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ANNUAL STATEMENT

For the Year Ended December 31, 2018

of the Condition and Affairs of the

UNITED GUARANTY RESIDENTIAL INSURANCE COMPANY

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

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

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

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

OFFICERS

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

OTHER

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

Subscribed and sworn to before me
This ______ day of ______________ 2019

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

ASSETS

	Current Year 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
1. Bonds (Schedule D)	1,595,166,246	0	1,595,166,246	2,018,095,658
2. Stocks (Schedule D):				
2.1 Preferred stocks	0	0	0	0
2.2 Common stocks	0	0	0	31,634,770
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 $..........0 encumbrances)	1,226,906	0	1,226,906	632,570
5. Cash ($.....18,805,763, Schedule E-Part 1), cash equivalents ($.....80,120,227, Schedule E-Part 2) and short-term investments ($.....6,979,287, Schedule DA)	105,905,277	0	105,905,277	116,771,630
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	45,000,000
9. Receivables for securities	0	0	0	218,061
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)	1,702,298,429	0	1,702,298,429	2,212,352,689
13. Title plants less $..........0 charged off (for Title insurers only)	0	0	0	0
14. Investment income due and accrued	11,031,108	0	11,031,108	13,115,545
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	103,748,236	0	103,748,236	118,340,844
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 ($..........0)	0	0	0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	21,511,793	0	21,511,793	35,405,266
16.2 Funds held by or deposited with reinsured companies	0	0	0	0
16.3 Other amounts receivable under reinsurance contracts	0	0	0	0
17. Amounts receivable relating to uninsured plans	0	0	0	0
18.1 Current federal and foreign income tax recoverable and interest thereon	0	0	0	68,486,017
18.2 Net deferred tax asset	260,846,786	220,118,763	40,728,023	131,078,337
19. Guaranty funds receivable or on deposit	0	0	0	0
20. Electronic data processing equipment and software	5,881,540	5,881,540	0	0
21. Furniture and equipment, including health care delivery assets ($..........0)	1,062,880	1,062,880	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	24,421,497	0	24,421,497	1,161,057
24. Health care ($..........0) and other amounts receivable	0	0	0	0
25. Aggregate write-ins for other-than-invested assets	9,083,041	6,900,000	2,183,041	2,858,114
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	2,139,885,310	233,963,183	1,905,922,127	2,582,797,869
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0	0	0
28. TOTAL (Lines 26 and 27)	2,139,885,310	233,963,183	1,905,922,127	2,582,797,869

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. Licenses purchased	6,900,000	6,900,000	0	0
2502. State premium tax recoverable	2,148,275	0	2,148,275	2,856,329
2503. Other assets	34,766	0	34,766	1,785
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)	9,083,041	6,900,000	2,183,041	2,858,114

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)	2,151,598	5,605,881
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)	2,100,074	2,987,853
6.	Taxes, licenses and fees (excluding federal and foreign income taxes)	990,770	2,013,371
7.1	Current federal and foreign income taxes (including $.....(2,366,462) on realized capital gains (losses))	18,130,996	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 $.....375,712,746 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	0
11.	Dividends declared and unpaid:		
	11.1 Stockholders	0	0
	11.2 Policyholders	0	0
12.	Ceded reinsurance premiums payable (net of ceding commissions)	110,806,139	178,084,656
13.	Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 20)	0	0
14.	Amounts withheld or retained by company for account of others	0	0
15.	Remittances and items not allocated	2,109,137	5,292,549
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	127,263	265,091
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	1,127,955,913	959,812,848
26.	Total liabilities excluding protected cell liabilities (Lines 1 through 25)	1,593,673,958	1,579,782,105
27.	Protected cell liabilities	0	0
28.	Total liabilities (Lines 26 and 27)	1,593,673,958	1,579,782,105
29.	Aggregate write-ins for special surplus funds	0	0
30.	Common capital stock	5,997,300	5,997,300
31.	Preferred capital stock	0	0
32.	Aggregate write-ins for other-than-special surplus funds	0	0
33.	Surplus notes	0	100,000,000
34.	Gross paid in and contributed surplus	279,781,388	579,781,388
35.	Unassigned funds (surplus)	26,469,481	317,237,076
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)	312,248,169	1,003,015,764
38.	TOTAL (Page 2, Line 28, Col. 3)	1,905,922,127	2,582,797,869

DETAILS OF WRITE-INS

2501.	Contingency reserve	1,097,599,634	920,734,999
2502.	Deferred ceded commission expense	29,374,972	38,885,103
2503.	Premium refund reserve	981,307	192,746
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)	1,127,955,913	959,812,848
2901.		0	0
2902.		0	0
2903.		0	0
2998.	Summary of remaining write-ins for Line 29 from overflow page	0	0
2999.	Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	0
3201.		0	0
3202.		0	0
3203.		0	0
3298.	Summary of remaining write-ins for Line 32 from overflow page	0	0
3299.	Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)	0	0

STATEMENT OF INCOME

		1 Current Year	2 Prior Year
	UNDERWRITING INCOME		
1.	Premiums earned (Part 1, Line 35, Column 4)	353,729,269	447,194,028
	DEDUCTIONS:		
2.	Losses incurred (Part 2, Line 35, Column 7)	26,512,100	80,776,548
3.	Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	(1,880,755)	(4,417,949)
4.	Other underwriting expenses incurred (Part 3, Line 25, Column 2)	65,610,891	128,553,715
5.	Aggregate write-ins for underwriting deductions	0	0
6.	Total underwriting deductions (Lines 2 through 5)	90,242,236	204,912,314
7.	Net income of protected cells	0	0
8.	Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	263,487,033	242,281,714
	INVESTMENT INCOME		
9.	Net investment income earned (Exhibit of Net Investment Income, Line 17)	51,021,486	70,245,879
10.	Net realized capital gains (losses) less capital gains tax of $.....(2,366,462) (Exhibit of Capital Gains (Losses))	33,099,681	28,001,276
11.	Net investment gain (loss) (Lines 9 + 10)	84,121,167	98,247,155
	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	0
15.	Total other income (Lines 12 through 14)	0	0
16.	Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	347,608,200	340,528,869
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)	347,608,200	340,528,869
19.	Federal and foreign income taxes incurred	50,629,956	1,995,796
20.	Net income (Line 18 minus Line 19) (to Line 22)	296,978,244	338,533,073
	CAPITAL AND SURPLUS ACCOUNT		
21.	Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	1,003,015,764	1,186,509,107
22.	Net income (from Line 20)	296,978,244	338,533,073
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	(24,393,082)	(5,503,899)
25.	Change in net unrealized foreign exchange capital gain (loss)	0	0
26.	Change in net deferred income tax	26,537,463	(252,891,044)
27.	Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3)	(111,973,216)	272,962,454
28.	Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	0	0
29.	Change in surplus notes	(100,000,000)	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	(300,000,000)	0
	33.2 Transferred to capital (Stock Dividend)	0	0
	33.3. Transferred from capital	0	0
34.	Net remittances from or (to) Home Office	0	0
35.	Dividends to stockholders	(300,000,000)	(313,000,000)
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	(177,917,004)	(223,593,927)
38.	Change in surplus as regards policyholders for the year (Lines 22 through 37)	(690,767,595)	(183,493,343)
39.	Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37)	312,248,169	1,003,015,764

DETAILS OF WRITE-INS

0501.		0	0
0502.		0	0
0503.		0	0
0598.	Summary of remaining write-ins for Line 5 from overflow page	0	0
0599.	Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0
1401.		0	0
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	0
3701.	Change in contingency reserve	(176,864,635)	(223,593,927)
3702.	Elimination of prior year intercompany realized gain	(1,052,369)	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)	(177,917,004)	(223,593,927)

CASH FLOW

		1 Current Year	2 Prior Year
	CASH FROM OPERATIONS		
1.	Premiums collected net of reinsurance	258,071,817	244,749,924
2.	Net investment income	55,279,599	94,086,487
3.	Miscellaneous income	0	0
4.	Total (Lines 1 through 3)	313,351,416	338,836,411
5.	Benefit and loss related payments	64,484,431	333,974,595
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0
7.	Commissions, expenses paid and aggregate write-ins for deductions	60,417,222	149,132,401
8.	Dividends paid to policyholders	0	0
9.	Federal and foreign income taxes paid (recovered) net of $.....(2,366,462) tax on capital gains (losses)	(38,353,519)	72,108,000
10.	Total (Lines 5 through 9)	86,548,134	555,214,996
11.	Net cash from operations (Line 4 minus Line 10)	226,803,282	(216,378,585)
	CASH FROM INVESTMENTS		
12.	Proceeds from investments sold, matured or repaid:		
	12.1 Bonds	2,115,802,477	6,493,195,916
	12.2 Stocks	0	813,634
	12.3 Mortgage loans	0	0
	12.4 Real estate	4,983,907	5,847,095
	12.5 Other invested assets	0	60,000,000
	12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	(328)	(10,815)
	12.7 Miscellaneous proceeds	218,061	0
	12.8 Total investment proceeds (Lines 12.1 to 12.7)	2,121,004,117	6,559,845,830
13.	Cost of investments acquired (long-term only):		
	13.1 Bonds	1,706,316,369	5,488,617,915
	13.2 Stocks	0	843,300
	13.3 Mortgage loans	0	0
	13.4 Real estate	6,106,532	4,389,465
	13.5 Other invested assets	0	0
	13.6 Miscellaneous applications	0	218,061
	13.7 Total investments acquired (Lines 13.1 to 13.6)	1,712,422,901	5,494,068,741
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)	408,581,216	1,065,777,089
	CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16.	Cash provided (applied):		
	16.1 Surplus notes, capital notes	(6,557,208)	(60,000,000)
	16.2 Capital and paid in surplus, less treasury stock	(300,000,000)	(224,000,000)
	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	300,000,000	313,000,000
	16.6 Other cash provided (applied)	(39,693,642)	(226,612,304)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(646,250,850)	(823,612,304)
	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)	(10,866,352)	25,786,200
19.	Cash, cash equivalents and short-term investments:		
	19.1 Beginning of year	116,771,629	90,985,429
	19.2 End of year (Line 18 plus Line 19.1)	105,905,277	116,771,629

