40266201720100100

ANNUAL STATEMENT

For the Year Ended December 31, 2017

of the Condition and Affairs of the

ARCH MORTGAGE INSURANCE COMPANY

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

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

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

Statutory Home Office	33 East Main Street, Suite 900….. Madison ..... WI ..... US ..... 53703 (Street and Number) (City or Town, State, Country and Zip Code)	
Main Administrative Office	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. Leslie Renae Marquart	Senior Vice President & Controller

OTHER

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

DIRECTORS OR TRUSTEES

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

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

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

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

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

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

Donna O. Robbins
Notary Public
November 26, 2021

ASSETS

	Current Year 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
1. Bonds (Schedule D)	1,760,547,673		1,760,547,673	484,704,949
2. Stocks (Schedule D):				
2.1 Preferred stocks			0	
2.2 Common stocks	29,344,261	29,344,261	0	
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	
3.2 Other than first liens			0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less $..........0 encumbrances)			0	
4.2 Properties held for the production of income (less $..........0 encumbrances)			0	
4.3 Properties held for sale (less $..........0 encumbrances)			0	232,750
5. Cash ($.....26,937,915, Schedule E-Part 1), cash equivalents ($.....76,670,834, Schedule E-Part 2) and short-term investments ($.....10,501,994, Schedule DA)	114,110,743		114,110,743	25,777,839
6. Contract loans (including $..........0 premium notes)			0	
7. Derivatives (Schedule DB)			0	
8. Other invested assets (Schedule BA)			0	
9. Receivables for securities			0	
10. Securities lending reinvested collateral assets (Schedule DL)			0	
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	1,904,002,678	29,344,261	1,874,658,416	510,715,538
13. Title plants less $..........0 charged off (for Title insurers only)			0	
14. Investment income due and accrued	10,543,562		10,543,562	4,455,136
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	180,519,244		180,519,244	10,510,555
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $..........0 earned but unbilled premiums)			0	
15.3 Accrued retrospective premiums ($..........0) and contracts subject to redetermination ($..........0)			0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	6,972,775		6,972,775	1,505,926
16.2 Funds held by or deposited with reinsured companies			0	
16.3 Other amounts receivable under reinsurance contracts			0	
17. Amounts receivable relating to uninsured plans			0	
18.1 Current federal and foreign income tax recoverable and interest thereon			0	
18.2 Net deferred tax asset	163,027,887	101,471,550	61,556,337	20,283,473
19. Guaranty funds receivable or on deposit			0	
20. Electronic data processing equipment and software			0	
21. Furniture and equipment, including health care delivery assets ($..........0)			0	
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	
23. Receivables from parent, subsidiaries and affiliates	5,126		5,126	
24. Health care ($..........0) and other amounts receivable			0	
25. Aggregate write-ins for other-than-invested assets	2,012,869	1,706,093	306,776	8,041
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	2,267,084,140	132,521,904	2,134,562,236	547,478,669
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	
28. TOTAL (Lines 26 and 27)	2,267,084,140	132,521,904	2,134,562,236	547,478,669

DETAILS OF WRITE-INS

1101.			0	
1102.			0	
1103.			0	
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0
2501. Other Receivables	306,776		306,776	8,041
2502. Licenses Purchased	1,672,343	1,672,343	0	
2503. Prepaid Expenses	33,750	33,750	0	
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	2,012,869	1,706,093	306,776	8,041

LIABILITIES, SURPLUS AND OTHER FUNDS

		1 Current Year	2 Prior Year
1.	Losses (Part 2A, Line 35, Column 8)	206,917,894	34,388,492
2.	Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	58,894,993	
3.	Loss adjustment expenses (Part 2A, Line 35, Column 9)	9,742,721	1,969,309
4.	Commissions payable, contingent commissions and other similar charges		
5.	Other expenses (excluding taxes, licenses and fees)	757,762	573,620
6.	Taxes, licenses and fees (excluding federal and foreign income taxes)	3,751,346	1,891,721
7.1	Current federal and foreign income taxes (including $..........0 on realized capital gains (losses))		
7.2	Net deferred tax liability		
8.	Borrowed money $..........0 and interest thereon $..........0		
9.	Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of $.....106,897,582 and including warranty reserves of $..........0 and accrued accident and health experience rating refunds including $..........0 for medical loss ratio rebate per the Public Health Service Act)	209,059,241	29,188,850
10.	Advance premium	132,423	111,893
11.	Dividends declared and unpaid:		
	11.1 Stockholders		
	11.2 Policyholders		
12.	Ceded reinsurance premiums payable (net of ceding commissions)	114,922,477	17,080,556
13.	Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)	67,801,459	64,605,130
14.	Amounts withheld or retained by company for account of others		
15.	Remittances and items not allocated	86,409	568,259
16.	Provision for reinsurance (including $..........0 certified) (Schedule F, Part 8)		
17.	Net adjustments in assets and liabilities due to foreign exchange rates		
18.	Drafts outstanding		
19.	Payable to parent, subsidiaries and affiliates	57,222,152	48,459,594
20.	Derivatives		
21.	Payable for securities		
22.	Payable for securities lending		
23.	Liability for amounts held under uninsured plans		
24.	Capital notes $..........0 and interest thereon $..........0		
25.	Aggregate write-ins for liabilities	933,341,444	193,134,623
26.	Total liabilities excluding protected cell liabilities (Lines 1 through 25)	1,662,630,321	391,972,047
27.	Protected cell liabilities		
28.	Total liabilities (Lines 26 and 27)	1,662,630,321	391,972,047
29.	Aggregate write-ins for special surplus funds	0	0
30.	Common capital stock	2,750,000	2,750,000
31.	Preferred capital stock		
32.	Aggregate write-ins for other-than-special surplus funds	0	0
33.	Surplus notes	49,500,000	49,500,000
34.	Gross paid in and contributed surplus	426,283,210	160,433,135
35.	Unassigned funds (surplus)	(6,601,295)	(57,176,513)
36.	Less treasury stock, at cost:		
	36.1 ....0.000 shares common (value included in Line 30 $..........0)		
	36.2 ....0.000 shares preferred (value included in Line 31 $..........0)		
37.	Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39)	471,931,915	155,506,622
38.	TOTAL (Page 2, Line 28, Col. 3)	2,134,562,236	547,478,669

DETAILS OF WRITE-INS

2501.	Contingency reserve	920,734,999	186,122,740
2502.	Reserve for escheatable and stale checks	209,353	229,491
2503.	Premium refund reserve	192,746	724,426
2598.	Summary of remaining write-ins for Line 25 from overflow page	12,204,347	6,057,966
2599.	Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	933,341,444	193,134,623
2901.			
2902.			
2903.			
2998.	Summary of remaining write-ins for Line 29 from overflow page	0	0
2999.	Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	0
3201.			
3202.			
3203.			
3298.	Summary of remaining write-ins for Line 32 from overflow page	0	0
3299.	Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)	0	0

STATEMENT OF INCOME

		1 Current Year	2 Prior Year
	UNDERWRITING INCOME		
1.	Premiums earned (Part 1, Line 35, Column 4)	236,326,635	73,696,127
	DEDUCTIONS:		
2.	Losses incurred (Part 2, Line 35, Column 7)	32,618,197	1,127,123
3.	Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	8,934,723	1,628,664
4.	Other underwriting expenses incurred (Part 3, Line 25, Column 2)	71,835,409	74,085,519
5.	Aggregate write-ins for underwriting deductions	118,163,317	36,848,064
6.	Total underwriting deductions (Lines 2 through 5)	231,551,646	113,689,370
7.	Net income of protected cells		
8.	Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	4,774,989	(39,993,243)
	INVESTMENT INCOME		
9.	Net investment income earned (Exhibit of Net Investment Income, Line 17)	8,043,407	5,648,751
10.	Net realized capital gains (losses) less capital gains tax of $.....(276,951) (Exhibit of Capital Gains (Losses))	(514,338)	1,286,138
11.	Net investment gain (loss) (Lines 9 + 10)	7,529,069	6,934,889
	OTHER INCOME		
12.	Net gain (loss) from agents' or premium balances charged off (amount recovered $..........0 amount charged off $..........0)	0	
13.	Finance and service charges not included in premiums		
14.	Aggregate write-ins for miscellaneous income	94,052	564,314
15.	Total other income (Lines 12 through 14)	94,052	564,314
16.	Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	12,398,111	(32,494,040)
17.	Dividends to policyholders		
18.	Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	12,398,111	(32,494,040)
19.	Federal and foreign income taxes incurred	276,951	(697,514)
20.	Net income (Line 18 minus Line 19) (to Line 22)	12,121,160	(31,796,526)
	CAPITAL AND SURPLUS ACCOUNT		
21.	Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	155,506,622	134,484,740
22.	Net income (from Line 20)	12,121,160	(31,796,526)
23.	Net transfers (to) from Protected Cell accounts		
24.	Change in net unrealized capital gains or (losses) less capital gains tax of $..........0	(30,263)	
25.	Change in net unrealized foreign exchange capital gain (loss)		
26.	Change in net deferred income tax	107,745,335	11,873,238
27.	Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3)	(69,261,013)	(12,318,813)
28.	Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)		
29.	Change in surplus notes		10,000,000
30.	Surplus (contributed to) withdrawn from Protected Cells		
31.	Cumulative effect of changes in accounting principles		
32.	Capital changes:		
	32.1 Paid in		
	32.2 Transferred from surplus (Stock Dividend)		
	32.3 Transferred to surplus		
33.	Surplus adjustments:		
	33.1 Paid in	265,850,075	43,263,983
	33.2 Transferred to capital (Stock Dividend)		
	33.3. Transferred from capital		
34.	Net remittances from or (to) Home Office		
35.	Dividends to stockholders		
36.	Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1)		
37.	Aggregate write-ins for gains and losses in surplus	0	0
38.	Change in surplus as regards policyholders for the year (Lines 22 through 37)	316,425,294	21,021,882
39.	Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37)	471,931,915	155,506,622

DETAILS OF WRITE-INS

0501.	Change in reserve for contingencies	118,163,317	36,848,064
0502.			
0503.			
0598.	Summary of remaining write-ins for Line 5 from overflow page	0	0
0599.	Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)	118,163,317	36,848,064
1401.	Other rent	94,052	564,314
1402.			
1403.			
1498.	Summary of remaining write-ins for Line 14 from overflow page	0	0
1499.	Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	94,052	564,314
3701.			
3702.			
3703.			
3798.	Summary of remaining write-ins for Line 37 from overflow page	0	0
3799.	Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)	0	0

