicable

Note 26 – Intercompany Pooling Arrangements

A. Identification of the Lead Entity and all Affiliated Entities Participating in the Intercompany Pool
Not Applicable

NOTES TO FINANCIAL STATEMENTS

- B. Description of Lines and Types of Business Subject to the Pooling Agreement
Not Applicable
- C. Description of Cessions to Non-Affiliated Reinsurance Subject to Pooling Agreement
Not Applicable
- D. Identification of all Pool Members that are Parties to Reinsurance Agreements with Non-Affiliated Reinsurers
Not Applicable
- E. Explanation of Discrepancies Between Entries of Pooled Business
Not Applicable
- F. Description of Intercompany Sharing
Not Applicable
- G. Amounts Due To/From Lead Entity and all Affiliated Entities Participating in the Intercompany Pool
Not Applicable

Note 27 – Structured Settlements

Not Applicable

Note 28 – Health Care Receivables

- A. Pharmaceutical Rebate Receivables
Not Applicable
- B. Risk Sharing Receivables
Not Applicable

Note 29 – Participating Policies

Not Applicable

Note 30 – Premium Deficiency Reserves

1. Liability carried for premium deficiency reserve: \$0
2. Date of most recent evaluation of this liability: December 31, 2018
3. Was anticipated investment income utilized in the calculation? Yes [] No [X]

Note 31 – High Deductibles

Not Applicable

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

- A. Tabular Discount
Not Applicable
- B. Nontabular Discount
Not Applicable
- C. Changes in Rate(s) Used to Discount Prior Years' Liabilities
Not Applicable

Note 33 – Asbestos/Environmental Reserves

- A. Does the company have on the books, or has it ever written an insured for which you have identified a potential for the existence of a liability due to asbestos losses?
Not Applicable
- B. State the amount of the ending reserves for Bulk and IBNR included in A (Loss and LAE)
Not Applicable
- C. State the amount of the ending reserves for loss adjustment expenses included in A (Case, Bulk and IBNR)
Not Applicable
- D. Does the company have on the books, or has it ever written an insured for which you have identified a potential for the existence of a liability due to environmental losses?
Not Applicable
- E. State the amount of the ending reserves for Bulk and IBNR included in D (Loss and LAE)
Not Applicable
- F. State the amount of the ending reserves for loss adjustment expenses included in D (Case, Bulk and IBNR)
Not Applicable

NOTES TO FINANCIAL STATEMENTS

Note 34 – Subscriber Savings Accounts

Not Applicable

Note 35 – Multiple Peril Crop Insurance

Not Applicable

Note 36 – Financial Guaranty Insurance

A. Financial Guaranty Insurance Contracts

- (1) Financial guarantee insurance contracts where premiums are received as installment payments over the period of the contract, rather than at inception:
Not Applicable
- (2) Non-installment contracts for which premium revenue recognition has been accelerated:
Not Applicable
- (3) Claim Liability
Not Applicable
- (4) Risk Management Activities Used to Track and Monitor Deteriorating Insured Financial Obligations
Not Applicable

B. Schedule of Insured Financial Obligations at the End of the Period:

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 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 No N/A
- 1.3 State regulating? Wisconsin
- 1.4 Is the reporting entity publicly traded or a member of publicly traded group? Yes No
- 1.5 If the response to 1.4 is yes, provide the CIK (Central Index Key) code issued by the SEC for the entity/group. 947484
- 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
- 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. 12/31/2015
- 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). 06/12/2017
- 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 No N/A
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes 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
- 4.12 renewals? Yes No
- 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
- 4.22 renewals? Yes No
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes No
If the answer is YES, complete and file the merger history data file with the NAIC.
- 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 | 2 | 3 |
|----------------|-------------------|-------------------|
| Name of Entity | NAIC Company Code | State of Domicile |
| | 0 | |
- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes No
- 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 No
- 7.2 If yes,
- 7.21 State the percentage of foreign control 100.0%
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).
- | 1 | 2 |
|-------------|----------------------------------|
| Nationality | 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
- 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
- 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 | 2 | 3 | 4 | 5 | 6 |
|----------------|------------------------|-----|-----|------|-----|
| Affiliate Name | Location (City, State) | FRB | OCC | FDIC | SEC |
| | | | | | |
9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
PricewaterhouseCoopers, LLP 214 North Tryon Street Suite 3600 Charlotte, NC 28202
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes No
- 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
- 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 No N/A

Annual Statement for the year 2018 of the **ARCH MORTGAGE INSURANCE COMPANY**
GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

- 10.6 If the response to 10.5 is no or n/a, please explain:
11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
David William McLaughry, Senior Vice President & Chief Actuary, Arch Mortgage Insurance Company, 230 North Elm Street, Greensboro, NC 27401
- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]
- 12.11 Name of real estate holding company
- 12.12 Number of parcels involved 0
- 12.13 Total book/adjusted carrying value \$ 0
- 12.2 If yes, provide explanation
13. **FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:**
- 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
- 13.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
- 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A []
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No []
- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- (c) Compliance with applicable governmental laws, rules and regulations;
- (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- (e) Accountability for adherence to the code.
- 14.11 If the response to 14.1 is no, please explain:
- 14.2 Has the code of ethics for senior managers been amended? Yes [X] No []
- 14.21 If the response to 14.2 is yes, provide information related to amendment(s).
- 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]
- 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).
- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes [] No [X]
- 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.
- | 1
American Bankers Association (ABA)
Routing Number | 2
Issuing or Confirming Bank Name | 3
Circumstances That Can Trigger
the Letter of Credit | 4
Amount |
|---|--------------------------------------|---|-------------|
| 0 | | | \$ 0 |
- BOARD OF DIRECTORS**
16. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinator committee thereof? Yes [X] No []
17. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof? Yes [X] No []
18. Has the reporting entity an established procedure for disclosure to its Board of Directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes [X] No []
- FINANCIAL**
19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [] No [X]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.11 To directors or other officers \$ 0
- 20.12 To stockholders not officers \$ 0
- 20.13 Trustees, supreme or grand (Fraternal only) \$ 0
- 20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.21 To directors or other officers \$ 0
- 20.22 To stockholders not officers 0
- 20.23 Trustees, supreme or grand (Fraternal only) 0
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reporting in the statement? Yes [] No [X]
- 21.2 If yes, state the amount thereof at December 31 of the current year:
- 21.21 Rented from others \$ 0
- 21.22 Borrowed from others \$ 0
- 21.23 Leased from others \$ 0
- 21.24 Other \$ 0
- 22.1 Does this statement include payments for assessments as described in the *Annual Statement Instructions* other than guaranty fund or guaranty association assessments? Yes [] No [X]
- 22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment \$ 0
- 22.22 Amount paid as expenses \$ 0
- 22.23 Other amounts paid \$ 0
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No []
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ 218,666