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

20.0001	Change in contingency reserve	(176,864,635)	(222,006,091)
20.0002	Change in premium refund reserve	788,561	(192,746)
20.0003	Non cash exchange Surplus note repayment	93,442,792	0
20.0004	Non cash exchange in investment in subsidiaries	(48,113,202)	0
20.0005	Other Asset repayment	(45,000,000)	0
20.0006	Deferred ceded commission expense	(9,510,131)	(5,373,681)
20.0007	Reserve for stale checks	40,674	(117,719)

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	309,854,370	209,059,241	165,184,342	353,729,269
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	309,854,370	209,059,241	165,184,342	353,729,269

DETAILS OF WRITE-INS

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

	Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned But Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1.	Fire	0	0	0	0	0
2.	Allied lines	0	0	0	0	0
3.	Farmowners multiple peril	0	0	0	0	0
4.	Homeowners multiple peril	0	0	0	0	0
5.	Commercial multiple peril	0	0	0	0	0
6.	Mortgage guaranty	0	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

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

	Line of Business	1 Direct Business (a)	Reinsurance Assumed 2 From Affiliates	Reinsurance Assumed 3 From Non-Affiliates	Reinsurance Ceded 4 To Affiliates	Reinsurance Ceded 5 To Non-Affiliates	6 Net Premiums Written (Cols. 1 + 2 + 3 - 4 - 5)
1.	Fire	0	0	0	0	0	0
2.	Allied lines	0	0	0	0	0	0
3.	Farmowners multiple peril	0	0	0	0	0	0
4.	Homeowners multiple peril	0	0	0	0	0	0
5.	Commercial multiple peril	0	0	0	0	0	0
6.	Mortgage guaranty	575,919,138	247,128,614	35,358	310,099,606	203,129,134	309,854,370
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	575,919,138	247,128,614	35,358	310,099,606	203,129,134	309,854,370

DETAILS OF WRITE-INS

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

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

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

	Line of Business	Losses Paid Less Salvage 1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)	5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
1.	Fire	0	0	0	0	0	0	0	0.0
2.	Allied lines	0	0	0	0	0	0	0	0.0
3.	Farmowners multiple peril	0	0	0	0	0	0	0	0.0
4.	Homeowners multiple peril	0	0	0	0	0	0	0	0.0
5.	Commercial multiple peril	0	0	0	0	0	0	0	0.0
6.	Mortgage guaranty	152,482,969	7,715,806	85,275,155	74,923,620	158,506,373	206,917,894	26,512,099	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	152,482,969	7,715,806	85,275,155	74,923,620	158,506,373	206,917,894	26,512,099	7.5

DETAILS OF WRITE-INS

		1	2	3	4	5	6	7	8
3401.		0	0	0	0	0	0	0	0.0
3402.		0	0	0	0	0	0	0	0.0
3403.		0	0	0	0	0	0	0	0.0
3498.	Summary of remaining write-ins for Line 34 from overflow page	0	0	0	0	0	0	0	XXX
3499.	Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)	0	0	0	0	0	0	0	0.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

		Reported Losses				Incurred But Not Reported			8	9
	Line of Business	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable	4 Net Losses Excluding Incurred but not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded	Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Net Unpaid Loss Adjustment Expenses
1.	Fire	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	296,018,457	30,752,860	177,045,213	149,726,104	16,572,667	1,953,191	9,745,589	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	296,018,457	30,752,860	177,045,213	149,726,104	16,572,667	1,953,191	9,745,589	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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct	(4,064,961)	0	0	(4,064,961)
1.2 Reinsurance assumed	318,375	0	0	318,375
1.3 Reinsurance ceded	(1,865,831)	0	0	(1,865,831)
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	5,034,095	5,724,695
25. Total expenses incurred	(1,880,755)	65,610,891	5,034,095	(a) 68,764,231
26. Less unpaid expenses - current year	5,496,558	3,090,844	0	8,587,402
27. Add unpaid expenses - prior year	9,742,721	5,001,224	0	14,743,945
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	67,521,271	5,034,095	74,920,774

DETAILS OF WRITE-INS

2401. Depreciation	0	690,600	0	690,600
2402. Investment advisory fees	0	0	5,034,095	5,034,095
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	5,034,095	5,724,695

(a) Includes management fees of $.....100,178,262 to affiliates and $.....2,339,285 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. government bonds	(a) 4,983,753	4,185,210
1.1	Bonds exempt from U.S. tax	(a) 5,445,467	3,685,799
1.2	Other bonds (unaffiliated)	(a) 45,764,562	46,526,083
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) 1,865,796	1,931,416
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	58,059,578	56,328,508
11.	Investment expenses		(g) 5,034,095
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g) 0
13.	Interest expense		(h) 272,928
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)		5,307,023
17.	Net investment income (Line 10 minus Line 16)		51,021,485

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

(a) Includes $.....2,774,012 accrual of discount less $.....4,947,688 amortization of premium and less $.....4,898,649 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 $.....360,148 accrual of discount less $.....151,932 amortization of premium and less $.....245,118 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	(6,079,039)	0	(6,079,039)	0	0
1.1	Bonds exempt from U.S. tax	984,454	0	984,454	0	0
1.2	Other bonds (unaffiliated)	(5,118,239)	0	(5,118,239)	(866,882)	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	42,256,820	0	42,256,820	(25,448,798)	0
3.	Mortgage loans	0	0	0	0	0
4.	Real estate	1,127,257	(1,127,257)	0	0	0
5.	Contract loans	0	0	0	0	0
6.	Cash, cash equivalents and short-term investments	(328)	0	(328)	0	0
7.	Derivative instruments	0	0	0	0	0
8.	Other invested assets	0	0	0	0	0
9.	Aggregate write-ins for capital gains (losses)	0	(254,733)	(254,733)	0	0
10.	Total capital gains (losses)	33,170,925	(1,381,990)	31,788,935	(26,315,680)	0

DETAILS OF WRITE-INS

0901.	Performance fees	0	(254,733)	(254,733)	0	0
0902.		0	0	0	0	0
0903.		0	0	0	0	0
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)	0	(254,733)	(254,733)	0	0

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks	0	0	0
2.2 Common stocks	0	0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens	0	0	0
3.2 Other than first liens	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company	0	0	0
4.2 Properties held for the production of income	0	0	0
4.3 Properties held for sale	0	0	0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)	0	0	0
6. Contract loans	0	0	0
7. Derivatives (Schedule DB)	0	0	0
8. Other invested assets (Schedule BA)	0	0	0
9. Receivables for securities	0	0	0
10. Securities lending reinvested collateral assets (Schedule DL)	0	0	0
11. Aggregate write-ins for invested assets	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	0	0	0
13. Title plants (for Title insurers only)	0	0	0
14. Investment income due and accrued	0	0	0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	0	0	0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	0	0	0
15.3 Accrued retrospective premiums and contracts subject to redetermination	0	0	0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers	0	0	0
16.2 Funds held by or deposited with reinsured companies	0	0	0
16.3 Other amounts receivable under reinsurance contracts	0	0	0
17. Amounts receivable relating to uninsured plans	0	0	0
18.1 Current federal and foreign income tax recoverable and interest thereon	0	0	0
18.2 Net deferred tax asset	220,118,763	103,230,987	(116,887,776)
19. Guaranty funds receivable or on deposit	0	0	0
20. Electronic data processing equipment and software	5,881,540	11,433,049	5,551,509
21. Furniture and equipment, including health care delivery assets	1,062,880	425,934	(636,946)
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	6,900,000	6,900,000	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25)	233,963,183	121,989,970	(111,973,213)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0	0
28. TOTALS (Lines 26 and 27)	233,963,183	121,989,970	(111,973,213)

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. Licenses purchased	6,900,000	6,900,000	0
2502.	0	0	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)	6,900,000	6,900,000	0

NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies and Going Concern

A. Accounting Practices

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

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

There are no changes in surplus in the accompanying financial statements due to differences between the state of North Carolina prescribed accounting practices and those of the NAIC. Reconciliations of net income and policyholder's surplus between the amounts reported in the accompanying financial statements (NC 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	$ 296,978,244	$ 338,533,073
(2) State Prescribed Practices that are an increase/(decrease) from NAIC SAP					
				$ 0	$ 0
(3) State Permitted Practices that are an increase/(decrease) from NAIC SAP					
				$ 0	$ 0
(4) NAIC SAP (1 – 2 – 3 = 4)	XXX	XXX	XXX	$ 296,978,244	$ 338,533,073
SURPLUS					
(5) Company state basis (Page 3, Line 37, Columns 1 & 2)	XXX	XXX	XXX	$ 312,248,169	$ 1,003,015,764
(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	$ 312,248,169	$ 1,003,015,764

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 North Carolina 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

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

Refer to Note 1.C (2) above.