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance	344,051,953	89,689,711
2. Net investment income	8,487,098	9,514,821
3. Miscellaneous income	94,052	564,314
4. Total (Lines 1 through 3)	352,633,104	99,768,846
5. Benefit and loss related payments	(208,536,488)	17,436,100
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	204,313,408	68,575,830
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of $..........0 tax on capital gains (losses)		(306,125)
10. Total (Lines 5 through 9)	(4,223,079)	85,705,805
11. Net cash from operations (Line 4 minus Line 10)	356,856,183	14,063,041
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	626,016,641	274,357,590
12.2 Stocks	1,670,253	
12.3 Mortgage loans		
12.4 Real estate	232,750	997,500
12.5 Other invested assets		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	(393)	
12.7 Miscellaneous proceeds		2,756
12.8 Total investment proceeds (Lines 12.1 to 12.7)	627,919,252	275,357,846
13. Cost of investments acquired (long-term only):		
13.1 Bonds	1,909,171,469	399,751,864
13.2 Stocks	4,561,502	
13.3 Mortgage loans		
13.4 Real estate		1,230,251
13.5 Other invested assets		
13.6 Miscellaneous applications		
13.7 Total investments acquired (Lines 13.1 to 13.6)	1,913,732,971	400,982,115
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14)	(1,285,813,719)	(125,624,269)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		10,000,000
16.2 Capital and paid in surplus, less treasury stock	265,850,075	40,000,000
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	751,440,365	41,505,812
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	1,017,290,440	91,505,812
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)	88,332,904	(20,055,416)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	25,777,839	45,833,255
19.2 End of year (Line 18 plus Line 19.1)	114,110,743	25,777,839

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

20.0001 AMIS to AMI dividend		2,000,000
20.0002 Non-cash transfer of assets for reinsurance agreements. See Note 10	785,794,919	

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

	Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums December 31 Prior Year- per Col. 3, Last Year's Part 1	3 Unearned Premiums December 31 Current Year- per Col. 5, Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1.	Fire	0		0	0
2.	Allied lines	0		0	0
3.	Farmowners multiple peril	0		0	0
4.	Homeowners multiple peril	0		0	0
5.	Commercial multiple peril	0		0	0
6.	Mortgage guaranty	416,197,026	29,188,850	209,059,241	236,326,635
8.	Ocean marine	0		0	0
9.	Inland marine	0		0	0
10.	Financial guaranty	0		0	0
11.1	Medical professional liability - occurrence	0		0	0
11.2	Medical professional liability - claims-made	0		0	0
12.	Earthquake	0		0	0
13.	Group accident and health	0		0	0
14.	Credit accident and health (group and individual)	0		0	0
15.	Other accident and health	0		0	0
16.	Workers' compensation	0		0	0
17.1	Other liability - occurrence	0		0	0
17.2	Other liability - claims-made	0		0	0
17.3	Excess workers' compensation	0		0	0
18.1	Products liability - occurrence	0		0	0
18.2	Products liability - claims-made	0		0	0
19.1, 19.2	Private passenger auto liability	0		0	0
19.3, 19.4	Commercial auto liability	0		0	0
21.	Auto physical damage	0		0	0
22.	Aircraft (all perils)	0		0	0
23.	Fidelity	0		0	0
24.	Surety	0		0	0
26.	Burglary and theft	0		0	0
27.	Boiler and machinery	0		0	0
28.	Credit	0		0	0
29.	International	0		0	0
30.	Warranty	0		0	0
31.	Reinsurance - nonproportional assumed property	0		0	0
32.	Reinsurance - nonproportional assumed liability	0		0	0
33.	Reinsurance - nonproportional assumed financial lines	0		0	0
34.	Aggregate write-ins for other lines of business	0	0	0	0
35.	TOTALS	416,197,026	29,188,850	209,059,241	236,326,635

DETAILS OF WRITE-INS

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

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

DETAILS OF WRITE-INS

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

(a) State here basis of computation used in each case: 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
2.	Allied lines						0
3.	Farmowners multiple peril						0
4.	Homeowners multiple peril						0
5.	Commercial multiple peril						0
6.	Mortgage guaranty	334,970,298	388,752,703		286,811,351	20,714,624	416,197,026
8.	Ocean marine						0
9.	Inland marine						0
10.	Financial guaranty						0
11.1	Medical professional liability - occurrence						0
11.2	Medical professional liability - claims-made						0
12.	Earthquake						0
13.	Group accident and health						0
14.	Credit accident and health (group and individual)						0
15.	Other accident and health						0
16.	Workers' compensation						0
17.1	Other liability - occurrence						0
17.2	Other liability - claims-made						0
17.3	Excess workers' compensation						0
18.1	Products liability - occurrence						0
18.2	Products liability - claims-made						0
19.1, 19.2	Private passenger auto liability						0
19.3, 19.4	Commercial auto liability						0
21.	Auto physical damage						0
22.	Aircraft (all perils)						0
23.	Fidelity						0
24.	Surety						0
26.	Burglary and theft						0
27.	Boiler and machinery						0
28.	Credit						0
29.	International						0
30.	Warranty						0
31.	Reinsurance - nonproportional assumed property	XXX					0
32.	Reinsurance - nonproportional assumed liability	XXX					0
33.	Reinsurance - nonproportional assumed financial lines	XXX					0
34.	Aggregate write-ins for other lines of business	0	0	0	0	0	0
35.	TOTALS	334,970,298	388,752,703	0	286,811,351	20,714,624	416,197,026

DETAILS OF WRITE-INS

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

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

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

		Losses Paid Less Salvage				5	6	7	8
		1	2	3	4				
	Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Recovered	Net Payments (Cols. 1 + 2 - 3)	Net Losses Unpaid Current Year (Part 2A, Col. 8)	Net Losses Unpaid Prior Year	Losses Incurred Current Year (Cols. 4 + 5 - 6)	Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
1.	Fire				0	0		0	0.0
2.	Allied lines				0	0		0	0.0
3.	Farmowners multiple peril				0	0		0	0.0
4.	Homeowners multiple peril				0	0		0	0.0
5.	Commercial multiple peril				0	0		0	0.0
6.	Mortgage guaranty	19,149,135	(179,778,023)	(20,717,683)	(139,911,205)	206,917,894	34,388,492	32,618,197	13.8
8.	Ocean marine				0	0		0	0.0
9.	Inland marine				0	0		0	0.0
10.	Financial guaranty				0	0		0	0.0
11.1	Medical professional liability - occurrence				0	0		0	0.0
11.2	Medical professional liability - claims-made				0	0		0	0.0
12.	Earthquake				0	0		0	0.0
13.	Group accident and health				0	0		0	0.0
14.	Credit accident and health (group and individual)				0	0		0	0.0
15.	Other accident and health				0	0		0	0.0
16.	Workers' compensation				0	0		0	0.0
17.1	Other liability - occurrence				0	0		0	0.0
17.2	Other liability - claims-made				0	0		0	0.0
17.3	Excess workers' compensation				0	0		0	0.0
18.1	Products liability - occurrence				0	0		0	0.0
18.2	Products liability - claims-made				0	0		0	0.0
19.1, 19.2	Private passenger auto liability				0	0		0	0.0
19.3, 19.4	Commercial auto liability				0	0		0	0.0
21.	Auto physical damage				0	0		0	0.0
22.	Aircraft (all perils)				0	0		0	0.0
23.	Fidelity				0	0		0	0.0
24.	Surety				0	0		0	0.0
26.	Burglary and theft				0	0		0	0.0
27.	Boiler and machinery				0	0		0	0.0
28.	Credit				0	0		0	0.0
29.	International				0	0		0	0.0
30.	Warranty				0	0		0	0.0
31.	Reinsurance - nonproportional assumed property	XXX			0	0		0	0.0
32.	Reinsurance - nonproportional assumed liability	XXX			0	0		0	0.0
33.	Reinsurance - nonproportional assumed financial lines	XXX			0	0		0	0.0
34.	Aggregate write-ins for other lines of business	0	0	0	0	0	0	0	0.0
35.	TOTALS	19,149,135	(179,778,023)	(20,717,683)	(139,911,205)	206,917,894	34,388,492	32,618,197	13.8

DETAILS OF WRITE-INS

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

	Line of Business	Reported Losses				Incurred But Not Reported			8	9
		1	2	3	4	5	6	7		
	Line of Business	Direct	Reinsurance Assumed	Deduct Reinsurance Recoverable	Net Losses Excluding Incurred but not Reported (Cols. 1 + 2 - 3)	Direct	Reinsurance Assumed	Reinsurance Ceded	Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Net Unpaid Loss Adjustment Expenses
1.	Fire				0				0	
2.	Allied lines				0				0	
3.	Farmowners multiple peril				0				0	
4.	Homeowners multiple peril				0				0	
5.	Commercial multiple peril				0				0	
6.	Mortgage guaranty	50,666,926	190,962,479	51,973,517	189,655,888	7,464,874	17,284,938	7,487,806	206,917,894	9,742,721
8.	Ocean marine				0				0	
9.	Inland marine				0				0	
10.	Financial guaranty				0				0	
11.1	Medical professional liability - occurrence				0				0	
11.2	Medical professional liability - claims-made				0				0	
12.	Earthquake				0				0	
13.	Group accident and health				0				(a) 0	
14.	Credit accident and health (group and individual)				0				0	
15.	Other accident and health				0				(a) 0	
16.	Workers' compensation				0				0	
17.1	Other liability - occurrence				0				0	
17.2	Other liability - claims-made				0				0	
17.3	Excess workers' compensation				0				0	
18.1	Products liability - occurrence				0				0	
18.2	Products liability - claims-made				0				0	
19.1, 19.2	Private passenger auto liability				0				0	
19.3, 19.4	Commercial auto liability				0				0	
21.	Auto physical damage				0				0	
22.	Aircraft (all perils)				0				0	
23.	Fidelity				0				0	
24.	Surety				0				0	
26.	Burglary and theft				0				0	
27.	Boiler and machinery				0				0	
28.	Credit				0				0	
29.	International				0				0	
30.	Warranty				0				0	
31.	Reinsurance - nonproportional assumed property	XXX			0	XXX			0	
32.	Reinsurance - nonproportional assumed liability	XXX			0	XXX			0	
33.	Reinsurance - nonproportional assumed financial lines	XXX			0	XXX			0	
34.	Aggregate write-ins for other lines of business	0	0	0	0	0	0	0	0	0
35.	TOTALS	50,666,926	190,962,479	51,973,517	189,655,888	7,464,874	17,284,938	7,487,806	206,917,894	9,742,721

DETAILS OF WRITE-INS

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct				0
1.2 Reinsurance assumed	10,591,152			10,591,152
1.3 Reinsurance ceded	1,961,860			1,961,860
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	8,629,292	0	0	8,629,292
2. Commission and brokerage:				
2.1 Direct, excluding contingent				0
2.2 Reinsurance assumed, excluding contingent				0
2.3 Reinsurance ceded, excluding contingent		56,165,504		56,165,504
2.4 Contingent - direct				0
2.5 Contingent - reinsurance assumed				0
2.6 Contingent - reinsurance ceded				0
2.7 Policy and membership fees				0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)	0	(56,165,504)	0	(56,165,504)
3. Allowances to manager and agents				0
4. Advertising		2,920,147		2,920,147
5. Boards, bureaus and associations		229,502		229,502
6. Surveys and underwriting reports		2,977,706		2,977,706
7. Audit of assureds' records				0
8. Salary and related items:				
8.1 Salaries	190,251	67,900,630		68,090,881
8.2 Payroll taxes	12,157	4,338,657		4,350,814
9. Employee relations and welfare	39,708	14,171,615		14,211,323
10. Insurance	1,548	552,331		553,879
11. Directors' fees		898,187		898,187
12. Travel and travel items	7,810	2,787,431		2,795,241
13. Rent and rent items	14,040	5,010,929		5,024,969
14. Equipment	20,547	7,333,345		7,353,892
15. Cost or depreciation of EDP equipment and software	10,923	3,898,528		3,909,451
16. Printing and stationery	706	252,145		252,851
17. Postage, telephone and telegraph, exchange and express	4,052	1,446,053		1,450,105
18. Legal and auditing	3,689	1,316,612		1,320,301
19. Totals (Lines 3 to 18)	305,431	116,033,818	0	116,339,249
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of $.........0		7,738,373		7,738,373
20.2 Insurance department licenses and fees				0
20.3 Gross guaranty association assessments				0
20.4 All other (excluding federal and foreign income and real estate)				0
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)	0	7,738,373	0	7,738,373
21. Real estate expenses				0
22. Real estate taxes		233,795		233,795
23. Reimbursements by uninsured plans				0
24. Aggregate write-ins for miscellaneous expenses	0	3,994,924	2,099,704	6,094,628
25. Total expenses incurred	8,934,723	71,835,405	2,099,704	(a) 82,869,832
26. Less unpaid expenses - current year	9,742,721	4,509,108		14,251,829
27. Add unpaid expenses - prior year	1,969,309	2,465,341		4,434,650
28. Amounts receivable relating to uninsured plans, prior year				0
29. Amounts receivable relating to uninsured plans, current year				0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	1,161,311	69,791,638	2,099,704	73,052,654