GENERAL INTERROGATORIES**PART 1 - COMMON INTERROGATORIES****INVESTMENT**

24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date (other than securities lending programs addressed in 24.03)? Yes 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).
The Company does not participate in a securities lending program.

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

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

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

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

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

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

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 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 \$ 3,426,837

25.29 On deposit with other regulatory bodies \$ 0

25.30 Pledged as collateral – excluding collateral pledged to an FHLB \$ 0

25.31 Pledged as collateral to FHLB – including assets backing funding agreements \$ 0

25.32 Other \$ 0

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount
		\$ 0

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

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

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

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

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

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

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

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

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

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

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	2	3	4	5
Central Registration Depository Number	Name of Firm or Individual	Legal Entity Identifier (LEI)	Registered With	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	2	3
CUSIP	Name of Mutual Fund	Book/Adjusted Carrying Value
		\$ 0
29.2999	TOTAL	\$ 0

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

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

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

		1	2	3
		Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1	Bonds	\$ 1,781,282,436	\$ 1,744,721,780	\$ (36,560,656)
30.2	Preferred Stocks	\$ 0	\$ 0	\$ 0
30.3	Totals	\$ 1,781,282,436	\$ 1,744,721,780	\$ (36,560,656)

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

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

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [] 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:

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

- Documentation necessary to permit a full credit analysis of the security does not exist or an NAIC CRP credit rating for an FE or PL security is not available.
- Issuer or obligor is current on all contracted interest and principal payments.
- The insurer has an actual expectation of ultimate payment of all contracted interest and principal.

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

34. By self-designating PLGI securities, the reporting entity is certifying the following elements of each self-designated PLGI security:

- The security was purchased prior to January 1, 2018.
- The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.
- The NAIC Designation was derived from the credit rating assigned by an NAIC CRP in its legal capacity as an NRSRO which is shown on a current private letter rating held by the insurer and available for examination by state insurance regulators.
- The reporting entity is not permitted to share this credit rating of the PL security with the SVO.

Has the reporting entity self-designated PLGI securities? Yes [] No [X]

OTHER

35.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$ 235,500

35.2 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	2
Name	Amount Paid
Moody's	\$ 157,500
S&P	\$ 78,000

36.1 Amount of payments for legal expenses, if any? \$ 314,647

36.2 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	2
Name	Amount Paid

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

Willkie Farr & Gallagher LLP	\$ 314,647
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37.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$ 0

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

1 Name	2 Amount Paid
	\$ 0

GENERAL INTERROGATORIES**PART 2 – PROPERTY & CASUALTY INTERROGATORIES**

1.1	Does the reporting entity have any direct Medicare Supplement Insurance in force?			Yes []	No [X]
1.2	If yes, indicate premium earned on U.S. business only.	\$			0
1.3	What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?	\$			0
1.31	Reason for excluding:				
1.4	Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.	\$			0
1.5	Indicate total incurred claims on all Medicare Supplement insurance.	\$			0
1.6	Individual policies:				
	Most current three years:				
1.61	Total premium earned	\$			0
1.62	Total incurred claims	\$			0
1.63	Number of covered lives				0
	All years prior to most current three years:				
1.64	Total premium earned	\$			0
1.65	Total incurred claims	\$			0
1.66	Number of covered lives				0
1.7	Group policies:				
	Most current three years:				
1.71	Total premium earned	\$			0
1.72	Total incurred claims	\$			0
1.73	Number of covered lives				0
	All years prior to most current three years:				
1.74	Total premium earned	\$			0
1.75	Total incurred claims	\$			0
1.76	Number of covered lives				0
2.	Health Test:				
			1	2	
			Current Year	Prior Year	
2.1	Premium Numerator	\$	0	\$	0
2.2	Premium Denominator	\$	353,729,269	\$	236,326,635
2.3	Premium Ratio (2.1/2.2)		0.0%		0.0%
2.4	Reserve Numerator	\$	0	\$	0
2.5	Reserve Denominator	\$	349,068,562	\$	484,614,849
2.6	Reserve Ratio (2.4/2.5)		0.0%		0.0%
3.1	Does the reporting entity issue both participating and non-participating policies?				Yes [] No [X]
3.2	If yes, state the amount of calendar year premiums written on:				
3.21	Participating policies	\$			0
3.22	Non-participating policies	\$			0
4.	FOR MUTUAL REPORTING ENTITIES AND RECIPROCAL EXCHANGES ONLY:				
4.1	Does the reporting entity issue assessable policies?				Yes [] No []
4.2	Does the reporting entity issue non-assessable policies?				Yes [] No []
4.3	If assessable policies are issued, what is the extent of the contingent liability of the policyholders?				0.0%
4.4	Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums.	\$			0
5.	FOR RECIPROCAL EXCHANGES ONLY:				
5.1	Does the exchange appoint local agents?				Yes [] No []
5.2	If yes, is the commission paid:				
5.21	Out of Attorney's-in-fact compensation				Yes [] No [] N/A []
5.22	As a direct expense of the exchange				Yes [] No [] N/A []
5.3	What expenses of the exchange are not paid out of the compensation of the Attorney-in-fact?				
5.4	Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred?				Yes [] No []
5.5	If yes, give full information:				
6.1	What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss? <u>The Company does not write worker's compensation coverage.</u>				
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: <u>The Company writes mortgage guaranty insurance. Loss exposures are on individual mortgage loans and are limited by the coverage percentage.</u>				
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? <u>The Company maintains an excess of loss reinsurance agreement to protect it from catastrophic losses. Additionally, the Company is required to establish and maintain a contingency reserve to be used for excess losses.</u>				
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:				