NOTES TO FINANCIAL STATEMENTS

(7) Accounting Policies for Investments in Subsidiaries, Controlled and Affiliated Entities
As of December 31, 2017, the Company owned 100% of the issued and outstanding shares of common stock of United Guaranty Credit Insurance Company ("UGCIC") and United Guaranty Commercial Insurance Company of North Carolina ("UGCICNC") which were stated at statutory book value. Effective April 1, 2018, the Company repaid Certificates of Contribution through its 100% ownership interest in UGCIC and UGCICNC. The Company had no investments in subsidiaries as of December 31, 2018. See Note 10B.

(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
(1) On July 10, 2018, the North Carolina Department of Insurance approved the merger of the Company and United Guaranty Mortgage Indemnity Company, effective September 30, 2018, in which the Company will be the surviving company. On July 11, 2018, the Secretary of State of the State of North Carolina certified the Articles of Merger.

(2) These financials statements reflect the statutory merger method.

(3) Issuance of shares of stock was not part of merger.

(4) Pre-merger separate company earned premium and net income (loss) for the nine months ended September 30, 2018 were $264.4 million and $236.4 million, respectively, for the Company and $0.0 and $178.1 thousand, respectively, for United Guaranty Mortgage Indemnity Company. As a result of the merger, the Company's surplus decreased $1.4 million due the to elimination of realized gains on securities sold between the Company and United Guaranty Mortgage Indemnity Company in 2017.

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

NOTES TO FINANCIAL STATEMENTS

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

	Current Year	Prior Year
(3) Taxes, assessments and any amounts advanced and not included in the mortgage loan total	$ 0	$ 0

(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

(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 Determined 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	$	1,430,998
	2. 12 Months or Longer	$	1,330,634
b. The aggregate related fair value of securities with unrealized losses:	1. Less than 12 Months	$	66,269,167
	2. 12 Months or Longer	$	91,373,073

(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.

NOTES TO FINANCIAL STATEMENTS

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

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

NOTES TO FINANCIAL STATEMENTS

L. Restricted Assets

(1) Restricted Assets (Including Pledged)

	Gross (Admitted & Nonadmitted) Restricted							Current Year			
	Current Year					6	7	8	9	Percentage	
	1	2	3	4	5					10	11
Restricted Asset Category	Total General Account (G/A)	G/A Supporting Protected Cell Account Activity (a)	Total Protected Cell Account Restricted Assets	Protected Cell Account Assets Supporting G/A Activity (b)	Total (1 plus 3)	Total From Prior Year	Increase/ (Decrease) (5 minus 6)	Total Nonadmitted Restricted	Total Admitted Restricted (5 minus 8)	Gross (Admitted & Nonadmitted) Restricted to Total Assets (c)	Admitted Restricted to Total Admitted Assets (d)
a. Subject to contractual obligation for which liability is not shown	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	0.0%	0.0%
b. Collateral held under security lending arrangements	0	0	0	0	0	0	0	0	0	0.0%	0.0%
c. Subject to repurchase agreements	0	0	0	0	0	0	0	0	0	0.0%	0.0%
d. Subject to reverse repurchase agreements	0	0	0	0	0	0	0	0	0	0.0%	0.0%
e. Subject to dollar repurchase agreements	0	0	0	0	0	0	0	0	0	0.0%	0.0%
f. Subject to dollar reverse repurchase agreements	0	0	0	0	0	0	0	0	0	0.0%	0.0%
g. Placed under option contracts	0	0	0	0	0	0	0	0	0	0.0%	0.0%
h. Letter stock or securities restricted as to sale – excluding FHLB capital stock	0	0	0	0	0	0	0	0	0	0.0%	0.0%
i. FHLB capital stock	0	0	0	0	0	0	0	0	0	0.0%	0.0%
j. On deposit with states	4,640,635	0	0	0	4,640,635	6,567,791	(1,927,156)	0	4,640,635	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	$ 4,640,635	$ 0	$ 0	$ 0	$ 4,640,635	$ 6,567,791	$ (1,927,156)	$ 0	$ 4,640,635	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

(2) Detail of Assets Pledged as Collateral Not Captured in Other Categories (Contacts 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

NOTES TO FINANCIAL STATEMENTS

R. Prepayment Penalty and Acceleration Fees

	General Account	Protected Cell
(1) Number of CUSIPs	3	XXX
(2) Aggregate Amount of Investment Income	$ 86,393	$ 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 Applicabloe

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

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	$261,916,054	$ 725,168	$262,641,222	$240,119,735	$ 1,404,354	$241,524,089	$ 21,796,319	$ (679,186)	$ 21,117,133
b. Statutory valuation allowance adjustment	0	0	0	2,352,571	336,579	2,689,150	(2,352,571)	(336,579)	(2,689,150)
c. Adjusted gross deferred tax assets (1a-1b)	$261,916,054	$ 725,168	$262,641,222	$237,767,164	$ 1,067,775	$238,834,939	$ 24,148,890	$ (342,607)	$ 23,806,283
d. Deferred tax assets nonadmitted	220,118,765	0	220,118,765	103,230,987	0	103,230,987	116,887,778	0	116,887,778
e. Subtotal net admitted deferred tax asset (1c-1d)	$ 41,797,289	$ 725,168	$ 42,522,457	$134,536,177	$ 1,067,775	$135,603,952	$(92,738,888)	$ (342,607)	(93,081,495)
f. Deferred tax liabilities	596,012	1,198,425	1,794,437	1,231,526	3,294,088	4,525,614	(635,514)	(2,095,663)	(2,731,177)
g. Net admitted deferred tax assets/(net deferred tax liability) (1e-1f)	$ 41,201,277	$ (473,257)	$ 40,728,020	$133,304,651	$ (2,226,313)	$131,078,338	$(92,103,374)	$ 1,753,056	$(90,350,318)

NOTES TO FINANCIAL STATEMENTS

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)	41,201,277	(473,257)	40,728,020	132,216,746	(1,138,408)	131,078,338	(91,015,469)	665,151	(90,350,318)
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	162,752,040	0	162,752,040	150,304,114	0	150,304,114	12,447,926	0	12,447,926
2. Adjusted gross deferred tax assets allowed per limitation threshold			40,728,022			133,221,151			(92,493,129)
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	596,012	1,198,425	1,794,437	1,231,526	3,294,088	4,525,614	(635,514)	(2,095,663)	(2,731,177)
d. Deferred tax assets admitted as the result of application of SSAP 101. Total (2(a)+2(b)+2(c))	$ 41,797,289	$ 725,168	$ 42,522,457	$133,448,272	$ 2,155,680	$135,603,952	$ (91,650,983)	$ (1,430,512)	$ (93,081,495)

3. Other Admissibility Criteria

	2018	2017
a. Ratio percentage used to determine recovery period and threshold limitation amount	186.9%	249.2%
b. Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	$ 1,409,847,803	$ 888,141,008

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)	$ 261,916,054	$ 725,168	$ 237,767,164	$ 1,067,775	$ 24,148,890	$ (342,607)
2. Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies	0.2%	0.0%	3.0%	0.0%	(2.8)%	0.0%
3. Net Admitted Adjusted Gross DTAs amount from Note 9A1(e)	$ 41,797,289	$ 725,168	$ 134,536,177	$ 1,067,775	$ (92,738,888)	$ (342,607)
4 Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies	0.0%	0.0%	5.0%	0.0%	(5.0)%	0.0%

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

NOTES TO FINANCIAL STATEMENTS

B. Deferred Tax Liabilities Not Recognized

1. 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

2. The cumulative amount of each type of temporary difference is:
Not Applicable

3. 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

4. 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	$ 50,629,956	$ 1,995,797	$ 48,634,159
b. Foreign	$ 0	$ 0	$ 0
c. Subtotal	$ 50,629,956	$ 1,995,797	$ 48,634,159
d. Federal income tax on net capital gains	$ (2,366,462)	$ 16,110,466	$ (18,476,928)
e. Utilization of capital loss carry-forwards	$ 0	$ 0	$ 0
f. Other	$ 0	$ 0	$ 0
g. Federal and Foreign income taxes incurred	$ 48,263,494	$ 18,106,263	$ 30,157,231

2. Deferred Tax Assets

	1 2018	2 2017	3 (Col 1-2) Change
a. Ordinary:			
1. Discounting of unpaid losses	$ 1,057,388	$ 670,770	$ 386,618
2. Unearned premium reserve	7,031,147	9,002,775	(1,971,628)
3. Policyholder reserves	170,450,850	138,087,254	32,363,596
4. Investments	0	529,200	(529,200)
5. Deferred acquisition costs	0	0	0
6. Policyholder dividends accrual	0	0	0
7. Fixed assets	3,357,617	2,881,200	476,417
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	0	0	0
13. Other (items <=5% and >5% of total ordinary tax assets)	80,019,052	88,948,536	(8,929,484)
Other (items listed individually >5%of total ordinary tax assets)			
Amortization of Intangible plus Ceding Commission	80,019,052	88,948,536	(8,929,484)
99. Subtotal	261,916,054	240,119,735	21,796,319
b. Statutory valuation allowance adjustment	0	2,352,571	(2,352,571)
c. Nonadmitted	220,118,765	103,230,987	116,887,778
d. Admitted ordinary deferred tax assets (2a99-2b-2c)	41,797,289	134,536,177	(92,738,888)
e. Capital:			
1. Investments	$ 507,828	$ 1,369,444	$ (861,616)
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)	217,340	34,910	182,430
Other (items listed individually >5% of total capital tax assets)			
Unrealized (Gain) Loss on securities	217,340	34,910	182,430
99. Subtotal	$ 725,168	$ 1,404,354	$ (679,186)
f. Statutory valuation allowance adjustment	0	336,579	(336,579)
g. Nonadmitted	0	0	0
h. Admitted capital deferred tax assets (2e99-2f-2g)	725,168	1,067,775	(342,607)
i. Admitted deferred tax assets (2d+2h)	$ 42,522,457	$ 135,603,952	$ (93,081,495)