DETAILS OF WRITE-INS

	1	2	3	4
2401. Other Depreciation				0
2402. Investment Fees			2,099,704	2,099,704
2403. Sundry				0
2498. Summary of remaining write-ins for Line 24 from overflow page	0	3,994,924	0	3,994,924
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	0	3,994,924	2,099,704	6,094,628

(a) Includes management fees of $.....121,150,162 to affiliates and $.....2,526 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. government bonds	(a) 4,250,007	5,217,423
1.1	Bonds exempt from U.S. tax	(a) 3,924,040	5,085,623
1.2	Other bonds (unaffiliated)	(a) 3,645,274	7,503,741
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b) 26,875	26,875
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)		
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c)	
4.	Real estate	(d)	
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e) 431,444	532,403
7.	Derivative instruments	(f)	
8.	Other invested assets		
9.	Aggregate write-ins for investment income	0	86,553
10.	Total gross investment income	12,277,641	18,452,618
11.	Investment expenses		(g) 2,099,706
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h) 8,309,505
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)		10,409,211
17.	Net investment income (Line 10 minus Line 16)		8,043,407

DETAILS OF WRITE-INS

0901.	miscellaneous income		86,553
0902.			
0903.			
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)	0	86,553
1501.			
1502.			
1503.			
1598.	Summary of remaining write-ins for Line 15 from overflow page		0
1599.	Totals (Lines 1501 through 1503 plus 1598) (Line 15 above)		0

(a) Includes $.....661,612 accrual of discount less $.....7,193,729 amortization of premium and less $.....7,874,128 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 $.....64,602 accrual of discount less $.....8,805 amortization of premium and less $.....54,450 paid for accrued interest on purchases.
(f) Includes $..........0 accrual of discount less $..........0 amortization of premium.
(g) Includes $..........0 investment expenses and $..........0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(h) Includes $..........0 interest on surplus notes and $..........0 interest on capital notes.
(i) Includes $..........0 depreciation on real estate and $..........0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. government bonds	(1,888,793)		(1,888,793)		
1.1	Bonds exempt from U.S. tax	962,463		962,463	(7,292)	
1.2	Other bonds (unaffiliated)	176,348		176,348	(22,714)	
1.3	Bonds of affiliates			0		
2.1	Preferred stocks (unaffiliated)	(41,175)		(41,175)		
2.11	Preferred stocks of affiliates			0		
2.2	Common stocks (unaffiliated)			0		
2.21	Common stocks of affiliates			0	2,850,075	
3.	Mortgage loans			0		
4.	Real estate			0		
5.	Contract loans			0		
6.	Cash, cash equivalents and short-term investments	(132)		(132)	(260)	
7.	Derivative instruments			0		
8.	Other invested assets			0		
9.	Aggregate write-ins for capital gains (losses)	0	0	0	(2,850,075)	0
10.	Total capital gains (losses)	(791,289)	0	(791,289)	(30,266)	0

DETAILS OF WRITE-INS

0901.	Elimination of Non-Admitted Change in Unrealized on Affiliate			0	(2,850,075)	
0902.				0		
0903.				0		
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)	0	0	0	(2,850,075)	0

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			0
2. Stocks (Schedule D):			
2.1 Preferred stocks			0
2.2 Common stocks	29,344,261	26,494,186	(2,850,075)
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			0
3.2 Other than first liens			0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			0
4.2 Properties held for the production of income			0
4.3 Properties held for sale			0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			0
6. Contract loans			0
7. Derivatives (Schedule DB)			0
8. Other invested assets (Schedule BA)			0
9. Receivables for securities			0
10. Securities lending reinvested collateral assets (Schedule DL)			0
11. Aggregate write-ins for invested assets	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	29,344,261	26,494,186	(2,850,075)
13. Title plants (for Title insurers only)			0
14. Investment income due and accrued			0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection		1,165	1,165
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			0
15.3 Accrued retrospective premiums and contracts subject to redetermination			0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			0
16.2 Funds held by or deposited with reinsured companies			0
16.3 Other amounts receivable under reinsurance contracts			0
17. Amounts receivable relating to uninsured plans			0
18.1 Current federal and foreign income tax recoverable and interest thereon			0
18.2 Net deferred tax asset	101,471,550	34,999,079	(66,472,471)
19. Guaranty funds receivable or on deposit			0
20. Electronic data processing equipment and software		16,746	16,746
21. Furniture and equipment, including health care delivery assets			0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0
23. Receivables from parent, subsidiaries and affiliates			0
24. Health care and other amounts receivable			0
25. Aggregate write-ins for other-than-invested assets	1,706,093	1,749,715	43,622
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25)	132,521,904	63,260,891	(69,261,013)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0
28. TOTALS (Lines 26 and 27)	132,521,904	63,260,891	(69,261,013)

DETAILS OF WRITE-INS

1101.			0
1102.			0
1103.			0
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0
2501. Prepaid Expenses	33,750	77,372	43,622
2502. Licenses Purchased	1,672,343	1,672,343	0
2503.			0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	1,706,093	1,749,715	43,622

NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies and Going Concern

A. Accounting Practices

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

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

	SSAP #	F/S Page	F/S Line #	2017	2016
NET INCOME					
(1) ARCH MORTGAGE INSURANCE COMPANY Company state basis (Page 4, Line 20, Columns 1 & 2)	XXX	XXX	XXX	$ 12,121,160	$ (31,796,526)
(2) State Prescribed Practice that are an increase/(decrease) from NAIC SAP					
Change in Contingency Reserve	58	4	5	$ (118,163,317)	$ (36,848,064)
(3) State Permitted Practice that are an increase/(decrease) from NAIC SAP					
				$	$
(4) NAIC SAP (1 – 2 – 3 = 4)	XXX	XXX	XXX	$ 130,284,477	$ 5,051,538
SURPLUS					
(5) ARCH MORTGAGE INSURANCE COMPANY Company state basis (Page 3, line 37, Columns 1 & 2)	XXX	XXX	XXX	$ 471,931,915	$ 155,506,622
(6) State Prescribed Practice that are an increase/(decrease) from NAIC SAP					
				$	$
(7) State Permitted Practice that are an increase/(decrease) from NAIC SAP					
				$	$
(8) NAIC SAP (5 – 6 – 7 = 8)	XXX	XXX	XXX	$ 471,931,915	$ 155,506,622

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 materially from these estimates.

C. Accounting Policy

Direct, assumed and ceded premiums are earned over the terms of the related insurance policies and reinsurance contracts. Unearned premium reserves are established to cover the unexpired portion of premiums written. Such reserves are computed by pro rata methods for direct and ceded business. Expenses incurred in connection with acquiring new insurance business, including such acquisition costs associated with underwriting and sales related activities are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.

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

(1) Basis for Short-Term Investments

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

(2) Basis for Bonds and Amortization Schedule

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

(3) Basis for Common Stocks

Not applicable

(4) Basis for Preferred Stocks

Not applicable

(5) Basis for Mortgage Loans

Not applicable

NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

(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

See Note 30

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

Not applicable

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

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

(13) Method Used to Estimate Pharmaceutical Rebate Receivables

Not applicable

D. Going Concern

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

Note 2 – Accounting Changes and Correction of Errors

Not Applicable.

Note 3 – Business Combinations and Goodwill

A. Statutory Purchase Method

Not Applicable.

B. Statutory Merger

Not Applicable.

C. Impairment Loss

Not Applicable.

Note 4 – Discontinued Operations

Not Applicable.

Note 5 – Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

Not Applicable

B. Debt Restructuring

Not Applicable

C. Reverse Mortgages

Not Applicable

NOTES TO FINANCIAL STATEMENTS

D. Loan-Backed Securities

(1) Description of Sources Used to Determined Prepayment Assumptions
Prepayment/default projections are based on historical statistics of the underlying collateral and current market data.

(2) The amounts of the other-than-temporary impairment ("OTTI") related to loan backed securities as of December 31, 2017

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	$ (307,170)
		2. 12 Months or Longer	$
b.	The aggregate related fair value of securities with unrealized losses:	1. Less than 12 Months	$ 76,151,111
		2. 12 Months or Longer	$

(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.

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

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

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

E. Dollar Repurchase Agreements and/or Securities Lending Transactions

Not Applicable

F. Real Estate

Not Applicable

G. Low-Income Housing Tax Credits (LIHTC)

Not Applicable

NOTES TO FINANCIAL STATEMENTS

H. 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	$	$	$	$	$	$	$	$	$	%	%
b. Collateral held under security lending arrangements										%	%
c. Subject to repurchase agreements										%	%
d. Subject to reverse repurchase agreements										%	%
e. Subject to dollar repurchase agreements										%	%
f. Subject to dollar reverse repurchase agreements										%	%
g. Placed under option contracts										%	%
h. Letter stock or securities restricted as to sale – excluding FHLB capital stock										%	%
i. FHLB capital stock										%	%
j. On deposit with states	3,427,983				3,427,983	4,588,425	(1,160,442)		3,427,983	%	%
k. On deposit with other regulatory bodies										%	%
l. Pledged as collateral to FHLB (including assets backing funding agreements)										%	%
m. Pledged as collateral not captured in other categories										%	%
n. Other restricted assets										%	%
o. Total Restricted Assets	$3,427,983	$	$	$	$3,427,983	$4,588,425	$ (1,160,442)	$	$3,427,983	%	%

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

NOTES TO FINANCIAL STATEMENTS

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

I. Working Capital Finance Investments

Not Applicable

J Offsetting and Netting of Assets and Liabilities

Not Applicable

K. Structured Notes

Not Applicable

L. 5* Securities

Not Applicable

M. Short Sales

Not Applicable

N. Prepayment Penalty and Acceleration Fees

Not Applicable

Note 6 – Joint Ventures, Partnerships and Limited Liability Companies

Not Applicable.

Note 7 – Investment Income

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

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

B. The total amount excluded:

Not Applicable.

Note 8 – Derivative Instruments

Not Applicable.