GENERAL INTERROGATORIES**PART 2 – PROPERTY & CASUALTY INTERROGATORIES**

7.1	Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)?	Yes []	No [X]
7.2	If yes, indicate the number of reinsurance contracts containing such provisions.	0	
7.3	If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)?	Yes []	No [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 []	No [X]
9.2	Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where: (a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract.	Yes []	No [X]
9.3	If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9: (a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income; (b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and (c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.		
9.4	Except for transactions meeting the requirements of paragraph 31 of <i>SSAP No. 62R, Property and Casualty Reinsurance</i> , 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 (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 (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 12.12 Unpaid underwriting expenses (including loss adjustment expenses)	\$	0
		\$	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		0.0%
			0.0%
12.5	Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies?	Yes []	No [X]
12.6	If yes, state the amount thereof at December 31 of current year: 12.61 Letters of Credit 12.62 Collateral and other funds	\$	0
		\$	0
13.1	Largest net aggregate amount insured in any one risk (excluding workers' compensation):	\$	187,109

GENERAL INTERROGATORIES**PART 2 – PROPERTY & CASUALTY INTERROGATORIES**

- 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
- 13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount. 11
- 14.1 Is the reporting entity a cedant in a multiple cedant reinsurance contract? Yes No
- 14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:
Allocation based on the risk in force
- 14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? Yes No
- 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
- 15.2 If yes, give full information
- 16.1 Does the reporting entity write any warranty business? Yes No
- If yes, disclose the following information for each of the following types of warranty coverage:
- | | 1 | 2 | 3 | 4 | 5 |
|------------------|------------------------|----------------------|------------------------|-------------------------|-----------------------|
| | Direct Losses Incurred | Direct Losses Unpaid | Direct Written Premium | Direct Premium Unearned | 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: 0
- 17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F-Part 3 that is exempt from the statutory provision for unauthorized reinsurance? Yes No
- Incurred but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from the statutory provision for unauthorized reinsurance. Provide the following information for this exemption:
- | | |
|--|------|
| 17.11 Gross amount of unauthorized reinsurance in Schedule F-Part 3 exempt from the statutory provision for unauthorized reinsurance | \$ 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 |
- 18.1 Do you act as a custodian for health savings accounts? Yes No
- 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
- 18.4 If yes, please provide the balance of the funds administered as of the reporting date. \$ 0
19. Is the reporting entity licensed or chartered, registered, qualified, eligible, or writing business in at least 2 states? Yes No
- 19.1 If no, does the reporting entity assume reinsurance business that covers risks residing in at least one state other than the state of domicile of the reporting entity? Yes No

FIVE-YEAR HISTORICAL DATA

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

	1 2018	2 2017	3 2016	4 2015	5 2014
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	0	0	0	0	0
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	0	0	0	0	0
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	0	0	0	0	0
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	844,354,771	723,723,001	199,337,006	134,493,846	111,247,041
5. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	0	0	0	0	0
6. Total (Line 35).....	844,354,771	723,723,001	199,337,006	134,493,846	111,247,041
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	0	0	0	0	0
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	0	0	0	0	0
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	0	0	0	0	0
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	309,854,369	416,197,026	88,397,669	60,703,476	52,594,703
11. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	0	0	0	0	0
12. Total (Line 35).....	309,854,369	416,197,026	88,397,669	60,703,476	52,594,703
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8).....	86,622,399	4,774,989	(39,993,243)	(41,616,958)	(39,151,682)
14. Net investment gain (loss) (Line 11).....	26,803,653	7,529,069	6,934,889	6,037,671	4,433,413
15. Total other income (Line 15).....	0	94,052	564,314	517,288	0
16. Dividends to policyholders (Line 17).....	0	0	0	0	0
17. Federal and foreign income taxes incurred (Line 19).....	53,170,414	276,951	(697,514)	(218,789)	14,228
18. Net income (Line 20).....	60,255,638	12,121,159	(31,796,526)	(34,843,210)	(34,732,497)
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3).....	1,997,502,077	2,134,562,236	547,478,669	436,418,566	399,604,496
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 15.1).....	111,264,946	180,519,244	10,510,555	5,406,561	4,160,235
20.2 Deferred and not yet due (Line 15.2).....	0	0	0	0	0
20.3 Accrued retrospective premiums (Line 15.3).....	0	0	0	0	0
21. Total liabilities excluding protected cell business (Page 3, Line 26).....	1,688,653,014	1,662,630,321	391,972,047	301,933,826	247,122,247
22. Losses (Page 3, Line 1).....	158,506,373	206,917,894	34,388,492	50,794,618	68,393,261
23. Loss adjustment expenses (Page 3, Line 3).....	5,496,558	9,742,721	1,969,309	1,880,062	1,935,000
24. Unearned premiums (Page 3, Line 9).....	165,184,342	209,059,241	29,188,850	14,487,308	8,351,925
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).....	308,849,063	471,931,916	155,506,622	134,484,740	152,482,249
Cash Flow (Page 5)					
27. Net cash from operations (Line 11).....	207,668,174	356,856,183	14,063,041	(15,199,163)	(39,529,369)
Risk-Based Capital Analysis					
28. Total adjusted capital.....	0	0	0	0	0
29. Authorized control level risk-based capital.....	0	0	0	0	0
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1).....	97.1	93.9	94.9	88.8	88.1
31. Stocks (Lines 2.1 & 2.2).....	0.0	0.0	0.0	0.0	6.0
32. Mortgage loans on real estate (Lines 3.1 & 3.2).....	0.0	0.0	0.0	0.0	0.0
33. Real estate (Lines 4.1, 4.2 & 4.3).....	0.0	0.0	0.0	0.0	0.0
34. Cash, cash equivalents and short-term investments (Line 5).....	2.9	6.1	5.0	11.2	5.8
35. Contract loans (Line 6).....	0.0	0.0	0.0	0.0	0.0
36. Derivatives (Line 7).....	0.0	0.0	0.0	0.0	0.0
37. Other invested assets (Line 8).....	0.0	0.0	0.0	0.0	0.0
38. Receivables for securities (Line 9).....	0.0	0.0	0.0	0.0	0.1
39. Securities lending reinvested collateral assets (Line 10).....	0.0	0.0	0.0	0.0	0.0
40. Aggregate write-ins for invested assets (Line 11).....	0.0	0.0	0.0	0.0	0.0
41. Cash, cash equivalents and invested assets (Line 12).....	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds (Sch. D, Summary, Line 12, Col. 1).....	0	0	0	0	0
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1).....	0	0	0	0	0
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1).....	49,331,214	0	26,494,186	22,266,587	22,266,587
45. Affiliated short-term investments (subtotals included in Schedule DA, Verification, Column 5, Line 10).....	0	0	0	0	0
46. Affiliated mortgage loans on real estate.....	0	0	0	0	0
47. All other affiliated.....	0	0	0	0	0
48. Total of above lines 42 to 47.....	49,331,214	0	26,494,186	22,266,587	22,266,587
49. Total investment in parent included in Lines 42 to 47 above.....	0	0	0	0	0
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0).....	16.0	0.0	17.0	16.6	14.6

