

**ANNUAL STATEMENT**

**OF THE**

**National Mortgage Insurance Corporation**

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**of** **Sun Prairie**

**in the state of** **Wisconsin**

**TO THE**

**Insurance Department**

**OF THE**

**Wisconsin**

**FOR THE YEAR ENDED**

**December 31, 2012**

**PROPERTY AND CASUALTY**

**2012**



13695201220100100

# ANNUAL STATEMENT

For the Year Ended December 31, 2012  
OF THE CONDITION AND AFFAIRS OF THE

## National Mortgage Insurance Corporation

NAIC Group Code 4760 4760 NAIC Company Code 13695 Employer's ID Number 27-0471418  
(Current Period) (Prior Period)

Organized under the Laws of Wisconsin, State of Domicile or Port of Entry Wisconsin

Country of Domicile United States of America

Incorporated/Organized June 30, 2009 Commenced Business \_\_\_\_\_

Statutory Home Office 1834 Steven Street, Sun Prairie, Wisconsin, US 53590-3530  
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office 2100 Powell Street, 12th Floor  
(Street and Number)  
Emeryville, California, US 94608 855-873-2584  
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Mail Address 2100 Powell Street, 12th Floor, Emeryville, California, US 94608  
(Street and Number or P.O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 2100 Powell Street, 12th Floor Emeryville, California, US 94608 855-873-2584  
(Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Internet Web Site Address www.nationalmi.com

Statutory Statement Contact Brian McIntosh 510-858-0403  
(Name) (Area Code) (Telephone Number) (Extension)  
brian.mcintosh@nationalmi.com 510-225-3832  
(E-Mail Address) (Fax Number)

### OFFICERS

	Name	Title
1.	<u>Bradley M Shuster #</u>	<u>Chief Executive Officer and President</u>
2.	<u>Glen S Corso #</u>	<u>General Counsel and Assistant Secretary</u>
3.	<u>John M Sherwood #</u>	<u>Chief Financial Officer and Treasurer</u>

### VICE-PRESIDENTS

Name	Title	Name	Title
<u>Patrick L Mathis #</u>	<u>EVP, Chief Risk Officer</u>	<u>Stanley M Pachura #</u>	<u>EVP, Chief Information Officer</u>
<u>Peter C Pannes #</u>	<u>EVP, Chief Sales Officer</u>	<u>James R McCourt</u>	<u>EVP, Insurance Operations</u>
<u>Christopher G Brunetti #</u>	<u>SVP, Deputy General Counsel, Secretary</u>	<u>Claudia J Merkle #</u>	<u>SVP, Customer Operations &amp; Underwriting</u>
<u>Joseph M Francesconi #</u>	<u>VP, Controller</u>	<u>Bridget E Williams #</u>	<u>SVP, Field Sales</u>

### DIRECTORS OR TRUSTEES

<u>Patrick L Mathis #</u>	<u>Stanley M Pachura #</u>	<u>Peter C Pannes #</u>	<u>James R McCourt</u>
<u>Bradley M Shuster #</u>	<u>Glen S Corso #</u>	<u>John M Sherwood #</u>	

State of California  
 County of Alameda ss

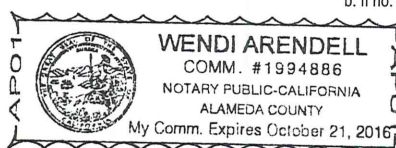
The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any 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)
<u>Bradley M. Shuster</u>	<u>Christopher G. Brunetti</u>	<u>John M. Sherwood</u>
(Printed Name)	(Printed Name)	(Printed Name)
1.	2.	3.
<u>Chief Executive Officer and President</u>	<u>Deputy General Counsel and Secretary</u>	<u>Chief Financial Officer and Treasurer</u>
(Title)	(Title)	(Title)

Subscribed and sworn to (or affirmed) before me  
12<sup>th</sup> day of February, 2013, by

proved to me on the basis of satisfactory evidence to be the person who appeared before me.

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



## ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D)				
2. Stocks (Schedule D):				
2.1 Preferred stocks				
2.2 Common stocks	10,000,107		10,000,107	
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ 0 encumbrances)				
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$ 195,138,397, Schedule E - Part 1), cash equivalents (\$ 0, Schedule E - Part 2), and short-term investments (\$ 4,863,647, Schedule DA)	200,002,044		200,002,044	16,828
6. Contract loans (including \$ 0 premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)				
9. Receivables for securities				
10. Securities lending reinvested collateral assets (Schedule DL)				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	210,002,151		210,002,151	16,828
13. Title plants less \$ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	1,542		1,542	
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection				
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums)				
15.3 Accrued retrospective premiums				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers				
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans				
18.1 Current federal and foreign income tax recoverable and interest thereon				
18.2 Net deferred tax asset				
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software	3,000,891	3,000,891		
21. Furniture and equipment, including health care delivery assets (\$ 0)				
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates				
24. Health care (\$ 0) and other amounts receivable				
25. Aggregate write-ins for other than invested assets				377
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	213,004,584	3,000,891	210,003,693	17,205
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	213,004,584	3,000,891	210,003,693	17,205