NOTES TO FINANCIAL STATEMENTS

Note 9 – Income Taxes

A. Deferred Tax Assets/(Liabilities)

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

	2017			2016			Change		
	1 Ordinary	2 Capital	3 (Col 1+2) Total	4 Ordinary	5 Capital	6 (Col 4+5) Total	7 (Col 1-4) Ordinary	8 (Col 2-5) Capital	9 (Col 7+8) Total
a. Gross deferred tax assets	$ 161,122,141	$ 1,913,380	$ 163,035,521	$55,315,194	$ 1,395	$55,316,589	$ 105,806,947	$ 1,911,985	$ 107,718,932
b. Statutory valuation allowance adjustment									
c. Adjusted gross deferred tax assets (1a-1b)	$ 161,122,141	$ 1,913,380	$ 163,035,521	$55,315,194	$ 1,395	$55,316,589	$ 105,806,947	$ 1,911,985	$ 107,718,932
d. Deferred tax assets nonadmitted	101,471,550		101,471,550	34,999,079		34,999,079	66,472,471		66,472,471
e. Subtotal net admitted deferred tax asset (1c-1d)	$59,650,591	$ 1,913,380	$61,563,971	$20,316,115	$ 1,395	$20,317,510	$39,334,476	$ 1,911,985	41,246,461
f. Deferred tax liabilities		7,632	7,632	34,038		34,038	(34,038)	7,632	(26,406)
g. Net admitted deferred tax assets/(net deferred tax liability) (1e-1f)	$59,650,591	$ 1,905,748	$61,556,339	$20,282,077	$ 1,395	$20,283,472	$39,368,514	$ 1,904,353	$41,272,867

NOTES TO FINANCIAL STATEMENTS

2. Admission Calculation Components SSAP No. 101

		2017			2016			Change	
	1 Ordinary	2 Capital	3 (Col 1+2) Total	4 Ordinary	5 Capital	6 (Col 4+5) Total	7 (Col 1-4) Ordinary	8 (Col 2-5) Capital	9 (Col 7+8) Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks									
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:	59,650,589	1,905,748	61,556,337	20,282,077	1,395	20,283,472	39,368,512	1,904,353	41,272,865
Adjusted gross deferred tax assets expected to be realized following the balance sheet date	157,918,893		157,918,893	52,270,467		52,270,467	105,648,426		105,648,426
Adjusted gross deferred tax assets allowed per limitation threshold			61,556,337			20,283,472			41,272,865
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	-	7,632	7,632		34,038	34,038		(26,406)	(26,406)
d. Deferred tax assets admitted as the result of application of SSAP 101. Total (2(a)+2(b)+2(c)	59,650,589	1,913,380	61,563,969	20,282,077	35,433	20,317,510	39,368,512	1,877,947	41,246,459

3. Other Admissibility Criteria

		2017	2016
a.	Ratio percentage used to determine recovery period and threshold limitation amount	184.8%	153.4%
b.	Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	410,375,579	135,223,150

4. Impact of Tax Planning Strategies

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

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

B. Deferred Tax Liabilities Not Recognized

Not Applicable

NOTES TO FINANCIAL STATEMENTS

C. Current and Deferred Income Taxes

1. Current Income Tax

	1 2017	2 2016	3 (Col 1-2) Change
a. Federal	276,951	(697,514)	974,465
b. Foreign			
c. Subtotal	276,951	(697,514)	974,465
d. Federal income tax on net capital gains	(276,951)	692,535	(969,486)
e. Utilization of capital loss carry-forwards			
f. Other			
g. Federal and Foreign income taxes incurred		(4,979)	4,979

2. Deferred Tax Assets

	1 2017	2 2016	3 (Col 1-2) Change
a. Ordinary:			
1. Discounting of unpaid losses	667,821	192,895	474,926
2. Unearned premium reserve	8,789,679	2,090,830	6,698,849
3. Policyholder reserves	144,019,053	45,743,421	98,275,632
4. Investments			
5. Deferred acquisition costs	2,562,938	2,120,288	442,650
6. Policyholder dividends accrual			
7. Fixed assets		58,030	(58,030)
8. Compensation and benefits accrual			
9. Pension accrual			
10. Receivables - nonadmitted			
11. Net operating loss carry-forward			
12. Tax credit carry-forward	5,082,650	5,082,650	
13. Other (items <5% of total ordinary tax assets)		27,080	(27,080)
Other (items >=5% of total ordinary tax assets)			
14.			
99. Subtotal	161,122,141	55,315,194	105,806,947
b. Statutory valuation allowance adjustment			
c. Nonadmitted	101,471,550	34,999,079	66,472,471
d. Admitted ordinary deferred tax assets (2a99-2b-2c)	59,650,591	20,316,115	39,334,476
e. Capital:			
1. Investments	1,913,380	1,395	1,911,985
2. Net capital loss carry-forward			
3. Real estate			
4. Other (items <5% of total capital tax assets)			
Other (items >=5% of total capital tax assets)			
5.			
99. Subtotal	1,913,380	1,395	1,911,985
f. Statutory valuation allowance adjustment			
g. Nonadmitted			
h. Admitted capital deferred tax assets (2e99-2f-2g)	1,913,380	1,395	1,911,985
i. Admitted deferred tax assets (2d+2h)	61,563,971	20,317,510	41,246,461

3. Deferred Tax Liabilities

	1 2017	2 2016	3 (Col 1-2) Change
a. Ordinary:			
1. Investments			
2. Fixed assets		34,038	(34,038)
3. Deferred and uncollected premium			
4. Policyholder reserves			
5. Other (items <5% of total ordinary tax liabilities)			
Other (items >=5% of total ordinary tax liabilities)			
6.			
99. Subtotal		34,038	(34,038)
b. Capital:			
1. Investments	7,632		7,632
2. Real estate			
3. Other (tems <5% of total capital tax liabilities)			
Other (items >=5% of total capital tax liabilities)			
4.			
99. Subtotal	7,632		7,632
c. Deferred tax liabilities (3a99+3b99)	7,632	34,038	(26,406)
4. Net Deferred Tax Assets (2i – 3c)	61,556,339	20,283,472	41,272,867

NOTES TO FINANCIAL STATEMENTS

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

	Amount	Effective Tax Rate (%)
Permanent Differences:		
Provision computed at statutory rate	4,252,879	35.0%
Proration of tax exempt investment income		%
Tax exempt income deduction	(1,516,514)	(12.5)%
Dividends received deduction		%
Disallowed travel and entertainment	257	%
Other permanent differences	(105,296,826)	(909.2)%
Temporary Differences:		
Total ordinary DTAs	(5,184,485)	(42.7)%
Total ordinary DTLs		%
Total capital DTAs		%
Total capital DTLs		%
Other:		
Statutory valuation allowance adjustment		%
Accrual adjustment – prior year	(648)	%
Other		%
Totals	(107,745,337)	%
Federal and foreign income taxes incurred	276,951	2.3%
Realized capital gains (losses) tax	(276,951)	(2.3)%
Change in net deferred income taxes	(107,745,337)	886.6%
Total statutory income taxes	$ (107,745,337)	886.7%

E. Operating Loss Carryfowards and Income Taxes Available for Recoupment

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

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

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

Year	Amounts
2017	-
2016	-

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

F. Consolidated Federal Income Tax Return

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

2. The manner in which the Board of Directors sets forth for allocating the consolidated federal income tax:
   The method of allocation of taxes is subject to the terms of a tax sharing agreement between Arch Capital Group (U.S.) Inc. ("Arch Capital U.S.") and its subsidiaries. It is made primarily on a separate return basis with credit given to the Company for any net operating losses or other items used in the consolidated extent those tax return filed by Arch Capital U.S. to the losses or items may be utilized by the Company on a separate return basis. The

NOTES TO FINANCIAL STATEMENTS

Tax Cuts and Jobs Act (the "Act") was enacted in December 2017. The Act reduces the U.S. federal corporate tax rate from 35 percent to 21 percent and enacts several other provisions impacting various tax calculations. As of December 31, 2017, we have not completed our accounting for the tax effects of enactment of the Act; however, in certain cases, as described below, we have made a reasonable estimate of the effects on existing deferred tax balances. In other cases, pursuant to the guidance provided by NAIC INT 18-01, we have not been able to make a reasonable estimate and continue to account for those items based on our existing tax accounting guidance and the provisions of the tax laws that were in effect prior to enactment. Specifically, we note that additional guidance is expected on the deferred tax asset associated with the discounting required for loss reserves. The change in tax law required the Company to revalue existing net deferred tax liabilities using the lower rate in the period of enactment resulting in an income tax expense of approximately $105.3 million to reflect these changes in the year ended December 31, 2017. We are still analyzing the Act and refining our calculations, which could potentially impact the measurement of our tax balances.

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.

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

A. Nature of the Relationship Involved

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

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

Arch U.S. MI Holdings completed the acquisition of United Guaranty Corporation (“UGC”), which includes ten U.S. insurance companies) on December 31, 2016 (the “UGC Acquisition”). The UGC Acquisition closed following the satisfaction of closing conditions as stipulated in the Stock Purchase Agreement, the receipt of regulatory approval from the North Carolina Department of Insurance, non-objection by the Department, and federal approvals from the Federal Housing Finance Agency on behalf of the Government-Sponsored Entities (“GSEs”) including Fannie Mae and Freddie Mac. The UGC Acquisition expanded the scale of ACGL’s mortgage insurance business by combining UGC’s position as market leader in the U.S. private mortgage insurance industry with ACGL’s financial strength, innovative approach and superior technology platform. While the UGC Acquisition further diversified ACGL’s business profile and customer base, it did not include any current plan to change the Company’s name, state of domicile, or basic insurance operations.

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

B. Transactions

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

C. Dollar Amounts of Transactions

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

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

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

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). With this series of reinsurance agreements, the Company’s ultimate parent sought to have both UGRIC and AMIC hold homogeneous risk and avoid adverse risk selection at either entity. Fannie Mae, Freddie Mac and the North Carolina and Wisconsin Departments of Insurance all either approved or declined to disapprove the agreements during the third quarter of 2017. The reinsurance agreements, which coincided with several commutation agreements between affiliates, are detailed below:

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

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

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

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

UGRIC executed a 50% quota share reinsurance agreement with AMIC in which UGRIC cedes 50% of its direct and assumed business to AMIC

("UGRIC to AMIC agreement"), net of reinsurance ceded to ARL and unaffiliated parties. This reinsurance back to AMIC is completed after the AMIC to UGRIC agreement reinsurance.

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

The Company had a net inflow of $1.0 billion of assets, consisting of $785.8 million in securities and $214.2 million in cash, related to the reinsurance agreements representing the transfer of contingency reserves, loss and LAE reserves and unearned premium reserves. This transfer of assets did not impact net income or surplus; but rather impacted the contingency reserves, loss and LAE reserves and unearned premium reserves held by the Company.

D. Amounts Due From or To Related Parties

As of December 31, 2017, the Company reported $57.22 million as a net amount due to affiliated companies. The majority of this amount is due to the Company's wholly-owned subsidiary, Arch MI Services, for services provided to the Company pursuant to the terms of the Service Agreement (see Note 10.F for a discussion of the Service Agreement). The terms of the intercompany agreements require that payments for amounts billed are remitted appropriately.

E. Guarantees or Undertakings

Not Applicable.