Annual Statement for the year 2018 of the **ARCH MORTGAGE INSURANCE COMPANY**
FIVE-YEAR HISTORICAL DATA

(Continued)

	1	2	3	4	5
	2018	2017	2016	2015	2014
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24).....	(2,100,566)	(30,263)	0	0	3,629,269
52. Dividends to stockholders (Line 35).....	0	0	0	0	0
53. Change in surplus as regards policyholders for the year (Line 38).....	(163,082,853)	316,425,294	21,021,882	(17,997,509)	(8,941,361)
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	0	0	0	0	0
55. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	0	0	0	0	0
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	0	0	0	0	0
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	87,512,275	(160,628,888)	27,955,588	41,222,338	67,120,427
58. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	0	0	0	0	0
59. Total (Line 35).....	87,512,275	(160,628,888)	27,955,588	41,222,338	67,120,427
Net Losses Paid (Page 9, Part 2, Col. 4)					
60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	0	0	0	0	0
61. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	0	0	0	0	0
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	0	0	0	0	0
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	74,923,620	(139,911,205)	17,533,247	28,978,107	56,294,830
64. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	0	0	0	0	0
65. Total (Line 35).....	74,923,620	(139,911,205)	17,533,247	28,978,107	56,294,830
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).....	7.5	13.8	1.5	20.9	51.2
68. Loss expenses incurred (Line 3).....	(0.5)	3.8	2.2	2.5	4.1
69. Other underwriting expenses incurred (Line 4).....	18.5	30.4	100.5	103.0	88.3
70. Net underwriting gain (loss) (Line 8).....	24.5	2.0	(54.3)	(76.3)	(73.3)
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).....	78.3	45.6	124.9	136.6	119.9
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....	7.0	17.6	3.7	23.3	55.3
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).....	100.3	88.2	56.8	45.1	34.5
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).....	(32,782)	(17,805)	(12,629)	(8,910)	(2,047)
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).....	(6.9)	(11.5)	(9.4)	(5.8)	(1.3)
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).....	(30,296)	(22,272)	(15,620)	(5,551)	6,874
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).....	(19.5)	(16.6)	(10.2)	(3.4)	6.3

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

Yes [] No []

If no, please explain:

SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P - PART 1 - SUMMARY

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments						10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	12 Number of Claims Reported-Direct and Assumed
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments				
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior.....	.....XXX.....	.....XXX.....	.....XXX.....	.....2,552	.....313	.....2	.....0	.....71	.....5	.....254	.....2,307	.....XXX.....
2. 2009.....	.....103,422	.....14,163	.....89,259	.....134,642	.....20,581	.....4	.....0	.....2,028	.....5	.....1,430	.....116,088	.....XXX.....
3. 2010.....	.....95,343	.....11,753	.....83,590	.....127,379	.....19,978	.....4	.....0	.....1,855	.....6	.....1,931	.....109,254	.....XXX.....
4. 2011.....	.....90,846	.....10,501	.....80,345	.....106,650	.....14,247	.....4	.....0	.....1,681	.....15	.....1,810	.....94,073	.....XXX.....
5. 2012.....	.....91,352	.....10,736	.....80,616	.....77,316	.....10,169	.....4	.....0	.....1,327	.....32	.....911	.....68,446	.....XXX.....
6. 2013.....	.....97,932	.....11,430	.....86,502	.....43,423	.....6,040	.....6	.....0	.....1,376	.....22	.....467	.....38,743	.....XXX.....
7. 2014.....	.....102,216	.....48,772	.....53,444	.....21,816	.....12,161	.....10	.....0	.....1,479	.....48	.....112	.....11,096	.....XXX.....
8. 2015.....	.....118,220	.....63,652	.....54,568	.....3,494	.....6,365	.....16	.....0	.....1,423	.....75	.....127	.....(1,507)	.....XXX.....
9. 2016.....	.....167,825	.....94,129	.....73,696	.....(22,305)	.....(960)	.....23	.....0	.....1,342	.....246	.....189	.....(20,226)	.....XXX.....
10. 2017.....	.....474,652	.....238,325	.....236,327	.....(7,866)	.....(1,941)	.....19	.....0	.....832	.....158	.....40	.....(5,232)	.....XXX.....
11. 2018.....	.....853,630	.....499,901	.....353,729	.....2,467	.....653	.....2	.....0	.....79	.....18	.....3	.....1,877	.....XXX.....
12. Totals.....	.....XXX.....	.....XXX.....	.....XXX.....	.....489,568	.....87,606	.....94	.....0	.....13,493	.....630	.....7,274	.....414,919	.....XXX.....