NOTES TO FINANCIAL STATEMENTS

3. Deferred Tax Liabilities

	1 2018	2 2017	3 (Col 1-2) Change
a. Ordinary:			
1. Investments	$ 0	$ 0	$ 0
2. Fixed assets	0	1,219,515	(1,219,515)
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)	596,012	12,011	584,001
Other (items listed individually >5% of total ordinary tax liabilities)			
TCJA adjustment	596,012	12,011	584,001
99. Subtotal	596,012	1,231,526	(635,514)
b. Capital:			
1. Investments	1,198,425	3,294,088	(2,095,663)
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	1,198,425	3,294,088	(2,095,663)
c. Deferred tax liabilities (3a99+3b99)	$ 1,794,437	$ 4,525,614	$ (2,731,177)
4. Net Deferred Tax Assets (2i – 3c)	$ 40,728,020	$ 131,078,338	$ (90,350,318)

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	$ 63,626,833	21.0%
Proration of tax exempt investment income	188,315	0.1%
Tax exempt income deduction	(753,262)	(0.2)%
Dividends received deduction	0	%
Disallowed travel and entertainment	0	%
Other permanent differences	(566,978)	(0.2)%
Temporary Differences:		
Total ordinary DTAs	(37,141,573)	(12.3)%
Total ordinary DTLs	0	%
Total capital DTAs	0	%
Total capital DTLs	0	%
Other:		
Statutory valuation allowance adjustment	0	%
Accrual adjustment – prior year	0	%
Other	(3,627,301)	(1.2)%
Totals	21,726,034	7.2%
Federal and foreign income taxes incurred	50,629,956	16.7%
Realized capital gains (losses) tax	(2,366,462)	(0.8)%
Change in net deferred income taxes	(26,537,460)	(8.8)%
Total statutory income taxes	$ 21,726,034	7.2%

E. Operating Loss Carryfowards and Income Taxes Available for Recoupment

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

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

Year	Amounts
2018	$48,200,995
2017	$3,621,984

3. 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)
Not Applicable

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"), the Company's parent. 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 thereby making Arch U.S. MI Holdings, Inc. the Company's new parent.

On July 10, 2018, the North Carolina Department of Insurance approved the merger of the Company and United Guaranty Mortgage Indemnity Company, effective September 30, 2018, in which the Company is the surviving entity. On July 11, 2018, the Secretary of State of the State of North Carolina certified the articles of merger.

See the organization chart on Schedule Y.

NOTES TO FINANCIAL STATEMENTS

B. Transactions

Effective January 1, 2017, the Company entered into a quota share reinsurance agreement with Arch Reinsurance Ltd. (the “ARL Reinsurance Agreement”).

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

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

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

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

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

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

UGMIND amended its existing quota share reinsurance agreement with Arch Reinsurance Ltd (ARL) to inure to the benefit of a 100% quota share with UGRIC. 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 of $678.8 million to AMIC, consisting of $339.1 million in securities and $339.7 million in cash pursuant to the above, representing the transfer of contingency reserves, loss and LAE reserves and unearned premium reserves. This transfer of assets did not impact net income or surplus; but rather impacted the contingency reserves, loss and LAE reserves and unearned premium reserves held by the Company.

On April 3, 2018, the North Carolina Department of Insurance approved the request submitted by United Guaranty Residential Company ("UGRIC") to repay

the following Certificates of Contribution for a total of $100,000,000:

No. UGRIC #1 - $75,035,000; No. UGRIC #2 - $24,965,000

The repayment, effective April 1, 2018, was made through UGRIC's contribution of its 100% ownership interest in United Guaranty Credit Insurance Company and United Guaranty Commercial Insurance Company of North Carolina at a fair value as of March 31, 2018, with the remainder paid in cash and short-term investments.

On April 30, 2018, the Department approved the Company's request to a pay a $300 million ordinary dividend to its parent, United Guaranty Corporation. The dividend was paid on June 4, 2018.

On November 8, 2018, the Department approved the Company's request to pay a $300 million return of capital to its parent, United Guaranty Corporation which was paid on November 16, 2018.

C. Dollar Amounts of Transactions

See Note 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 $24,421,497 and a payable of ($127,263) from/to affiliated companies. Details of the balances are:

Arch U.S. MI Holdings, Inc. $15,685,938; Arch U.S. MI Services, Inc. $7,155,875; United Guaranty Residential Insurance Company of North Carolina $1,577,960; United Guaranty Commerical Insurance Company of North Carolina $889; United Guaranty Credit Insurance Company $835; Arch Mortgage Insurance Company ($102,197); United Guaranty Services, Inc. ($25,066)

At December 31, 2017, the Company reported a receivable of $1,161,057 a payable of ($265,091). Details of the balances are:

United Guaranty Residential Insurance Company of North Carolina $1,157,658; United Guaranty Services, Inc. $2,399; United Guaranty Commerical Insurance Company of North Carlina $889; United Guaranty Credit Insurance Company $111; United Guaranty Corporation (dissolved December 31, 2018) ($144,817); Arch U.S. MI Services, Inc. ($115,148); Arch Mortgage Insurance Company ($5,126);

Intercompany balances are settled monthly.

NOTES TO FINANCIAL STATEMENTS

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.

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.

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 Appllicable

(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

NOTES TO FINANCIAL STATEMENTS

(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

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

(2) Dividend Rate, Liquidation Value and Redemption Schedule of Preferred Stock Issues
Not Applicable

NOTES TO FINANCIAL STATEMENTS

(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 greater of (1) 10% of the Company's capital and surplus as of the preceding December 31, or (2) net income, excluding realized gains, for the twelve month period ending the preceding December 31. The calculated maximum amount of dividends available to be paid during 2019 would be $263,878,563. 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.

(4) Dates and Amounts of Dividends Paid
On April 30, 2018, the Department approved the Company's request to a pay a $300 million ordinary dividend to its parent, United Guaranty Corporation. The dividend was paid on June 4, 2018.

On November 8, 2018, the Department approved the Company's request to pay a $300 million return of capital to its parent, United Guaranty Corporation which was paid on November 16, 2018.

(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: $(1,141,385).

(11) The Reporting Entity Issued the Following Surplus Debentures or Similar Obligations
Not Applicable

(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: $0.

(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

(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

NOTES TO FINANCIAL STATEMENTS

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 $5,633,370, 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
In May 2016, the Company entered into an agreement with CSI Leasing to sell and lease-back data processing equipment. The Company received $11.5 million from the sale, and signed a 36 month lease for the equipment, as well as additional equipment valued at $9.0 million, with quarterly lease payments of $837,533 until June 30, 2017 when quarterly payments changed to $766,844.

b. Obligation of Future Minimum Lease Payments and Total of Minimum Sublease Rentals
Not Applicable

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

NOTES TO FINANCIAL STATEMENTS

(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

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

NOTES TO FINANCIAL STATEMENTS

(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					
Industrial & Miscellaneous Bonds	$ 0	$ 17,673,948	$ 0	$ 0	$ 17,673,948
Exempt MM Mutual Funds	$ 80,120,227	$ 0	$ 0	$ 0	$ 80,120,227
Total	$ 80,120,227	$ 17,673,948	$ 0	$ 0	$ 97,794,175
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 occured 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). The fair values are also categorized into the three-level fair value hierarchy.

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Net Asset Value (NAV)	Not Practicable (Carrying Value)
Bonds	$1,580,185,192	$1,595,166,246	$ 120,521,742	$1,459,663,450	$ 0	$ 0	$ 0
Cash, cash equivalent and short-term investments	$ 105,905,277	$ 105,905,277	$ 100,918,977	$ 4,986,300	$ 0	$ 0	$ 0

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

NOTES TO FINANCIAL STATEMENTS

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.

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.