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

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

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

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

G. Nature of the Control Relationship

The Company withholds funds in accordance with the Quota Share Reinsurance Agreement between the Company and PMI Insurance Co. ("PIC") (the "PIC Reinsurance Agreement"). As of December 31, 2017 and 2016, the funds withheld account had a balance of $67.8 million and $64.6 million, respectively. On July 18, 2016, the Company reached $25 billion in cumulative new insurance written ("NIW"). As a result, the Company is no longer ceding reinsurance on new policies written after that date under the PIC Reinsurance Agreement.

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

Not Applicable.

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

Not Applicable.

J. Investments in Impaired SCAs

Not Applicable.

K. Investment in Foreign Insurance Subsidiary

Not Applicable.

L. Investment in Downstream Noninsurance Holding Company

Not Applicable.

M. All SCA Investments

Not Applicable.

N. Investment in Insurance SCAs

Not Applicable.

Note 11 – Debt

Not Applicable.

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

A. Defined Benefit Plan

For the year ended December 31, 2017, the Company had no employees.

NOTES TO FINANCIAL STATEMENTS

B. Investment Policies and Strategies

Not Applicable.

C. Fair Value of Plan Assets

Not Applicable.

D. Basis Used to Determine Expected Long-Term Rate-of-Return

Not Applicable.

E. Defined Contribution Plans

For the year ended December 31, 2017, the Company had no employees.

F. Multiemployer Plans

Not Applicable.

G. Consolidated/Holding Company Plans

For the year ended December 31, 2017, the Company had no employees. The Company is currently serviced by employees of Arch MI Services. To the extent Arch MI Services sponsored defined benefit plans for their employees during 2017 and 2016, no expense or obligations of these plans were charged to the Company for the current and prior years.

H. Postemployment Benefits and Compensated Absences

Not Applicable.

I. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17)

Not Applicable.

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

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

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

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

Not Applicable

(3) Dividend Restrictions

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

The Company's ability to pay dividends is limited by, among other restrictions, state insurance laws including, but not limited to, the laws of the State of Wisconsin. Wisconsin Administrative Code ("Wis. Admin. Code") Ins. § 600.03 provides that the Company may pay out ordinary dividends without the prior approval of the Wisconsin Commissioner of Insurance (the "Commissioner") in an amount, when added to other shareholder distributions made in the last 12 months, not in excess of the lesser of (a) 10% of the insurer's surplus as regards to policyholders as of the prior December 31 or, (b) if the insurer is not a life insurer, the greater of the following:

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

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

A dividend that exceeds the foregoing threshold is deemed an "extraordinary dividend" and requires the prior approval of the Commissioner. Other states including California and Illinois limit dividends by a mortgage insurer to its undivided profits. State minimum capital requirements also limit the amount of dividends that the Company may pay. The Company made no dividend payments during 2016. The PMIERs include restrictions on payment of dividends by mortgage insurers when "Available Assets" fall below the "Minimum Required Assets." Mortgage insurers with an "Available Assets Shortfall" must not, without prior written approval from the GSEs, pay dividends or transfer assets to any affiliate or investor.

(4) Dates and Amounts of Dividends Paid

Not Applicable

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

Not Applicable

(6) Restrictions Plans on Unassigned Funds (Surplus)

Not Applicable

NOTES TO FINANCIAL STATEMENTS

(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: $30,266.

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

On April 1, 2017, issued the 2017 Surplus Note in the amount of $39.5 million to Arch Capital Finance (Ireland). On April 3, 2017, the Company paid to Arch Capital Group (U.S.) Inc. the amount of $44.4 million as full repayment of the principal and unpaid accrued interest for the First Surplus Note and Second Surplus Note.

On March 15, 2017, the Department declined to disapprove the Company's Form D filing regarding its plan to repay in full the principal and unpaid accrued interest on the surplus notes issued by the Company on March 27, 2015 in the amount of $7.5 million (the "First Surplus Note") and April 27, 2015 in the amount of $32 million (the "Second Surplus Note"). Also, the Department declined to disapprove the Company's issuance of a new surplus note in the amount of $39.5 million to Arch Capital Finance (Ireland) Limited (the "2017 Surplus Note").

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

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

On March 27, 2015, the Company, after prior notice and non-disapproval of the Department, issued a surplus note in the amount of $7.5 million (the "First Surplus Note") to Arch Capital U.S.

Date Issued	Interest Rate	Par Value (Face Amount of Notes)	Carrying Value of Note*	Principal and/or Interest Paid Current Period	Total Principal and/or Interest Paid	Unapproved Principal and/or Interest	Date of Maturity
12/22/2016	6.8%	$ 49,500,000	$ 49,500,000	$	$	$	12/22/2046
Total	XXX	$ 49,500,000	$ 49,500,000	$	$	$	XXX

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

(12) 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

Not Applicable

B. Assessments

Not Applicable

C. Gain Contingencies

Not Applicable

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

Not Applicable
ARCH MORTGAGE INSURANCE COMPANY

E. Product Warranties

Not Applicable

F. Joint and Several Liabilities

Not Applicable

NOTES TO FINANCIAL STATEMENTS

G. All Other Contingencies

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

For the year 2017 and 2016, the Company had no contingency reserve withdrawals.

At December 31, 2017 and 2016, the Company had gross admitted assets of $180.5 million and $10.5 million, respectively, related to premiums receivable due from policyholders. The Company routinely assesses the collectability of these receivables. Based upon Company experience, any potential uncollectible premiums receivable as of the end of the current year are not expected to exceed the nonadmitted amount, and therefore, no additional provision for uncollectible amounts has been recorded. The potential for any additional loss is not believed to be material to the Company's financial condition.

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. On January 22, 2018, the Company executed an amendment to its lease agreement between 55 OAKWC OWNER, LLC retroactively effective December 30, 2017.

During 2014, the Company vacated the leased office space located at 595 Market Street, San Francisco, California ("San Francisco Office") and moved its office to 3003 Oak Road, Walnut Creek, California ("Walnut Creek Lease"). On January 30, 2014, the Company entered into a lease agreement for the Walnut Creek office that expires on January 31, 2019. On August 14, 2014, the Company subleased the San Francisco Office with a term that commenced on February 1, 2015 and expired on February 27, 2017, with monthly rent payments from the subtenant commencing on June 1, 2015. Rental expense allocated to the Company was $5.0 million in 2017 and $2.4 million in 2016, which includes expenses for offices used by or for the benefit of the Company.

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

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

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

Not Applicable

(3) For Sale-Leaseback Transactions

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

B. Lessor Leases

Not Applicable

NOTES TO FINANCIAL STATEMENTS

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

Not Applicable.

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

Not Applicable.

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

Not Applicable.

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

Not Applicable.

Note 20 – Fair Value Measurements

A. Fair Value Measurements

(1) Fair Value Measurements at Reporting Date

	Level 1	Level 2	Level 3	Total	Net Asset Value (NAV) Included in Level 2
Assets at Fair Value					
Exempt MM Mutual Fund	$ 56,672,825	$	$	$ 56,672,825	$
Industrial & Miscellaneous	$	$ 4,992,728	$	$ 4,992,728	$
Special Revenue	$	$ 504,349	$	$ 504,349	$
Political Subdivision	$	$ 2,751,760	$	$ 2,751,760	$
Total	$ 56,672,825	$ 8,248,837	$	$ 64,921,662	$
Liabilities at Fair Value					
	$	$	$	$	$
Total	$	$	$	$	$

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

Not Applicable

(3) Policies when Transfers Between Levels are Recognized

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

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

Not Applicable

(5) Derivative Fair Value Disclosures

Not Applicable

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

Not Applicable

C. Fair Value Level

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)	Net Asset Value (NAV) Included in Level 2
Bonds	$1,751,486,071	$ 1,760,547,673	$ 427,393,512	$ 1,324,092,559	$	$	$
Cash, Cash equivalent and short-term investments	$ 114,105,408	$ 114,110,743	$ 103,608,749	$ 10,496,659	$	$	$

D. Not Practicable to Estimate Fair Value

Not Applicable

Note 21 – Other Items

A. Unusual or Infrequent Items

Not Applicable.

B. Troubled Debt Restructuring Debtors

Not Applicable.

C. Other Disclosures

Not Applicable

D. Business Interruption Insurance Recoveries

Not Applicable.

NOTES TO FINANCIAL STATEMENTS

E. State Transferable and Non-Transferable Tax Credits

Not Applicable.

F. Subprime Mortgage Related Risk Exposure

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

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

(2) Direct Exposure Through Investments in Subprime Mortgage Loans

Not Applicable.

(3) Direct Exposure Through Other Investments

As of December 31, 2017, the Company’s investments had no mortgage related bonds. As a result, the Company believes it has minimal subprime mortgage exposure in its investment portfolio. The Company has no investments in monoline mortgage companies, however, debt obligations of financial institutions may have some level of subprime exposure. As stated above, the Company defines a subprime mortgage as a loan with a representative credit score of less than 620. Due to the inherent differences in the definition of subprime exposure used by third parties, there could be many more factors, other than credit score, that are used by these third parties to define their own subprime exposure.

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

The Company has direct exposure in providing mortgage insurance coverage on subprime mortgage loans, and it has indirect exposure to the extent its insurance on other mortgage loans is affected by conditions in the housing and mortgage markets that result from the performance of subprime mortgages, whether or not insured under mortgage insurance coverage.

The Company’s subprime exposure is managed and mitigated by its underwriting guidelines and by premium rates on its coverage. The Company believes that mortgage credit risk is materially affected by the following underwriting factors:

- the borrower’s credit strength, including the borrower’s credit history and debt-to-income ratios;
- the borrower’s cash reserves; and the loan product, which includes the ratio of the original principal balance to the value of the property at origination, the type of loan instrument (including whether the instrument provides for fixed or variable payments and the

The components of the default inventory were as follows:

($ in thousands)	Reserve Balance	Percentage of Total
Prime	59,008,534	98.7%
Subprime	803,266	1.3%
Total	**59,811,800**	**100.0%**

Direct losses and reserves were as follows:

($ in thousands)	Total	Subprime	Subprime as Percentage of Total
Losses and LAE Paid	19,743,875	189,523	1.0%
Losses and LAE Incurred	22,847,932	81,925	0.4%
Case Loss and LAE Reserves	52,146,926	658,289	1.3%
IBNR Loss and LAE Reserves	7,664,874	144,977	1.9%

Note: Subprime is defined as FICO < 575.

The Company assumes and cedes portions of its subprime exposure to an affiliate, United Guaranty Residential Insurance Company and Arch Reinsurance Limited (see Note 10).