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding-Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1. Prior.....	.....4,024	.....246	.....92	.....0	.....7	.....0	.....0	.....0	.....112	.....11	.....10	.....3,978	.....XXX.....
2. 2009.....	.....3,879	.....318	.....90	.....0	.....6	.....0	.....0	.....0	.....107	.....15	.....13	.....3,749	.....XXX.....
3. 2010.....	.....4,953	.....258	.....119	.....0	.....9	.....0	.....0	.....0	.....131	.....9	.....5	.....4,945	.....XXX.....
4. 2011.....	.....5,733	.....483	.....125	.....0	.....10	.....0	.....0	.....0	.....170	.....22	.....26	.....5,533	.....XXX.....
5. 2012.....	.....5,471	.....698	.....112	.....0	.....9	.....0	.....0	.....0	.....175	.....36	.....115	.....5,033	.....XXX.....
6. 2013.....	.....6,427	.....1,168	.....118	.....0	.....10	.....0	.....0	.....0	.....227	.....63	.....196	.....5,551	.....XXX.....
7. 2014.....	.....11,020	.....2,251	.....196	.....0	.....17	.....0	.....0	.....0	.....392	.....107	.....136	.....9,267	.....XXX.....
8. 2015.....	.....13,228	.....2,367	.....245	.....0	.....22	.....0	.....0	.....0	.....473	.....115	.....144	.....11,486	.....XXX.....
9. 2016.....	.....20,757	.....4,437	.....563	.....151	.....34	.....0	.....0	.....0	.....756	.....204	.....151	.....17,318	.....XXX.....
10. 2017.....	.....50,405	.....12,915	.....1,737	.....356	.....82	.....0	.....0	.....0	.....1,745	.....432	.....169	.....40,266	.....XXX.....
11. 2018.....	.....79,623	.....30,653	.....9,058	.....3,167	.....104	.....0	.....0	.....0	.....2,529	.....615	.....141	.....56,879	.....XXX.....
12. Totals.....	.....205,520	.....55,794	.....12,455	.....3,674	.....310	.....0	.....0	.....0	.....6,817	.....1,629	.....1,106	.....164,005	.....XXX.....

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	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		35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior..	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....0	.....0	.....XXX.....	.....3,870	.....108
2. 2009.	.....140,756	.....20,919	.....119,837	.....136.1	.....147.7	.....134.3	.....0	.....0	.....0.00	.....3,651	.....98
3. 2010.	.....134,450	.....20,251	.....114,199	.....141.0	.....172.3	.....136.6	.....0	.....0	.....0.00	.....4,814	.....131
4. 2011.	.....114,373	.....14,767	.....99,606	.....125.9	.....140.6	.....124.0	.....0	.....0	.....0.00	.....5,375	.....158
5. 2012.	.....84,414	.....10,935	.....73,479	.....92.4	.....101.9	.....91.1	.....0	.....0	.....0.00	.....4,885	.....148
6. 2013.	.....51,587	.....7,293	.....44,294	.....52.7	.....63.8	.....51.2	.....0	.....0	.....0.00	.....5,377	.....174
7. 2014.	.....34,930	.....14,567	.....20,363	.....34.2	.....29.9	.....38.1	.....0	.....0	.....0.00	.....8,965	.....302
8. 2015.	.....18,901	.....8,922	.....9,979	.....16.0	.....14.0	.....18.3	.....0	.....0	.....0.00	.....11,106	.....380
9. 2016.	.....1,170	.....4,078	.....(2,908)	.....0.7	.....4.3	.....(3.9)	.....0	.....0	.....0.00	.....16,732	.....586
10. 2017.	.....46,954	.....11,920	.....35,034	.....9.9	.....5.0	.....14.8	.....0	.....0	.....0.00	.....38,871	.....1,395
11. 2018.	.....93,862	.....35,106	.....58,756	.....11.0	.....7.0	.....16.6	.....0	.....0	.....0.00	.....54,861	.....2,018
12. Totals	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....0	.....0	.....XXX.....	.....158,507	.....5,498

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)										DEVELOPMENT	
	1 2009	2 2010	3 2011	4 2012	5 2013	6 2014	7 2015	8 2016	9 2017	10 2018	11 One Year	12 Two Year
1. Prior.....	38,142	42,573	44,399	44,550	44,850	45,137	45,210	45,150	45,458	45,714	256	564
2. 2009.....	108,070	109,738	115,186	114,757	117,004	117,464	117,813	117,835	117,648	117,722	74	(113)
3. 2010.....	XXX	111,967	108,149	110,049	111,631	112,722	112,787	112,106	111,414	112,228	814	122
4. 2011.....	XXX	XXX	84,254	94,030	99,230	99,209	99,161	98,820	97,816	97,792	(24)	(1,028)
5. 2012.....	XXX	XXX	XXX	78,222	73,579	73,950	73,567	73,012	72,738	72,045	(693)	(967)
6. 2013.....	XXX	XXX	XXX	XXX	54,773	50,538	46,978	45,275	44,011	42,776	(1,235)	(2,499)
7. 2014.....	XXX	XXX	XXX	XXX	XXX	29,409	24,003	20,611	18,628	18,647	19	(1,964)
8. 2015.....	XXX	XXX	XXX	XXX	XXX	XXX	20,291	14,372	9,825	8,273	(1,552)	(6,099)
9. 2016.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	13,756	5,594	(4,556)	(10,150)	(18,312)
10. 2017.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	53,338	33,047	(20,291)	XXX
11. 2018.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	56,781	XXX	XXX
12. Totals.....											(32,782)	(30,296)