NOTES TO FINANCIAL STATEMENTS

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	$ 3,293	$ (4,412)	$ 8,784	$ 492
b. Financial guaranty coverage	0	0	0	0
c. Other lines (specify):				
	0	0	0	0
d. Total	$ 3,293	$ (4,412)	$ 8,784	$ 492

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	0	0
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 February 1, 2019, the Department approved the Company's request to commute the Twins Quota Share Reinsurance Agreement between the Company, Arch Mortgage 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 Mortgage Insurance Company......................................	40266	36-3105660	$ 268,481,130
Arch Reinsurance Ltd		AA-3194126	$ 32,205,278
American Home Assurance Co.	19380	13-5124990	$ 58,752,363
Lexington Insurance Co.	19437	25-1149494	$ 50,359,169
National Union Fire Ins. Co. of Pittsburgh	19445	25-0687550	$ 58,752,363

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	$ 64,456,384	$ 0	$ 200,750,775	$ 10,669,930	$ (136,294,391)	$ (10,669,930)
b. All Other	0	0	174,961,970	45,497,769	(174,961,970)	(45,497,769)
c. Total	$ 64,456,384	$ 0	$ 375,712,745	$ 56,167,699	$ (311,256,361)	$ (56,167,699)

d. Direct Unearned Premium Reserves	$ 476,440,703

(2) Additional or Return Commission
Not applicable

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

D. Uncollectible Reinsurance
Not Applicable

NOTES TO FINANCIAL STATEMENTS

E. Commutation of Ceded Reinsurance

The Company has reported in its operations in the current year as a result of commutation of reinsurance with the companies listed below, amounts that are reflected as:

(1) Losses incurred	$	2,812,121
(2) Loss adjustment expenses incurred	$	0
(3) Premiums earned	$	(8,089,460)
(4) Other	$	0
(5) Company		Amount
Bellemeade Re II Ltd	$	(7,750,557)
AAMBG Reinsurance Inc.	$	2,085,421
Regions Reinsurance Corp.	$	192,024
BB&T Mortgage Reinsurance Co.	$	90,393
Citibank Mortgage Reinsurance Inc.	$	74,439
Y & P Reinsurance Ltd.	$	31,559
Republic Bank and Trust Co.	$	(617)

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 $23.4 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

NOTES TO FINANCIAL STATEMENTS

Note 26 – Intercompany Pooling Arrangements

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

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

NOTES TO FINANCIAL STATEMENTS

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

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

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

1.3 State regulating? North Carolina

1.4 Is the reporting entity publicly traded or a member of publicly traded group? Yes [X] 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 [X]

2.2 If yes, date of change:

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2017

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

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

3.4 By what department or departments?
North Carolina Department 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 [X]

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

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

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

4.12 renewals? Yes [ ] No [X]

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

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

4.22 renewals? Yes [ ] No [X]

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [X] 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 Name of Entity	2 NAIC Company Code	3 State of Domicile
United Guaranty Mortgage Indemnity Company	26999	NC

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

6.2 If yes, give full information:

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

7.2 If yes,

7.21 State the percentage of foreign control 100.0%

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

1 Nationality	2 Type of Entity
Bermuda	Public Limited Liability Company

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

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

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

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

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
PricewaterhouseCoopers, LLP 214 North Tryon Street Suite 3600 Charlotte, NC 28202

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

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

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

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

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

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, United Guaranty Residential Insurance Company, 230 North Elm Street, Greensboro, NC 27401

12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [ ] No [X]

12.11 Name of real estate holding company

12.12 Number of parcels involved 0

12.13 Total book/adjusted carrying value $ 0

12.2 If yes, provide explanation

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

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

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

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

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

14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No [ ]

(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

(c) Compliance with applicable governmental laws, rules and regulations;

(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

(e) Accountability for adherence to the code.

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

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

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

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

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

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

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

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

BOARD OF DIRECTORS

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

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

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

FINANCIAL

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

20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

20.11 To directors or other officers $ 0

20.12 To stockholders not officers $ 0

20.13 Trustees, supreme or grand (Fraternal only) $ 0

20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):

20.21 To directors or other officers $ 0

20.22 To stockholders not officers 0

20.23 Trustees, supreme or grand (Fraternal only) 0

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

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

21.21 Rented from others $ 0

21.22 Borrowed from others $ 0

21.23 Leased from others $ 0

21.24 Other $ 0

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

22.2 If answer is yes:

22.21 Amount paid as losses or risk adjustment $ 0

22.22 Amount paid as expenses $ 0

22.23 Other amounts paid $ 0

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

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: $ 15,685,938

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 [X] No [ ]

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

24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet (an alternative is to reference Note 17 where this information is also provided).
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 [X]

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

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

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

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

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

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

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

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

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

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

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

25.21	Subject to repurchase agreements	$ 0
25.22	Subject to reverse repurchase agreements	$ 0
25.23	Subject to dollar repurchase agreements	$ 0
25.24	Subject to reverse dollar repurchase agreements	$ 0
25.25	Placed under option agreements	$ 0
25.26	Letter stock or securities restricted as sale – excluding FHLB Capital Stock	$ 0
25.27	FHLB Capital Stock	$ 0
25.28	On deposit with states	$ 4,640,635
25.29	On deposit with other regulatory bodies	$ 0
25.30	Pledged as collateral – excluding collateral pledged to an FHLB	$ 0
25.31	Pledged as collateral to FHLB – including assets backing funding agreements	$ 0
25.32	Other	$ 0

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount
		$ 0

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

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

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

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

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

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

29.2 If yes, complete the following schedule:

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

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

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

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

		1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1	Bonds	$ 1,602,145,533	$ 1,482,823,192	$ (119,322,341)
30.2	Preferred Stocks	$ 0	$ 0	$ 0
30.3	Totals	$ 1,602,145,533	$ 1,482,823,192	$ (119,322,341)

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:

a. 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.

b. Issuer or obligor is current on all contracted interest and principal payments.

c. The insurer has an actual expectation of ultimate payment of all contracted interest and principal.

Has the reporting entity self-designated 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:

a. The security was purchased prior to January 1, 2018.

b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.

c. 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.

d. 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 Name	2 Amount Paid
Moody's	$ 157,500
S&P Global	$ 78,000

36.1 Amount of payments for legal expenses, if any? $ 426,853

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 Name	2 Amount Paid

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

Willkie Farr & Gallagher LLP	$ 426,853

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 Current Year	2 Prior Year
2.1	Premium Numerator	$ 0	$ 0
2.2	Premium Denominator	$ 353,729,269	$ 447,194,028
2.3	Premium Ratio (2.1/2.2)	0.0%	0.0%
2.4	Reserve Numerator	$ 0	$ 0
2.5	Reserve Denominator	$ 331,338,871	$ 448,971,107
2.6	Reserve Ratio (2.4/2.5)	0.0%	0.0%

3.1	Does the reporting entity issue both participating and non-participating policies?	Yes [ ] No [X]
3.2	If yes, state the amount of calendar year premiums written on:	
	3.21 Participating policies	$ 0
	3.22 Non-participating policies	$ 0
4.	FOR MUTUAL REPORTING ENTITIES AND RECIPROCAL EXCHANGES ONLY:	
	4.1 Does the reporting entity issue assessable policies?	Yes [ ] No [ ]
	4.2 Does the reporting entity issue non-assessable policies?	Yes [ ] No [ ]
	4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders?	0.0%
	4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums.	$ 0
5.	FOR RECIPROCAL EXCHANGES ONLY:	
	5.1 Does the exchange appoint local agents?	Yes [ ] No [ ]
	5.2 If yes, is the commission paid:	
	5.21 Out of Attorney's-in-fact compensation	Yes [ ] No [ ] N/A [ ]
	5.22 As a direct expense of the exchange	Yes [ ] No [ ] N/A [ ]
	5.3 What expenses of the exchange are not paid out of the compensation of the Attorney-in-fact?	
	5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred?	Yes [ ] No [ ]
	5.5 If yes, give full information:	

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

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

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

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

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

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 [ ]

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

8.2 If yes, give full information

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

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

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

(c) Aggregate stop loss reinsurance coverage;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

11.2 If yes, give full information

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

12.11 Unpaid losses $ 0

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

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

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

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

12.41 From 0.0%

12.42 To 0.0%

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

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

12.61 Letters of Credit $ 0

12.62 Collateral and other funds $ 0

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): $ 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 [X] 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. 34

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

14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:
Allocation based on 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 [X]

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

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

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

15.2 If yes, give full information

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

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

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

* Disclose type of coverage: 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 [X]

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 [X]

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

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

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

19. Is the reporting entity licensed or charted, registered, qualified, eligible, or writing business in at least 2 states? Yes [X] 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)	823,083,110	869,366,202	895,847,447	1,004,366,926	939,066,602
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
6. Total (Line 35)	823,083,110	869,366,202	895,847,447	1,004,366,926	939,066,602
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)	309,854,370	219,577,858	548,800,563	564,831,097	791,268,505
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
12. Total (Line 35)	309,854,370	219,577,858	548,800,563	564,831,097	791,268,505
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	263,487,033	242,281,714	337,302,400	366,760,070	305,585,940
14. Net investment gain (loss) (Line 11)	84,121,167	98,247,155	118,815,664	106,883,820	90,838,693
15. Total other income (Line 15)	0	0	588,832	0	0
16. Dividends to policyholders (Line 17)	0	0	0	0	0
17. Federal and foreign income taxes incurred (Line 19)	50,629,956	1,995,796	121,537,008	159,045,895	141,797,426
18. Net income (Line 20)	296,978,244	338,533,073	335,169,888	314,597,995	254,627,207
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	1,905,922,127	2,551,163,110	3,307,929,353	3,550,416,710	3,247,682,924
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 15.1)	103,748,236	118,340,844	34,765,095	35,331,021	30,439,575
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)	1,593,673,958	1,579,782,105	2,121,420,246	2,199,146,057	1,863,851,838
22. Losses (Page 3, Line 1)	158,506,373	206,917,894	359,462,489	474,039,936	637,733,164
23. Loss adjustment expenses (Page 3, Line 3)	5,496,558	9,742,721	16,371,539	17,378,101	29,079,927
24. Unearned premiums (Page 3, Line 9)	165,184,342	209,059,241	450,568,910	516,805,303	611,095,393
25. Capital paid up (Page 3, Lines 30 & 31)	5,997,300	5,997,300	5,997,300	5,997,300	5,997,300
26. Surplus as regards policyholders (Page 3, Line 37)	312,248,169	1,003,015,764	1,186,509,107	1,351,270,653	1,383,831,086
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	226,803,282	(216,378,585)	161,314,965	246,446,423	218,948,286
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)	93.7	91.2	84.5	88.4	91.1
31. Stocks (Lines 2.1 & 2.2)	0.0	1.4	9.2	7.7	3.1
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)	0.1	0.0	0.1	0.1	0.0
34. Cash, cash equivalents and short-term investments (Line 5)	6.2	5.3	2.8	0.7	1.1
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	2.1	3.4	3.1	4.8
38 Receivables for securities (Line 9)	0.0	0.0	0.0	0.0	0.0
39. Securities lending reinvested collateral assets (Line 10)	0.0	0.0	0.0	0.0	0.0
40. Aggregate write-ins for invested assets (Line 11)	0.0	0.0	0.0	0.0	0.0
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.1
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)	0	31,634,770	281,328,406	257,886,246	95,088,816
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	0	31,634,770	281,328,406	257,886,246	95,088,816
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)	0.0	10.1	23.7	19.1	6.9