NOTES TO FINANCIAL STATEMENTS

G. Insurance-Linked Securities (ILS) Contracts

Management of Risk Related to:	Number of Outstanding ILS Contracts	Aggregate Maximum Proceeds
(1) Directly-Written Insurance Risks		
a. ILS Contracts as Issuer	-	-
b. ILS Contracts as Ceding Insurer	1	173,569,508
c. ILS Contracts as Counterparty	-	-
(2) Assumed Insurance Risks		
a. ILS Contracts as Issuer	-	-
b. ILS Contracts as Ceding Insurer	-	-
c. ILS Contracts as Counterparty	-	-

Note 22 – Events Subsequent

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

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

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

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

Note 23 – Reinsurance

A. Unsecured Reinsurance Recoverables

B. Reinsurance Recoverable in Dispute

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	$ 208,727,481	$	$ 98,635,040	$	$ 110,092,441	$
b. All Other			8,262,542		(8,262,542)	
c. Total	$ 208,727,481	$	$ 106,897,582	$	$ 101,829,899	$

d. Direct Unearned Premium Reserves	$ 107,229,342

(2) Additional or Return Commission

Not Applicable

(3) Types of Risks Attributed to Protected Cell

Not Applicable

D. Uncollectible Reinsurance

Not Applicable

E. Commutation of Ceded Reinsurance

Not Applicable

F. Retroactive Reinsurance

Not Applicable

G. Reinsurance Accounted for as a Deposit

Not Applicable

NOTES TO FINANCIAL STATEMENTS

H. Disclosures for the Transfer of Property and Casualty Run-off Agreements

Not Applicable

I. Certified Reinsurer Rating Downgraded or Status Subject to Revocation

Not Applicable

J. Reinsurance Agreements Qualifying for Reinsurer Aggregation

Not Applicable

Note 24 – Retrospectively Rated Contracts and Contracts Subject to Redetermination

Not Applicable.

Note 25 – Change in Incurred Losses and Loss Adjustment Expenses

A. Change in Incurred Losses and Loss Adjustment Expenses

Reserves for losses and LAE as of December 31, 2016 were $36.5 million. As of December 31, 2017, $138.7 million was paid year to date relating to incurred losses and LAE attributable to insured events of prior years. Reserves for losses and LAE for prior years as of December 31, 2017 were $8.4 million and correspond to $17.8 million of favorable prior-year development since December 31, 2016. Thedevelopment is based upon the Company's re-estimation of unpaid claims and ongoing analysis of recent loss development trends and economic trends, including real estate market and unemployment rates, and their effect on recent claim rate and claim severity experience.

B. Information about Significant Changes in Methodologies and Assumptions

Not Applicable

Note 26 – Intercompany Pooling Arrangements

Not Applicable.

Note 27 – Structured Settlements

Not Applicable.

Note 28 – Health Care Receivables

Not Applicable.

Note 29 – Participating Policies

Not Applicable.

Note 30 – Premium Deficiency Reserves

In accordance with SSAP No. 58 and SSAP No. 53, *Property Casualty Contracts – Premiums*, the Company recognizes a PDR by recording an additional liability for the deficiency, with a corresponding charge to operations when the anticipated losses, LAE, and maintenance costs exceed the recorded unearned premium reserve and any future installment premiums on existing policies. The Company performed a PDR analysis as of December 31, 2017 and determined that it did not have to record a liability related to PDR. The Company considers interest income in connection with its PDR analysis; accordingly anticipated premium and loss cash flows are discounted using the Company's pre-tax book yield.

Note 31 – High Deductibles

Not Applicable.

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

Not Applicable.

Note 33 – Asbestos/Environmental Reserves

Not Applicable.

Note 34 – Subscriber Savings Accounts

Not Applicable.

Note 35 – Multiple Peril Crop Insurance

Not Applicable.

Note 36 – Financial Guaranty Insurance

Not Applicable.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

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

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

1.3 State regulating? Wisconsin

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

2.2 If yes, date of change:

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2015

3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2015

3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 06/12/2017

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

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

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

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

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

4.12 renewals? Yes [ ] No [X]

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

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

4.22 renewals? Yes [ ] No [X]

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

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

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

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

6.2 If yes, give full information:

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

7.2 If yes,

7.21 State the percentage of foreign control %

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

1 Nationality	2 Type of Entity
Bermuda	Public Limited Liability Company

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

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

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

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

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

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

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

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

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

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

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

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

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Kenneth S. Dailey, FCAS, MAAA, employee of an affiliate Arch U.S. MI Services, Inc., 3003 Oak Road, Walnut Creek, CA 94597

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

12.11 Name of real estate holding company

12.12 Number of parcels involved 0

12.13 Total book/adjusted carrying value $ 0

12.2 If yes, provide explanation

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

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

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

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

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

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

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

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

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

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

(e) Accountability for adherence to the code.

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

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

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

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

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

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

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

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

BOARD OF DIRECTORS

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

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

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

FINANCIAL

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

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

20.11 To directors or other officers $ 0

20.12 To stockholders not officers $ 0

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

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

20.21 To directors or other officers $ 0

20.22 To stockholders not officers 0

20.23 Trustees, supreme or grand (Fraternal only) 0

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

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

21.21 Rented from others $ 0

21.22 Borrowed from others $ 0

21.23 Leased from others $ 0

21.24 Other $ 0

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

22.2 If answer is yes:

22.21 Amount paid as losses or risk adjustment $ 0

22.22 Amount paid as expenses $ 0

22.23 Other amounts paid $ 0

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

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

INVESTMENT

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

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

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

24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet (an alternative is to reference Note 17 where this information is also provided).
As of 12/31/17, 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	$ 3,427,983
25.29	On deposit with other regulatory bodies	$ 0
25.30	Pledged as collateral – excluding collateral pledged to an FHLB	$ 0
25.31	Pledged as collateral to FHLB – including assets backing funding agreements	$ 0
25.32	Other	$ 0

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount
		$

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

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

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

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

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

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

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

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

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

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

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

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

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

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

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

29.2 If yes, complete the following schedule:

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

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

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

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

		1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1	Bonds	$ 1,791,047,675	$ 0	$ (1,791,047,675)
30.2	Preferred Stocks	$ 0	$ 0	$ 0
30.3	Totals	$ 1,791,047,675	$ 0	$ (1,791,047,675)

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

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

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [ ] 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 5*GI securities, the reporting entity is certifying the following elements for each self-designation 5*GI security:
a. Documentation necessary to permit a full credit analysis of the security does not exist.
b. Issuer or obligor is current on all contracted interest and principal payments.
c. The insurer has an actual expectation of ultimate payment of all contracted interest and principal.

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

OTHER

34.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? $ 229,502

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

1 Name	2 Amount Paid
Moody's	$ 95,002
S&P	$ 134,500

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

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

1 Name	2 Amount Paid
Willkie Farr & Gallagher LLP	$ 251,201

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

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

1 Name	2 Amount Paid
	$

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	$ 236,326,635	$ 73,696,127
2.3	Premium Ratio (2.1/2.2)	0.0%	0.0%
2.4	Reserve Numerator	$ 0	$ 0
2.5	Reserve Denominator	$ 484,614,849	$ 65,546,651
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?	%
	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?	
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:	
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?	
6.4	Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence?	Yes [ ] No [X]
6.5	If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss:	
7.1	Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)?	Yes [ ] No [X]

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

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

8.2 If yes, give full information

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

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

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

(c) Aggregate stop loss reinsurance coverage;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

11.2 If yes, give full information

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

12.11 Unpaid losses $ 0

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

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

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

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

12.41 From %

12.42 To %

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

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

12.61 Letters of Credit $ 0

12.62 Collateral and other funds $ 0

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): $ 266,689

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 9

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

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

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

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

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

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

15.2 If yes, give full information

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

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

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

* Disclose type of coverage:

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

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

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

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

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

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

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

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

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

FIVE-YEAR HISTORICAL DATA

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

	1 2017	2 2016	3 2015	4 2014	5 2013
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)					
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	723,723,001	199,337,006	134,493,846	111,247,041	98,679,142
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
6. Total (Line 35)	723,723,001	199,337,006	134,493,846	111,247,041	98,679,142
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)					
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	416,197,026	88,397,669	60,703,476	52,594,703	87,095,366
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
12. Total (Line 35)	416,197,026	88,397,669	60,703,476	52,594,703	87,095,366
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	4,774,989	(39,993,243)	(41,616,958)	(39,151,682)	(8,389,422)
14. Net investment gain (loss) (Line 11)	7,529,069	6,934,889	6,037,671	4,433,413	3,588,439
15. Total other income (Line 15)	94,052	564,314	517,288		
16. Dividends to policyholders (Line 17)					
17. Federal and foreign income taxes incurred (Line 19)	276,951	(697,514)	(218,789)	14,228	423,730
18. Net income (Line 20)	12,121,159	(31,796,526)	(34,843,210)	(34,732,497)	(5,224,713)
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	2,134,562,236	547,478,669	436,418,566	399,604,496	382,132,688
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 15.1)	180,519,244	10,510,555	5,406,561	4,160,235	4,045,636
20.2 Deferred and not yet due (Line 15.2)					
20.3 Accrued retrospective premiums (Line 15.3)					
21. Total liabilities excluding protected cell business (Page 3, Line 26)	1,662,630,321	391,972,047	301,933,826	247,122,247	220,709,078
22. Losses (Page 3, Line 1)	206,917,894	34,388,492	50,794,618	68,393,261	97,325,465
23. Loss adjustment expenses (Page 3, Line 3)	9,742,721	1,969,309	1,880,062	1,935,000	1,137,476
24. Unearned premiums (Page 3, Line 9)	209,059,241	29,188,850	14,487,308	8,351,925	9,200,826
25. Capital paid up (Page 3, Lines 30 & 31)	2,750,000	2,750,000	2,750,000	2,750,000	2,750,000
26. Surplus as regards policyholders (Page 3, Line 37)	471,931,916	155,506,622	134,484,740	152,482,249	161,423,610
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	356,856,183	14,063,041	(15,199,163)	(39,529,369)	(17,743,113)
Risk-Based Capital Analysis					
28. Total adjusted capital					
29. Authorized control level risk-based capital					
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1)	93.9	94.9	88.8	88.1	54.2
31. Stocks (Lines 2.1 & 2.2)				6.0	
32. Mortgage loans on real estate (Lines 3.1 & 3.2)					
33. Real estate (Lines 4.1, 4.2 & 4.3)		0.0			
34. Cash, cash equivalents and short-term investments (Line 5)	6.1	5.0	11.2	5.8	45.8
35. Contract loans (Line 6)					
36. Derivatives (Line 7)					
37. Other invested assets (Line 8)					
38 Receivables for securities (Line 9)			0.0	0.1	0.0
39. Securities lending reinvested collateral assets (Line 10)					
40. Aggregate write-ins for invested assets (Line 11)					
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds (Sch. D, Summary, Line 12, Col. 1)					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)					
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)		26,494,186	22,266,587	22,266,587	
45. Affiliated short-term investments (subtotals included in Schedule DA, Verification, Column 5, Line 10)					
46. Affiliated mortgage loans on real estate					
47. All other affiliated					
48. Total of above lines 42 to 47	0	26,494,186	22,266,587	22,266,587	0
49. Total investment in parent included in Lines 42 to 47 above					
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0)	0.0	17.0	16.6	14.6	