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)										11	12
	1 2009	2 2010	3 2011	4 2012	5 2013	6 2014	7 2015	8 2016	9 2017	10 2018	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
1. Prior.....	000	31,170	39,143	41,575	43,209	44,117	44,567	44,703	39,596	41,837	XXX	XXX
2. 2009.....	4,268	64,890	97,361	107,440	112,437	114,913	115,950	117,044	111,423	114,065	XXX	XXX
3. 2010.....	XXX	11,080	66,623	95,862	105,088	109,452	111,134	111,568	104,127	107,405	XXX	XXX
4. 2011.....	XXX	XXX	10,674	60,542	86,197	93,542	96,037	97,173	89,581	92,407	XXX	XXX
5. 2012.....	XXX	XXX	XXX	9,854	49,652	64,904	69,165	70,319	63,881	67,151	XXX	XXX
6. 2013.....	XXX	XXX	XXX	XXX	7,159	30,320	38,960	41,612	33,242	37,389	XXX	XXX
7. 2014.....	XXX	XXX	XXX	XXX	XXX	2,788	11,599	15,842	3,234	9,665	XXX	XXX
8. 2015.....	XXX	XXX	XXX	XXX	XXX	XXX	1,603	7,247	(12,748)	(2,855)	XXX	XXX
9. 2016.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,040	(41,135)	(21,322)	XXX	XXX
10. 2017.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	(24,548)	(5,906)	XXX	XXX
11. 2018.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,816	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 2009	2 2010	3 2011	4 2012	5 2013	6 2014	7 2015	8 2016	9 2017	10 2018
1. Prior.....	813	441	0	(3)	0	0	0	0	190	92
2. 2009.....	13,532	1,507	457	(15)	0	0	0	0	191	90
3. 2010.....	XXX	12,590	1,887	464	25	0	0	0	237	119
4. 2011.....	XXX	XXX	11,551	1,943	701	0	0	0	259	125
5. 2012.....	XXX	XXX	XXX	10,171	2,391	878	0	0	269	112
6. 2013.....	XXX	XXX	XXX	XXX	7,291	1,715	838	0	319	118
7. 2014.....	XXX	XXX	XXX	XXX	XXX	3,924	871	417	484	196
8. 2015.....	XXX	XXX	XXX	XXX	XXX	XXX	2,113	648	901	245
9. 2016.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,649	1,792	412
10. 2017.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	12,620	1,381
11. 2018.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	5,891

Annual Statement for the year 2018 of the **ARCH MORTGAGE INSURANCE COMPANY**
SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, Etc.	1 Active Status (a)	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		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)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama.....AL	L	4,983,691	4,537,684	0	0	58,752	324,206	0	0
2. Alaska.....AK	L	3,161,293	3,172,639	0	384,178	(9,632)	757,405	0	0
3. Arizona.....AZ	L	16,969,001	16,259,049	0	171,792	332,373	1,443,212	0	0
4. Arkansas.....AR	L	3,247,544	2,843,984	0	185,218	124,820	376,237	0	0
5. California.....CA	L	41,285,483	37,031,781	0	100,879	1,061,586	3,937,574	0	0
6. Colorado.....CO	L	12,097,778	11,376,486	0	(3,389)	559,759	934,083	0	0
7. Connecticut.....CT	L	4,939,225	4,610,730	0	192,460	452,283	1,092,805	0	0
8. Delaware.....DE	L	1,752,004	1,641,442	0	0	148,912	214,103	0	0
9. District of Columbia.....DC	L	2,181,899	2,048,026	0	0	(6,462)	36,665	0	0
10. Florida.....FL	L	34,108,155	32,573,137	0	887,006	1,399,875	6,793,611	0	0
11. Georgia.....GA	L	18,814,143	18,108,512	0	130,861	259,636	2,308,776	0	0
12. Hawaii.....HI	L	1,323,465	1,130,479	0	0	109,689	372,658	0	0
13. Idaho.....ID	L	6,792,168	6,604,225	0	5,449	44,279	447,688	0	0
14. Illinois.....IL	L	16,634,189	15,793,969	0	441,452	973,688	1,902,256	0	0
15. Indiana.....IN	L	12,767,067	12,181,185	0	228,408	451,692	1,185,161	0	0
16. Iowa.....IA	L	7,223,063	6,951,066	0	246,699	150,193	886,103	0	0
17. Kansas.....KS	L	7,077,556	6,903,228	0	186,536	466,321	1,028,001	0	0
18. Kentucky.....KY	L	5,354,973	4,113,120	0	104,404	(80,177)	274,648	0	0
19. Louisiana.....LA	L	4,024,140	3,775,379	0	251,255	223,603	701,515	0	0
20. Maine.....ME	L	2,079,712	1,870,895	0	232,417	4,298	317,770	0	0
21. Maryland.....MD	L	16,321,020	14,075,950	0	718,762	105,260	1,097,620	0	0
22. Massachusetts.....MA	L	22,566,840	19,903,493	0	332,623	592,017	2,238,364	0	0
23. Michigan.....MI	L	19,213,657	21,902,345	0	680,560	90,375	1,809,710	0	0
24. Minnesota.....MN	L	16,739,300	15,668,508	0	381,457	393,316	1,680,059	0	0
25. Mississippi.....MS	L	1,269,068	1,261,386	0	12,467	31,074	210,657	0	0
26. Missouri.....MO	L	10,754,602	10,348,568	0	266,295	403,441	681,437	0	0
27. Montana.....MT	L	645,084	570,293	0	0	(10,666)	7,383	0	0
28. Nebraska.....NE	L	3,536,451	3,391,778	0	57,479	160,519	270,438	0	0
29. Nevada.....NV	L	3,622,468	3,540,512	0	216,984	107,217	699,412	0	0
30. New Hampshire.....NH	L	4,144,053	4,072,934	0	(562)	(7,623)	202,732	0	0
31. New Jersey.....NJ	L	13,101,091	11,629,030	0	778,820	(147,175)	1,185,835	0	0
32. New Mexico.....NM	L	2,993,287	2,915,850	0	189,230	153,990	442,730	0	0
33. New York.....NY	L	12,552,827	11,823,099	0	1,142,004	165,312	2,949,456	0	0
34. North Carolina.....NC	L	20,172,725	18,842,844	0	104,041	587,281	1,553,609	0	0
35. North Dakota.....ND	L	675,787	667,181	0	0	51,543	101,303	0	0
36. Ohio.....OH	L	15,111,938	14,569,436	0	582,968	557,369	2,573,880	0	0
37. Oklahoma.....OK	L	4,329,690	4,111,317	0	197,996	106,517	509,467	0	0
38. Oregon.....OR	L	11,865,174	11,044,787	0	182,250	599,093	990,508	0	0
39. Pennsylvania.....PA	L	13,239,234	12,018,503	0	430,627	370,401	2,213,403	0	0
40. Rhode Island.....RI	L	3,608,800	3,510,783	0	139,624	(43,546)	304,492	0	0
41. South Carolina.....SC	L	11,025,800	10,241,516	0	184,342	372,754	1,073,535	0	0
42. South Dakota.....SD	L	1,978,516	1,754,549	0	0	18,708	111,556	0	0
43. Tennessee.....TN	L	15,557,534	14,715,973	0	417,137	95,367	1,072,893	0	0
44. Texas.....TX	L	36,090,555	33,123,841	0	498,062	404,619	2,887,425	0	0
45. Utah.....UT	L	11,814,920	9,637,093	0	67,453	38,512	812,618	0	0
46. Vermont.....VT	L	1,557,606	1,523,798	0	175,553	(24,032)	274,690	0	0
47. Virginia.....VA	L	18,487,640	16,730,788	0	210,122	154,802	1,256,148	0	0
48. Washington.....WA	L	13,031,829	11,967,178	0	40,451	151,955	961,776	0	0
49. West Virginia.....WV	L	635,934	582,547	0	22,229	140,024	293,807	0	0
50. Wisconsin.....WI	L	20,422,461	19,962,720	0	538,296	441,307	2,631,610	0	0
51. Wyoming.....WY	L	497,650	476,906	0	(7)	1,494	33,621	0	0
52. American Samoa.....AS	N	0	0	0	0	0	0	0	0
53. Guam.....GU	L	0	0	0	0	0	0	0	0
54. Puerto Rico.....PR	L	35,195	35,221	0	0	(8,227)	130,747	0	0
55. US Virgin Islands.....VI	N	0	0	0	0	0	0	0	0
56. Northern Mariana Islands.....MP	N	0	0	0	0	0	0	0	0
57. Canada.....CAN	N	0	0	0	0	0	0	0	0
58. Aggregate Other Alien.....OT	XXX	0	0	0	0	0	0	0	0
59. Totals.....XXX		534,415,285	500,147,741	0	12,312,888	12,778,486	58,597,399	0	0