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2018	2 2017	3 2016	4 2015	5 2014
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24)	(24,393,082)	(5,503,899)	30,802,845	(7,748,458)	13,689,436
52. Dividends to stockholders (Line 35)	(300,000,000)	(313,000,000)	(309,631,918)	0	0
53. Change in surplus as regards policyholders for the year (Line 38)	(690,767,595)	(183,493,343)	(164,761,546)	(32,560,433)	(81,882,267)
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)	160,198,775	389,200,187	272,675,208	365,855,554	483,668,172
58. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
59. Total (Line 35)	160,198,775	389,200,187	272,675,208	365,855,554	483,668,172
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	307,428,350	215,262,467	293,970,589	36,454,320
64. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
65. Total (Line 35)	74,923,620	307,428,350	215,262,467	293,970,589	36,454,320
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	18.1	16.4	19.8	26.5
68. Loss expenses incurred (Line 3)	(0.5)	(1.0)	1.4	0.9	0.9
69. Other underwriting expenses incurred (Line 4)	18.5	28.7	27.4	23.7	27.9
70. Net underwriting gain (loss) (Line 8)	74.5	54.2	54.8	55.6	44.8
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)	21.2	58.5	30.6	27.7	24.0
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	17.1	17.8	20.7	27.4
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)	99.2	21.9	46.3	41.8	57.2
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)	(32,777)	(23,392)	(11,407)	(5,202)	(12,716)
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)	(3.3)	(2.3)	(0.8)	(0.4)	(0.9)
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)	(35,877)	(49,573)	(8,663)	(13,740)	75,598
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)	(3.0)	(4.2)	(0.6)	(0.9)	5.5

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 [X] No [ ]

If no, please explain:

SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P - PART 1 - SUMMARY

($000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12
				Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10	11	Number of Claims Reported-Direct and Assumed
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded	Salvage and Subrogation Received	Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	
1. Prior	XXX	XXX	XXX	4,839	2,597	5	2	132	67	254	2,310	XXX
2. 2009	898,255	475,767	422,488	1,688,916	1,088,307	19,401	5,900	45,687	130	6,336	659,667	XXX
3. 2010	793,805	442,447	351,358	1,097,595	831,636	10,809	3,622	32,443	162	5,297	305,427	XXX
4. 2011	750,527	196,129	554,398	894,281	573,733	6,386	358	27,104	158	4,282	353,522	XXX
5. 2012	709,611	296,580	413,031	641,210	333,119	3,905	374	20,644	169	2,399	332,097	XXX
6. 2013	822,869	196,568	626,301	393,269	103,017	2,183	240	13,193	198	966	305,190	XXX
7. 2014	910,598	188,294	722,304	254,036	59,857	1,120	177	7,972	301	446	202,793	XXX
8. 2015	988,627	297,049	691,578	187,351	44,277	665	93	4,741	533	179	147,854	XXX
9. 2016	1,023,293	387,161	636,132	122,073	13,202	233	59	3,128	892	58	111,281	XXX
10. 2017	1,037,388	590,193	447,195	57,438	14,108	61	30	1,452	681	15	44,132	XXX
11. 2018	1,017,495	663,766	353,729	4,060	2,247	3	2	122	61	3	1,875	XXX
12. Totals	XXX	XXX	XXX	5,345,068	3,066,100	44,771	10,857	156,618	3,352	20,235	2,466,148	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23	24	25
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21	22		Total	
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded	Direct and Assumed	Ceded	Salvage and Subrogation Anticipated	Net Losses and Expenses Unpaid	Number of Claims Outstanding-Direct and Assumed
1. Prior	7,662	3,883	185	91	13	7	0	0	202	101	9	3,980	XXX
2. 2009	7,277	3,716	182	92	13	6	0	0	183	92	13	3,749	XXX
3. 2010	9,634	4,938	240	121	18	9	0	0	244	122	5	4,946	XXX
4. 2011	10,734	5,484	251	127	20	10	0	0	295	147	26	5,532	XXX
5. 2012	9,716	4,943	225	113	18	9	0	0	279	140	115	5,033	XXX
6. 2013	10,723	5,463	237	119	20	10	0	0	327	163	196	5,552	XXX
7. 2014	18,001	9,232	398	202	34	17	0	0	569	285	136	9,266	XXX
8. 2015	22,535	11,675	495	250	45	22	0	0	716	358	144	11,486	XXX
9. 2016	34,130	17,811	828	416	67	34	0	0	1,104	552	151	17,316	XXX
10. 2017	83,387	45,898	1,962	581	164	82	0	0	2,626	1,313	169	40,265	XXX
11. 2018	112,972	64,002	13,523	7,633	208	104	0	0	3,828	1,914	141	56,878	XXX
12. Totals	326,771	177,045	18,526	9,745	620	310	0	0	10,373	5,187	1,105	164,003	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34	Net Balance Sheet Reserves after Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense	Inter-Company Pooling Participation Percentage	35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	3,873	107
2. 2009	1,761,659	1,098,243	663,416	196.1	230.8	157.0	0	0	0.00	3,651	98
3. 2010	1,150,983	840,610	310,373	145.0	190.0	88.3	0	0	0.00	4,815	131
4. 2011	939,071	580,017	359,054	125.1	295.7	64.8	0	0	0.00	5,374	158
5. 2012	675,997	338,867	337,130	95.3	114.3	81.6	0	0	0.00	4,885	148
6. 2013	419,952	109,210	310,742	51.0	55.6	49.6	0	0	0.00	5,378	174
7. 2014	282,130	70,071	212,059	31.0	37.2	29.4	0	0	0.00	8,965	301
8. 2015	216,548	57,208	159,340	21.9	19.3	23.0	0	0	0.00	11,105	381
9. 2016	161,563	32,966	128,597	15.8	8.5	20.2	0	0	0.00	16,731	585
10. 2017	147,090	62,693	84,397	14.2	10.6	18.9	0	0	0.00	38,870	1,395
11. 2018	134,716	75,963	58,753	13.2	11.4	16.6	0	0	0.00	54,860	2,018
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	158,507	5,496

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	1,114,206	952,931	1,035,166	1,000,183	1,015,811	1,015,970	1,016,028	1,017,151	1,016,588	1,016,849	261	(302)
2. 2009	301,563	575,878	554,122	620,225	629,115	620,719	620,824	619,738	617,693	617,768	75	(1,970)
3. 2010	XXX	130,342	107,389	244,972	279,539	276,189	276,008	276,441	277,155	277,970	815	1,529
4. 2011	XXX	XXX	348,607	309,490	318,493	343,582	338,333	337,576	331,986	331,960	(26)	(5,616)
5. 2012	XXX	XXX	XXX	364,907	333,820	328,419	324,308	323,435	317,208	316,516	(692)	(6,919)
6. 2013	XXX	XXX	XXX	XXX	349,902	311,159	309,006	306,014	298,819	297,583	(1,236)	(8,431)
7. 2014	XXX	XXX	XXX	XXX	XXX	230,852	222,551	212,638	204,085	204,104	19	(8,534)
8. 2015	XXX	XXX	XXX	XXX	XXX	XXX	162,374	149,480	156,325	154,774	(1,551)	5,294
9. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	136,737	135,959	125,809	(10,150)	(10,928)
10. 2017	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	102,605	82,313	(20,292)	XXX
11. 2018	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	56,778	XXX	XXX
										12. Totals	(32,777)	(35,877)

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	278,318	538,655	895,655	957,695	978,894	992,382	1,001,626	1,010,725	1,012,970	XXX	XXX
2. 2009	16,765	361,503	645,272	449,719	542,491	570,947	586,600	598,305	611,469	614,110	XXX	XXX
3. 2010	XXX	(29,370)	177,690	39,317	156,401	199,976	230,773	249,509	269,869	273,146	XXX	XXX
4. 2011	XXX	XXX	17,339	(27,047)	163,783	238,704	280,174	304,977	323,751	326,576	XXX	XXX
5. 2012	XXX	XXX	XXX	(106,665)	103,321	209,581	265,017	290,692	308,352	311,622	XXX	XXX
6. 2013	XXX	XXX	XXX	XXX	28,334	144,846	227,999	264,471	288,048	292,195	XXX	XXX
7. 2014	XXX	XXX	XXX	XXX	XXX	13,117	94,921	152,847	188,690	195,122	XXX	XXX
8. 2015	XXX	XXX	XXX	XXX	XXX	XXX	11,452	69,958	133,752	143,646	XXX	XXX
9. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	8,372	89,230	109,045	XXX	XXX
10. 2017	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	24,719	43,361	XXX	XXX
11. 2018	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,814	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	84,319	35,230	24,346	4,547	2,734	1,852	1,222	348	190	94
2. 2009	937	4,533	(4,850)	7,714	4,076	2,486	1,769	480	191	90
3. 2010	XXX	3,376	(4,017)	9,267	5,793	3,807	2,338	603	236	119
4. 2011	XXX	XXX	16,031	15,246	7,279	5,238	3,005	730	259	124
5. 2012	XXX	XXX	XXX	21,618	10,825	5,935	3,064	733	269	112
6. 2013	XXX	XXX	XXX	XXX	15,150	8,306	4,187	931	319	118
7. 2014	XXX	XXX	XXX	XXX	XXX	10,874	6,596	1,339	485	196
8. 2015	XXX	XXX	XXX	XXX	XXX	XXX	7,800	1,782	901	245
9. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,875	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	5,890