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2017	2 2016	3 2015	4 2014	5 2013
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24)	(30,263)			3,629,269	
52. Dividends to stockholders (Line 35)					
53. Change in surplus as regards policyholders for the year (Line 38)	316,425,294	21,021,882	(17,997,509)	(8,941,361)	51,902,751
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)					
55. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	(160,628,888)	27,955,588	41,222,338	67,120,427	101,814,082
58. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
59. Total (Line 35)	(160,628,888)	27,955,588	41,222,338	67,120,427	101,814,082
Net Losses Paid (Page 9, Part 2, Col. 4)					
60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)					
61. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	(139,911,205)	17,533,247	28,978,107	56,294,830	87,310,116
64. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
65. Total (Line 35)	(139,911,205)	17,533,247	28,978,107	56,294,830	87,310,116
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)	13.8	1.5	20.9	51.2	67.4
68. Loss expenses incurred (Line 3)	3.8	2.2	2.5	4.1	0.5
69. Other underwriting expenses incurred (Line 4)	30.4	100.5	103.0	88.3	24.7
70. Net underwriting gain (loss) (Line 8)	2.0	(54.3)	(76.3)	(73.3)	(9.7)
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)	45.6	124.9	136.6	119.9	41.6
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	17.6	3.7	23.3	55.3	67.8
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)	88.2	56.8	45.1	34.5	54.0
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)	(17,805)	(12,629)	(8,910)	(2,047)	4,686
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)	(11.4)	(9.4)	(5.8)	(1.3)	4.3
Two Year Loss Development ($000 omitted)					
76. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12)	(22,272)	(15,620)	(5,551)	6,874	20,727
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)	(16.6)	(10.2)	(3.4)	6.3	20.6

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

If no, please explain:

SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P - PART 1 - SUMMARY

($000 Omitted)

	Premiums Earned			Loss and Loss Expense Payments								12
Years in Which Premiums Were Earned and Losses Were Incurred	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments 4 Direct and Assumed	5 Ceded	Defense and Cost Containment Payments 6 Direct and Assumed	7 Ceded	Adjusting and Other Payments 8 Direct and Assumed	9 Ceded	10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	Number of Claims Reported-Direct and Assumed
1. Prior	XXX	XXX	XXX	(1,359)	(141)	(1)		(51)		(30)	(1,270)	XXX
2. 2008	97,728	14,524	83,204	82,199	12,352			1,652		398	71,499	XXX
3. 2009	103,422	14,163	89,259	131,902	20,480	1		1,942	2	1,173	113,363	XXX
4. 2010	95,343	11,753	83,590	123,970	19,844	1		1,758	1	1,643	105,884	XXX
5. 2011	90,846	10,501	80,345	103,528	13,948	1		1,568	1	1,498	91,148	XXX
6. 2012	91,352	10,736	80,616	73,766	9,886	1		1,220	18	733	65,083	XXX
7. 2013	97,932	11,430	86,502	38,652	5,412	2		1,239	6	320	34,475	XXX
8. 2014	102,216	48,772	53,444	14,687	11,456	3		1,271	24	64	4,481	XXX
9. 2015	118,220	63,652	54,568	(7,214)	5,539	5		1,111	49	81	(11,686)	XXX
10. 2016	167,825	94,129	73,696	(45,918)	(4,781)	2		628	130	136	(40,637)	XXX
11. 2017	474,652	238,325	236,327	(31,317)	(6,768)	1		100	30	16	(24,478)	XXX
12. Totals	XXX	XXX	XXX	482,896	87,227	16	0	12,438	261	6,032	407,862	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23	24	25
	Case Basis 13 Direct and Assumed	14 Ceded	Bulk + IBNR 15 Direct and Assumed	16 Ceded	Case Basis 17 Direct and Assumed	18 Ceded	Bulk + IBNR 19 Direct and Assumed	20 Ceded	21 Direct and Assumed	22 Ceded	Salvage and Subrogation Anticipated	Total Net Losses and Expenses Unpaid	Number of Claims Outstanding-Direct and Assumed
1. Prior	1,463	289	45		15				46	7	115	1,273	XXX
2. 2008	4,857	434	145		60				197	17	58	4,808	XXX
3. 2009	6,631	675	191		78				222	25	31	6,422	XXX
4. 2010	7,355	402	237		97				275	11	135	7,551	XXX
5. 2011	8,963	1,100	259		113				326	41	302	8,520	XXX
6. 2012	10,120	1,649	269		117				381	66	368	9,172	XXX
7. 2013	12,549	2,240	319		141				465	88	337	11,146	XXX
8. 2014	17,755	3,061	484		216				602	114	203	15,882	XXX
9. 2015	24,709	3,365	1,492	591	328				894	149	187	23,318	XXX
10. 2016	56,087	11,830	2,720	928	680				1,890	423	177	48,196	XXX
11. 2017	91,140	26,928	18,589	5,969	1,054				3,225	741	206	80,370	XXX
12. Totals	241,629	51,973	24,750	7,488	2,899	0	0	0	8,523	1,682	2,119	216,658	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34	Net Balance Sheet Reserves after Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense	Inter-Company Pooling Participation Percentage	35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior	XXX	XXX	XXX	XXX	XXX	XXX			XXX	1,219	54
2. 2008	89,110	12,803	76,307	91.2	88.2	91.7				4,568	240
3. 2009	140,967	21,182	119,785	136.3	149.6	134.2				6,147	275
4. 2010	133,693	20,258	113,435	140.2	172.4	135.7				7,190	361
5. 2011	114,758	15,090	99,668	126.3	143.7	124.1				8,122	398
6. 2012	85,874	11,619	74,255	94.0	108.2	92.1				8,740	432
7. 2013	53,367	7,746	45,621	54.5	67.8	52.7				10,628	518
8. 2014	35,018	14,655	20,363	34.3	30.0	38.1				15,178	704
9. 2015	21,325	9,693	11,632	18.0	15.2	21.3				22,245	1,073
10. 2016	16,089	8,530	7,559	9.6	9.1	10.3				46,049	2,147
11. 2017	82,792	26,900	55,892	17.4	11.3	23.7				76,832	3,538
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	206,918	9,740

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	2	3	4	5	6	7	8	9	10	11	12
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	One Year	Two Year
1. Prior	12,040	15,613	15,435	15,881	15,778	15,689	15,671	15,725	15,691	15,577	(114)	(148)
2. 2008	53,587	67,123	71,732	73,112	73,366	73,755	74,060	74,079	74,053	74,475	422	396
3. 2009	XXX	108,070	109,738	115,186	114,757	117,004	117,464	117,813	117,835	117,648	(187)	(165)
4. 2010	XXX	XXX	111,967	108,149	110,049	111,631	112,722	112,787	112,106	111,414	(692)	(1,373)
5. 2011	XXX	XXX	XXX	84,254	94,030	99,230	99,209	99,161	98,820	97,816	(1,004)	(1,345)
6. 2012	XXX	XXX	XXX	XXX	78,222	73,579	73,950	73,567	73,012	72,738	(274)	(829)
7. 2013	XXX	XXX	XXX	XXX	XXX	54,773	50,538	46,978	45,275	44,011	(1,264)	(2,967)
8. 2014	XXX	XXX	XXX	XXX	XXX	XXX	29,409	24,003	20,611	18,628	(1,983)	(5,375)
9. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	20,291	14,372	9,825	(4,547)	(10,466)
10. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	13,756	5,594	(8,162)	XXX
11. 2017	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	53,338	XXX	XXX
										12. Totals	(17,805)	(22,272)

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	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017		
1. Prior	000	11,353	13,799	14,920	15,001	15,240	15,402	15,565	15,562	14,343	XXX	XXX
2. 2008	4,278	33,241	61,965	68,817	71,168	72,563	73,309	73,596	73,735	69,847	XXX	XXX
3. 2009	XXX	4,268	64,890	97,361	107,440	112,437	114,913	115,950	117,044	111,423	XXX	XXX
4. 2010	XXX	XXX	11,080	66,623	95,862	105,088	109,452	111,134	111,568	104,127	XXX	XXX
5. 2011	XXX	XXX	XXX	10,674	60,542	86,197	93,542	96,037	97,173	89,581	XXX	XXX
6. 2012	XXX	XXX	XXX	XXX	9,854	49,652	64,904	69,165	70,319	63,881	XXX	XXX
7. 2013	XXX	XXX	XXX	XXX	XXX	7,159	30,320	38,960	41,612	33,242	XXX	XXX
8. 2014	XXX	XXX	XXX	XXX	XXX	XXX	2,788	11,599	15,842	3,234	XXX	XXX
9. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,603	7,247	(12,748)	XXX	XXX
10. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,040	(41,135)	XXX	XXX
11. 2017	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	(24,548)	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	2	3	4	5	6	7	8	9	10
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
1. Prior	701	354	140		(1)					45
2. 2008	9,342	459	301		(2)					145
3. 2009	XXX	13,532	1,507	457	(15)					191
4. 2010	XXX	XXX	12,590	1,887	464	25				237
5. 2011	XXX	XXX	XXX	11,551	1,943	701				259
6. 2012	XXX	XXX	XXX	XXX	10,171	2,391	878			269
7. 2013	XXX	XXX	XXX	XXX	XXX	7,291	1,715	838		319
8. 2014	XXX	XXX	XXX	XXX	XXX	XXX	3,924	871	417	484
9. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,113	648	901
10. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,649	1,792
11. 2017	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	12,620