DETAILS OF WRITE-INS

58001.....XXX	0	0	0	0	0	0	0	0	0
58002.....XXX	0	0	0	0	0	0	0	0	0
58003.....XXX	0	0	0	0	0	0	0	0	0
58998. Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0
58999. Totals (Lines 58001 thru 58003+ Line 58998) (Line 58 above)	XXX	0	0	0	0	0	0	0	0

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

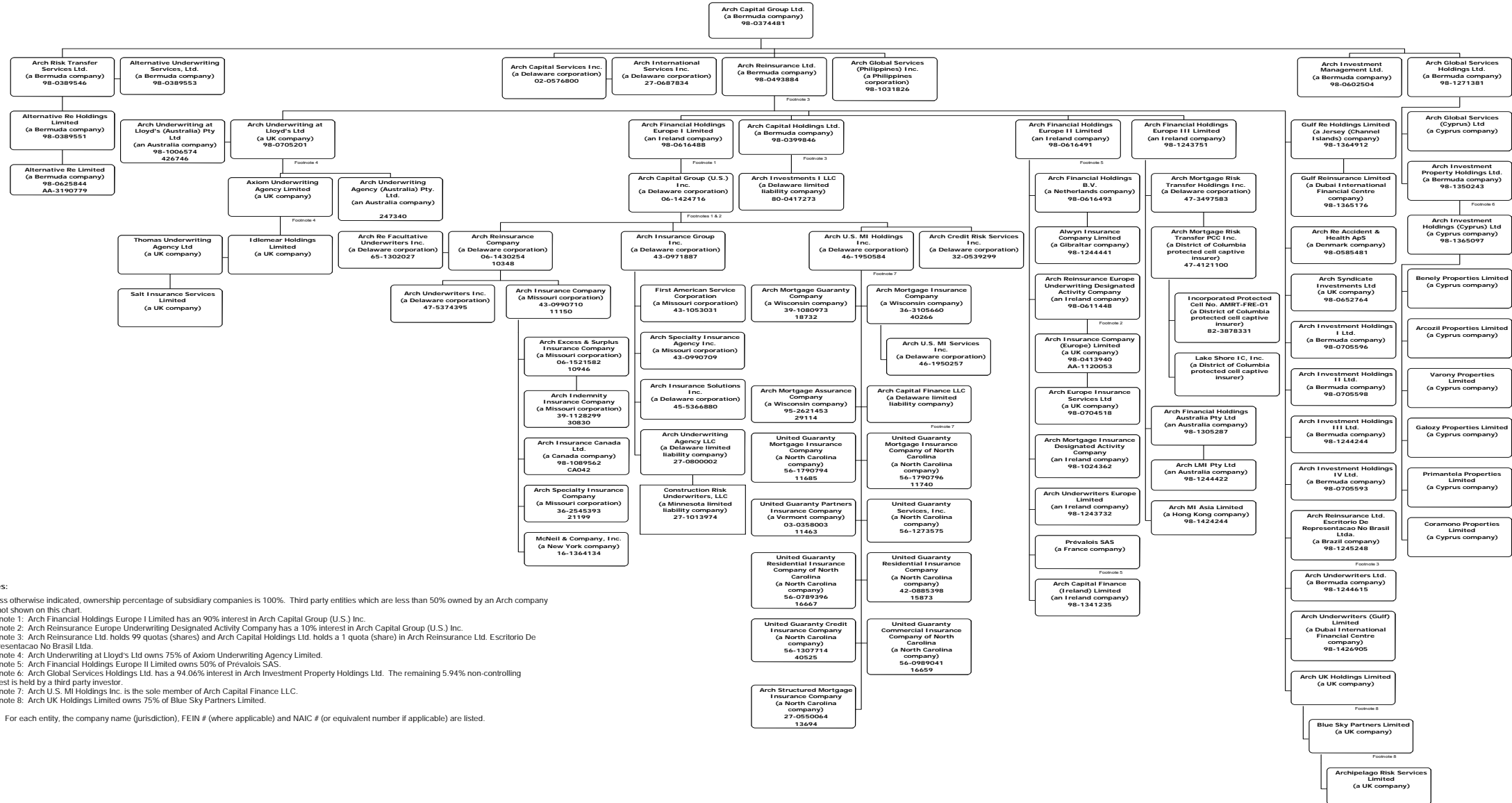
Premiums paid by borrowers are allocated based on property location. All other premiums are allocated based on location of the insured.