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 2 Direct Premiums Written	3 Direct Premiums Earned	4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges not Included in Premiums	9 Direct Premiums Written for Federal Purchasing Groups (Incl. in Col. 2)
1. Alabama AL	L	8,654,101	13,001,118	0	2,008,394	1,529,883	4,219,017	0	0
2. Alaska AK	L	1,491,640	1,613,997	0	133,562	296,973	538,395	0	0
3. Arizona AZ	L	11,120,571	12,533,189	0	1,957,359	891,699	2,683,264	0	0
4. Arkansas AR	L	4,476,906	5,583,801	0	1,071,672	806,937	2,023,472	0	0
5. California CA	L	27,870,579	33,636,402	0	2,624,317	(12,008,209)	8,370,697	0	0
6. Colorado CO	L	14,187,902	19,703,228	0	152,889	107,359	2,704,880	0	0
7. Connecticut CT	L	7,755,707	8,414,031	0	3,552,942	2,339,926	5,382,467	0	0
8. Delaware DE	L	2,024,216	2,609,582	0	857,440	157,295	1,456,992	0	0
9. District of Columbia DC	L	1,087,382	1,389,332	0	408,376	(2,776,985)	1,081,947	0	0
10. Florida FL	L	26,226,703	27,706,239	0	9,379,506	(3,220,438)	23,223,045	0	0
11. Georgia GA	L	21,146,174	25,405,833	0	4,795,702	436,458	9,678,054	0	0
12. Hawaii HI	L	2,412,396	3,118,559	0	86,447	(84,290)	728,243	0	0
13. Idaho ID	L	2,567,498	2,888,513	0	128,234	(25,606)	427,521	0	0
14. Illinois IL	L	22,028,297	25,717,692	0	11,124,353	7,372,688	16,698,723	0	0
15. Indiana IN	L	17,990,723	22,110,404	0	3,676,655	1,240,148	6,624,835	0	0
16. Iowa IA	L	10,135,340	12,028,448	0	1,184,139	(121,198)	2,830,065	0	0
17. Kansas KS	L	7,247,862	9,261,669	0	1,198,620	647,737	2,426,155	0	0
18. Kentucky KY	L	5,478,542	7,168,435	0	995,407	858,615	2,608,927	0	0
19. Louisiana LA	L	6,949,811	7,995,360	0	2,381,180	1,190,682	4,573,692	0	0
20. Maine ME	L	2,408,117	3,013,361	0	414,318	375,360	1,381,340	0	0
21. Maryland MD	L	13,681,872	20,877,220	0	9,172,552	4,660,203	13,109,854	0	0
22. Massachusetts MA	L	13,463,088	16,556,793	0	5,201,626	911,067	11,461,755	0	0
23. Michigan MI	L	16,635,448	28,752,707	0	2,459,048	683,808	5,464,911	0	0
24. Minnesota MN	L	34,820,339	46,821,954	0	8,013,370	4,195,215	14,721,904	0	0
25. Mississippi MS	L	2,721,945	2,858,918	0	823,757	589,039	1,540,399	0	0
26. Missouri MO	L	11,897,974	16,733,899	0	2,043,286	1,199,681	3,788,613	0	0
27. Montana MT	L	1,741,363	2,122,996	0	5,092	126,427	372,757	0	0
28. Nebraska NE	L	7,119,003	8,464,761	0	357,166	356,001	1,201,603	0	0
29. Nevada NV	L	3,864,237	4,047,392	0	1,161,057	516,090	2,362,337	0	0
30. New Hampshire NH	L	3,663,748	4,517,701	0	1,421,320	(956,989)	3,659,488	0	0
31. New Jersey NJ	L	20,239,651	21,899,110	0	23,178,166	9,579,910	32,331,404	0	0
32. New Mexico NM	L	2,126,207	2,251,772	0	807,920	492,227	1,177,219	0	0
33. New York NY	L	18,639,734	21,850,703	0	10,080,247	4,476,015	28,331,010	0	0
34. North Carolina NC	L	24,138,966	29,399,219	0	8,062,950	17,198,703	17,837,168	0	0
35. North Dakota ND	L	1,721,902	2,012,483	0	316,529	163,742	490,459	0	0
36. Ohio OH	L	14,671,226	21,489,423	0	4,373,582	2,897,231	8,199,369	0	0
37. Oklahoma OK	L	6,428,423	7,943,536	0	2,020,361	1,771,144	3,233,260	0	0
38. Oregon OR	L	7,806,478	9,743,306	0	1,113,081	347,306	1,894,207	0	0
39. Pennsylvania PA	L	17,193,234	21,285,264	0	6,971,962	4,245,057	13,256,948	0	0
40. Rhode Island RI	L	1,108,471	1,451,580	0	296,416	255,122	1,242,354	0	0
41. South Carolina SC	L	12,847,915	12,449,027	0	2,045,641	1,675,038	5,658,639	0	0
42. South Dakota SD	L	1,512,547	2,045,568	0	72,161	135,203	530,169	0	0
43. Tennessee TN	L	10,754,582	13,217,563	0	1,297,379	599,406	2,771,926	0	0
44. Texas TX	L	61,954,924	71,076,680	0	5,617,542	(1,023,441)	21,373,781	0	0
45. Utah UT	L	10,737,550	16,818,025	0	386,208	150,837	2,138,511	0	0
46. Vermont VT	L	1,351,747	1,418,780	0	386,756	214,962	571,443	0	0
47. Virginia VA	L	14,954,981	27,933,002	0	3,040,508	581,669	5,851,132	0	0
48. Washington WA	L	18,403,824	25,886,455	0	1,032,890	696,207	4,148,864	0	0
49. West Virginia WV	L	1,259,089	1,362,583	0	453,600	495,422	961,205	0	0
50. Wisconsin WI	L	14,457,878	18,221,615	0	1,986,094	853,688	2,900,774	0	0
51. Wyoming WY	L	740,325	782,693	0	153,190	271,968	345,931	0	0
52. American Samoa AS	N	0	0	0	0	0	0	0	0
53. Guam GU	N	0	0	0	0	0	0	0	0
54. Puerto Rico PR	N	0	0	0	0	0	0	0	0
55. US Virgin Islands VI	L	0	0	0	0	0	0	0	0
56. Northern Mariana Islands MP	N	0	0	0	0	0	0	0	0
57. Canada CAN	N	0	0	0	0	0	0	0	0
58. Aggregate Other Alien OT	XXX	0	0	0	0	0	0	0	0
59. Totals	XXX	575,919,138	727,191,921	0	152,482,969	58,372,992	312,591,125	0	0

DETAILS OF WRITE-INS

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

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	52	R - Registered - Non-domiciled RRGs	0
E - Eligible - Reporting entities eligible or approved to write surplus lines in the state (other than their state of domicile - See DSLI)	0	Q - Qualified - Qualified or accredited reinsurer	0
D - Domestic Surplus Lines Insurer (DSLI) - Reporting entities authorized to write surplus lines in the state of domicile	0	N - None of the above - Not allowed to write business in the state	5

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

Arch Capital Group Ltd.
(a Bermuda company)
98-0374481

Arch Risk Transfer Services Ltd.
(a Bermuda company)
98-0389546

Alternative Underwriting Services, Ltd.
(a Bermuda company)
98-0389553

Alternative Re Holdings Limited
(a Bermuda company)
98-0389551

Alternative Re Limited
(a Bermuda company)
98-0625844
AA-3190779

Arch Capital Services Inc.
(a Delaware corporation)
02-0576800

Arch International Services Inc.
(a Delaware corporation)
27-0687834

Arch Reinsurance Ltd.
(a Bermuda company)
98-0493884

Footnote 3

Arch Global Services (Philippines) Inc.
(a Philippines corporation)
98-1031826

Arch Underwriting at Lloyd's (Australia) Pty Ltd
(an Australia company)
98-1006574
426746

Arch Underwriting at Lloyd's Ltd
(a UK company)
98-0705201

Footnote 4

Axiom Underwriting Agency Limited
(a UK company)

Footnote 4

Arch Underwriting Agency (Australia) Pty. Ltd.
(an Australia company)
247340

Thomas Underwriting Agency Ltd
(a UK company)

Salt Insurance Services Limited
(a UK company)

Idlemear Holdings Limited
(a UK company)