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, Etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken: 2 Direct Premiums Written	3 Direct Premiums Earned	4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges not Included in Premiums	9 Direct Premiums Written for Federal Purchasing Groups (Incl. in Col. 2)
1. Alabama AL	L	2,511,008	2,440,921		196,177	103,492	265,455		
2. Alaska AK	L	3,513,566	4,518,317		708,308	362,360	1,151,217		
3. Arizona AZ	L	10,062,946	8,197,714		61,646	796,520	1,282,631		
4. Arkansas AR	L	1,827,139	1,501,503		182,860	320,116	436,634		
5. California CA	L	26,248,198	8,610,906		27,244	1,479,180	2,976,868		
6. Colorado CO	L	6,936,175	6,353,133		87,455	202,487	370,936		
7. Connecticut CT	L	2,667,405	2,240,169		231,066	158,863	832,982		
8. Delaware DE	L	1,107,227	677,707			5,259	65,190		
9. District of Columbia DC	L	1,345,034	1,146,171		(66)	(2,224)	43,128		
10. Florida FL	L	18,053,735	16,757,080		1,831,504	3,228,081	6,280,741		
11. Georgia GA	L	10,198,036	10,402,487		449,679	1,248,035	2,180,001		
12. Hawaii HI	L	598,743	601,943		87,725	(414,003)	262,969		
13. Idaho ID	L	4,762,004	4,810,477		68,454	324,272	408,858		
14. Illinois IL	L	10,524,817	9,122,616		751,255	719,976	1,370,019		
15. Indiana IN	L	7,576,166	6,052,095		332,971	508,432	961,877		
16. Iowa IA	L	5,911,950	755,947		294,627	444,186	982,609		
17. Kansas KS	L	4,935,996	4,256,637		265,425	284,550	748,216		
18. Kentucky KY	L	2,793,228	1,425,037		99,900	288,475	459,229		
19. Louisiana LA	L	2,642,126	2,186,147		282,925	138,436	729,167		
20. Maine ME	L	1,515,147	1,255,192		227,733	(21,830)	545,889		
21. Maryland MD	L	10,582,166	7,445,058		1,220,528	575,006	1,711,123		
22. Massachusetts MA	L	13,420,660	10,617,938		532,263	49,521	1,978,970		
23. Michigan MI	L	16,448,905	37,307,571		787,387	1,354,052	2,399,894		
24. Minnesota MN	L	10,056,724	9,704,954		647,464	652,082	1,668,200		
25. Mississippi MS	L	770,719	744,971		25,210	62,300	192,050		
26. Missouri MO	L	6,952,702	5,670,276		437,724	271,901	544,291		
27. Montana MT	L	409,251	324,480		83	(57,847)	18,048		
28. Nebraska NE	L	1,982,693	1,612,344		(332)	75,436	167,398		
29. Nevada NV	L	1,986,104	1,672,579		752,210	94,096	809,180		
30. New Hampshire NH	L	2,800,543	3,115,443		56,448	(110,236)	209,792		
31. New Jersey NJ	L	6,611,409	5,842,734		810,193	755,596	2,111,830		
32. New Mexico NM	L	2,068,353	2,104,723		321,510	123,369	477,971		
33. New York NY	L	7,658,216	6,354,911		1,146,364	1,025,276	3,926,148		
34. North Carolina NC	L	13,283,298	10,215,495		132,815	643,510	1,070,369		
35. North Dakota ND	L	456,587	257,707			(8,730)	49,760		
36. Ohio OH	L	10,728,865	8,556,167		782,692	945,672	2,599,479		
37. Oklahoma OK	L	2,532,950	2,534,590		161,155	245,692	600,946		
38. Oregon OR	L	6,851,817	6,869,783		256,717	177,540	573,666		
39. Pennsylvania PA	L	8,181,114	6,985,675		1,037,171	713,196	2,273,628		
40. Rhode Island RI	L	2,619,040	2,340,235		115,225	(169,682)	487,663		
41. South Carolina SC	L	6,390,333	5,695,849		186,508	590,491	885,123		
42. South Dakota SD	L	1,095,983	989,731			86,589	92,847		
43. Tennessee TN	L	10,849,951	9,016,894		266,623	744,695	1,394,663		
44. Texas TX	L	19,552,019	17,824,637		389,477	1,350,985	2,980,868		
45. Utah UT	L	6,113,770	3,599,190		266,247	389,856	841,558		
46. Vermont VT	L	1,104,306	1,130,122		94,579	106,502	474,274		
47. Virginia VA	L	13,288,212	9,625,130		391,525	855,598	1,311,467		
48. Washington WA	L	7,197,281	6,853,752		402,024	195,573	850,273		
49. West Virginia WV	L	420,802	370,198		54,641	28,902	176,012		
50. Wisconsin WI	L	16,428,104	15,657,690		1,507,328	491,521	2,728,599		
51. Wyoming WY	L	371,565	380,493		180,468	66,016	32,119		
52. American Samoa AS	N								
53. Guam GU	N								
54. Puerto Rico PR	L	25,210	25,636			43,361	138,975		
55. US Virgin Islands VI	N								
56. Northern Mariana Islands MP	N								
57. Canada CAN	N								
58. Aggregate Other Alien OT	XXX	0	0	0	0	0	0	0	0
59. Totals	(a) 52	334,970,296	294,759,159	0	19,149,136	22,542,502	58,131,802	0	0

DETAILS OF WRITE-INS

	1	2	3	4	5	6	7	8	9
58001.	XXX								
58002.	XXX								
58003.	XXX								
58998. Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0
58999. Totals (Lines 58001 thru 58003+ Line 58998) (Line 58 above)	XXX	0	0	0	0	0	0	0	0

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

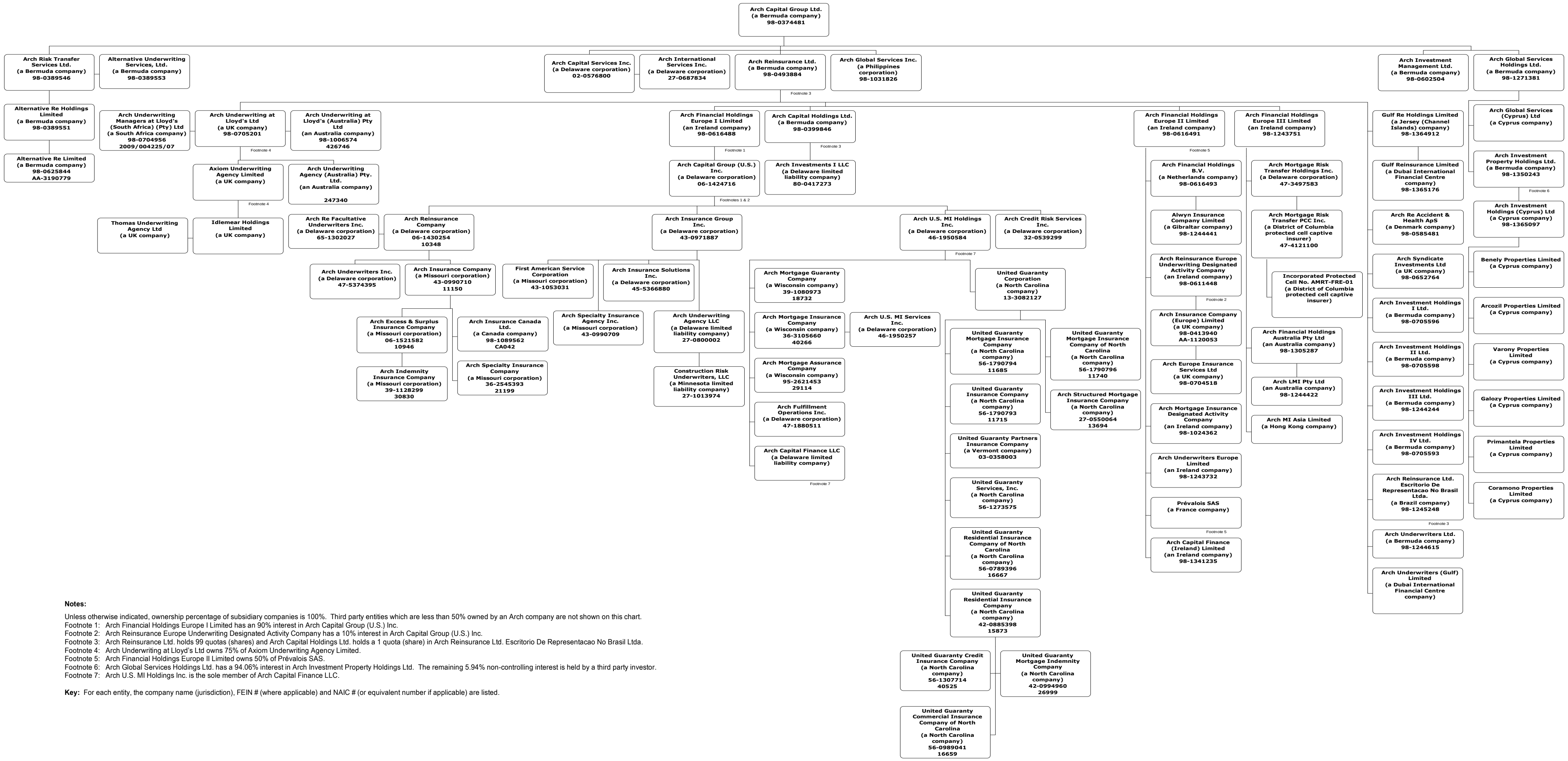
Explanation of Basis of Allocation of Premiums by States, etc.

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

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

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

PART 1 - ORGANIZATIONAL CHART



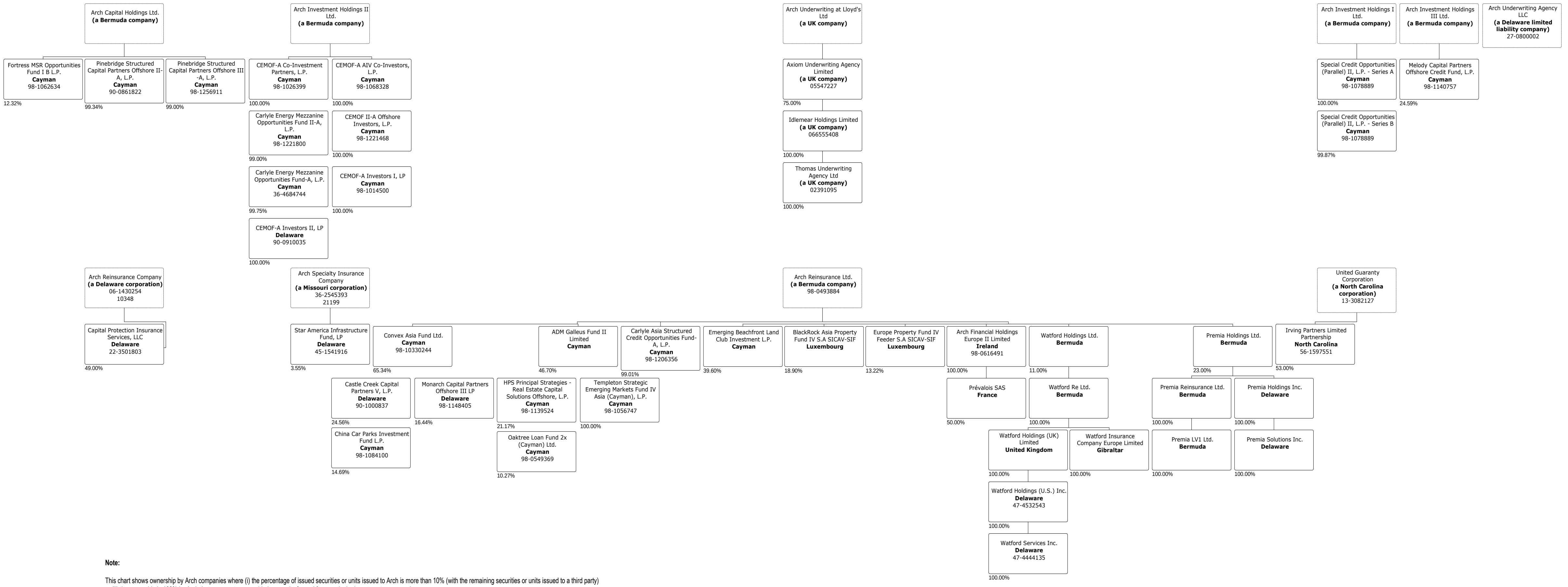
Notes:

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

Footnote 1: Arch Financial Holdings Europe I Limited has an 90% interest in Arch Capital Group (U.S.) Inc.
Footnote 2: Arch Reinsurance Europe Underwriting Designated Activity Company has a 10% interest in Arch Capital Group (U.S.) Inc.
Footnote 3: Arch Reinsurance Ltd. holds 99 quotas (shares) and Arch Capital Holdings Ltd. holds a 1 quota (share) in Arch Reinsurance Ltd. Escritorio De Representacao No Brasil Ltda.
Footnote 4: Arch Underwriting at Lloyd's Ltd owns 75% of Axiom Underwriting Agency Limited.
Footnote 5: Arch Financial Holdings Europe II Limited owns 50% of Prévalois SAS.
Footnote 6: Arch Global Services Holdings Ltd. has a 94.06% interest in Arch Investment Property Holdings Ltd. The remaining 5.94% non-controlling interest is held by a third party investor.
Footnote 7: Arch U.S. MI Holdings Inc. is the sole member of Arch Capital Finance LLC.

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

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



Note:

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

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

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

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