(a) Active Status Counts:

L - Licensed or Chartered - Licensed insurance carrier or domiciled RRG.....	53
E - Eligible - Reporting entities eligible or approved to write surplus lines in the state (other than their state of domicile - See DSLI).....	0
D - Domestic Surplus Lines Insurer (DSLI) - Reporting entities authorized to write surplus lines in the state of domicile.....	0

R - Registered - Non-domiciled RRGs.....	0
Q - Qualified - Qualified or accredited reinsurer.....	0
N - None of the above - Not allowed to write business in the state.....	4

**SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY
PART 1 – ORGANIZATIONAL CHART**



Notes:

Unless otherwise indicated, ownership percentage of subsidiary companies is 100%. Third party entities which are less than 50% owned by an Arch company are not shown on this chart.

Footnote 1: Arch Financial Holdings Europe I Limited has a 90% interest in Arch Capital Group (U.S.) Inc.

Footnote 2: Arch Reinsurance Europe Underwriting Designated Activity Company has a 10% interest in Arch Capital Group (U.S.) Inc.

Footnote 3: Arch Reinsurance Ltd. holds 99 quotas (shares) and Arch Capital Holdings Ltd. holds a 1 quota (share) in Arch Reinsurance Ltd. Escritorio De Representacao No Brasil Ltda.

Footnote 4: Arch Underwriting at Lloyd's Ltd owns 75% of Axiom Underwriting Agency Limited.

Footnote 5: Arch Financial Holdings Europe II Limited owns 50% of Prevalois SAS.

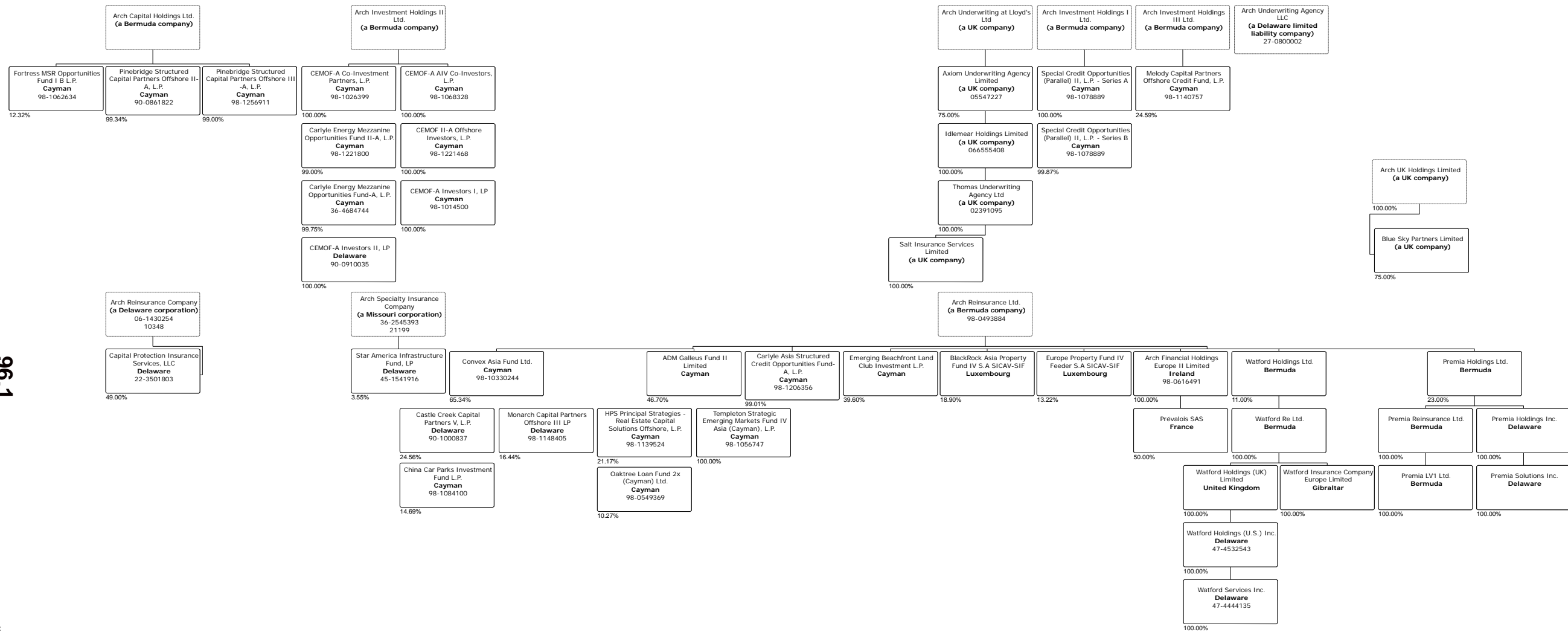
Footnote 6: Arch Global Services Holdings Ltd. has a 94.06% interest in Arch Investment Property Holdings Ltd. The remaining 5.94% non-controlling interest is held by a third party investor.

Footnote 7: Arch U.S. MI Holdings Inc. is the sole member of Arch Capital Finance LLC.

Footnote 8: Arch UK Holdings Limited owns 75% of Blue Sky Partners Limited.

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



96.1

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, 2017; such figures are updated on an annual basis in line with normal practices.

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