Arch Financial Holdings Europe I Limited
(an Ireland company)
98-0616488

Footnote 1

Arch Capital Group (U.S.) Inc.
(a Delaware corporation)
06-1424716

Footnotes 1 & 2

Arch Re Facultative Underwriters Inc.
(a Delaware corporation)
65-1302027

Arch Reinsurance Company
(a Delaware corporation)
06-1430254
10348

Arch Underwriters Inc.
(a Delaware corporation)
47-5374395

Arch Insurance Company
(a Missouri corporation)
43-0990710
11150

Arch Excess & Surplus Insurance Company
(a Missouri corporation)
06-1521582
10946

Arch Indemnity Insurance Company
(a Missouri corporation)
39-1128299
30830

Arch Insurance Canada Ltd.
(a Canada company)
98-1089562
CA042

Arch Specialty Insurance Company
(a Missouri corporation)
36-2545393
21199

McNeil & Company, Inc.
(a New York company)
16-1364134

Arch Insurance Group Inc.
(a Delaware corporation)
43-0971887

First American Service Corporation
(a Missouri corporation)
43-1053031

Arch Specialty Insurance Agency Inc.
(a Missouri corporation)
43-0990709

Arch Insurance Solutions Inc.
(a Delaware corporation)
45-5366880

Arch Underwriting Agency LLC
(a Delaware limited liability company)
27-0800002

Construction Risk Underwriters, LLC
(a Minnesota limited liability company)
27-1013974

Arch Capital Holdings Ltd.
(a Bermuda company)
98-0399846

Footnote 3

Arch Investments I LLC
(a Delaware limited liability company)
80-0417273

Arch U.S. MI Holdings Inc.
(a Delaware corporation)
46-1950584

Footnote 7

Arch Credit Risk Services Inc.
(a Delaware corporation)
32-0539299

Arch Mortgage Guaranty Company
(a Wisconsin company)
39-1080973
18732

Arch Mortgage Insurance Company
(a Wisconsin company)
36-3105660
40266

Arch U.S. MI Services Inc.
(a Delaware corporation)
46-1950257

Arch Mortgage Assurance Company
(a Wisconsin company)
95-2621453
29114

Arch Capital Finance LLC
(a Delaware limited liability company)

Footnote 7

United Guaranty Mortgage Insurance Company
(a North Carolina company)
56-1790794
11685

United Guaranty Mortgage Insurance Company of North Carolina
(a North Carolina company)
56-1790796
11740

United Guaranty Partners Insurance Company
(a Vermont company)
03-0358003
11463

United Guaranty Services, Inc.
(a North Carolina company)
56-1273575

United Guaranty Residential Insurance Company of North Carolina
(a North Carolina company)
56-0789396
16667

United Guaranty Residential Insurance Company
(a North Carolina company)
42-0885398
15873

United Guaranty Credit Insurance Company
(a North Carolina company)
56-1307714
40525

United Guaranty Commercial Insurance Company of North Carolina
(a North Carolina company)
56-0989041
16659

Arch Structured Mortgage Insurance Company
(a North Carolina company)
27-0550064
13694

Arch Financial Holdings Europe II Limited
(an Ireland company)
98-0616491

Footnote 5

Arch Financial Holdings B.V.
(a Netherlands company)
98-0616493

Alwyn Insurance Company Limited
(a Gibraltar company)
98-1244441

Arch Reinsurance Europe Underwriting Designated Activity Company
(an Ireland company)
98-0611448

Footnote 2

Arch Insurance Company (Europe) Limited
(a UK company)
98-0413940
AA-1120053

Arch Europe Insurance Services Ltd
(a UK company)
98-0704518

Arch Mortgage Insurance Designated Activity Company
(an Ireland company)
98-1024362

Arch Underwriters Europe Limited
(an Ireland company)
98-1243732

Prévalois SAS
(a France company)

Footnote 5

Arch Capital Finance (Ireland) Limited
(an Ireland company)
98-1341235

Arch Financial Holdings Europe III Limited
(an Ireland company)
98-1243751

Arch Mortgage Risk Transfer Holdings Inc.
(a Delaware corporation)
47-3497583

Arch Mortgage Risk Transfer PCC Inc.
(a District of Columbia protected cell captive insurer)
47-4121100

Incorporated Protected Cell No. AMRT-FRE-01
(a District of Columbia protected cell captive insurer)
82-3878331

Lake Shore IC, Inc.
(a District of Columbia protected cell captive insurer)

Arch Financial Holdings Australia Pty Ltd
(an Australia company)
98-1305287

Arch LMI Pty Ltd
(an Australia company)
98-1244422

Arch MI Asia Limited
(a Hong Kong company)
98-1424244

Arch Investment Management Ltd.
(a Bermuda company)
98-0602504

Gulf Re Holdings Limited
(a Jersey (Channel Islands) company)
98-1364912

Gulf Reinsurance Limited
(a Dubai International Financial Centre company)
98-1365176

Arch Re Accident & Health ApS
(a Denmark company)
98-0585481

Arch Syndicate Investments Ltd
(a UK company)
98-0652764

Arch Investment Holdings I Ltd.
(a Bermuda company)
98-0705596

Arch Investment Holdings II Ltd.
(a Bermuda company)
98-0705598

Arch Investment Holdings III Ltd.
(a Bermuda company)
98-1244244

Arch Investment Holdings IV Ltd.
(a Bermuda company)
98-0705593

Arch Reinsurance Ltd. Escritorio De Representacao No Brasil Ltda.
(a Brazil company)
98-1245248

Footnote 3

Arch Underwriters Ltd.
(a Bermuda company)
98-1244615

Arch Underwriters (Gulf) Limited
(a Dubai International Financial Centre company)
98-1426905

Arch UK Holdings Limited
(a UK company)

Footnote 8

Blue Sky Partners Limited
(a UK company)

Footnote 8

Archipelago Risk Services Limited
(a UK company)

Arch Global Services Holdings Ltd.
(a Bermuda company)
98-1271381

Arch Global Services (Cyprus) Ltd
(a Cyprus company)

Arch Investment Property Holdings Ltd.
(a Bermuda company)
98-1350243

Footnote 6

Arch Investment Holdings (Cyprus) Ltd
(a Cyprus company)
98-1365097

Benely Properties Limited
(a Cyprus company)

Arcozil Properties Limited
(a Cyprus company)

Varony Properties Limited
(a Cyprus company)

Galozy Properties Limited
(a Cyprus company)

Primantela Properties Limited
(a Cyprus company)

Coramono Properties Limited
(a Cyprus company)

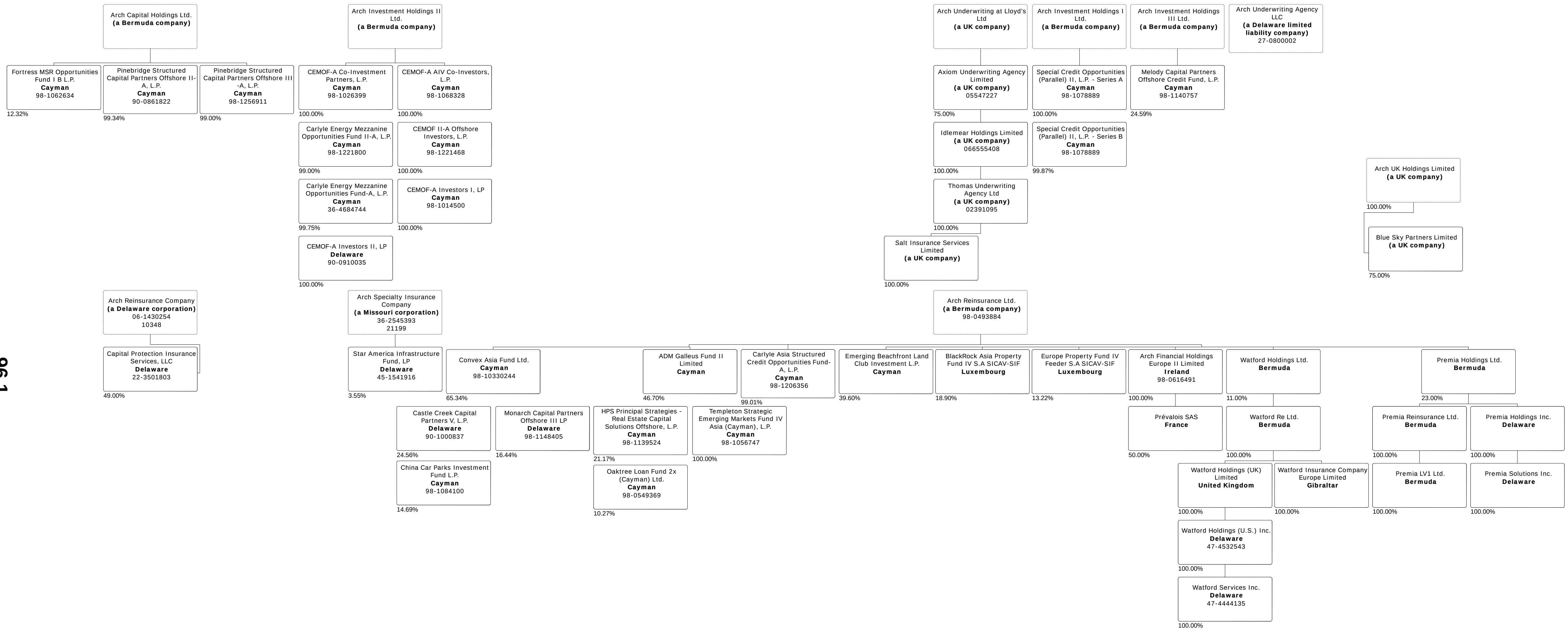
Notes:

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



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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