DETAILS OF WRITE-IN LINES				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501. Prepaid Expenses				
2502. Escrow and other receivables				377
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)				377

NONE

## LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8)		
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)		
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)		
4. Commissions payable, contingent commissions and other similar charges		
5. Other expenses (excluding taxes, licenses and fees)		1,227,007
6. Taxes, licenses and fees (excluding federal and foreign income taxes)		
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		239,760
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ 0 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)		
10. Advance premium		
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)		
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		
14. Amounts withheld or retained by company for account of others		
15. Remittances and items not allocated		
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		
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		
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)		1,466,767
27. Protected cell liabilities		
28. Total liabilities (Lines 26 and 27)		1,466,767
29. Aggregate write-ins for special surplus funds		
30. Common capital stock	2,530,000	10
31. Preferred capital stock		
32. Aggregate write-ins for other than special surplus funds		
33. Surplus notes		
34. Gross paid in and contributed surplus	216,118,760	7,089,169
35. Unassigned funds (surplus)	(8,645,067)	(8,538,741)
36. Less treasury stock, at cost:		
36.1 0 shares common (value included in Line 30 \$ 0)		
36.2 0 shares preferred (value included in Line 31 \$ 0)		
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39)	210,003,693	(1,449,562)
38. Totals (Page 2, Line 28, Col. 3)	210,003,693	17,205

DETAILS OF WRITE-IN LINES		
2501. ....		
2502. ....		
2503. ....		
2598. Summary of remaining write-ins for Line 25 from overflow page	<b>NONE</b>	
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)		
2901. ....		
2902. ....		
2903. ....		
2998. Summary of remaining write-ins for Line 29 from overflow page	<b>NONE</b>	
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)		
3201. ....		
3202. ....		
3203. ....		
3298. Summary of remaining write-ins for Line 32 from overflow page	<b>NONE</b>	
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)		

## STATEMENT OF INCOME

	1	2
	Current Year	Prior Year
<b>UNDERWRITING INCOME</b>		
1. Premiums earned (Part 1, Line 35, Column 4)		
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7)		
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)		
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	21,347	592,606
5. Aggregate write-ins for underwriting deductions		
6. Total underwriting deductions (Lines 2 through 5)	21,347	592,606
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(21,347)	(592,606)
<b>INVESTMENT INCOME</b>		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	3,479	(6,844)
10. Net realized capital gains (losses) less capital gains tax of \$ 0 (Exhibit of Capital Gains (Losses))		
11. Net investment gain (loss) (Lines 9 + 10)	3,479	(6,844)
<b>OTHER INCOME</b>		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ 0 amount charged off \$ 0)		
13. Finance and service charges not included in premiums		
14. Aggregate write-ins for miscellaneous income		1,738
15. Total other income (Lines 12 through 14)		1,738
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	(17,868)	(597,712)
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)	(17,868)	(597,712)
19. Federal and foreign income taxes incurred		
20. Net income (Line 18 minus Line 19) (to Line 22)	(17,868)	(597,712)
<b>CAPITAL AND SURPLUS ACCOUNT</b>		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	(1,449,562)	(1,124,532)
22. Net income (from Line 20)	(17,868)	(597,712)
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 0	107	
25. Change in net unrealized foreign exchange capital gain (loss)		
26. Change in net deferred income tax		
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3)	(86,145)	77,409
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)		
29. Change in surplus notes		
30. Surplus (contributed to) withdrawn from protected cells		
31. Cumulative effect of changes in accounting principles		
32. Capital changes:		
32.1 Paid in	2,529,990	
32.2 Transferred from surplus (Stock Dividend)		
32.3 Transferred to surplus		
33. Surplus adjustments:		
33.1 Paid in	209,029,591	195,273
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	(2,420)	
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	211,453,255	(325,030)
39. Surplus as regards policyholders, December 31 current year (Lines 21 plus Line 38) (Page 3, Line 37)	210,003,693	(1,449,562)

DETAILS OF WRITE-IN LINES		
0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 05 from overflow page		
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 05 above)		
1401. Services		1,738
1402.		
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page		
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)		1,738
3701. Other	(2,420)	
3702.		
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page		
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)	(2,420)	

## CASH FLOW

Cash from Operations	1 Current Year	2 Prior Year
1. Premiums collected net of reinsurance		
2. Net investment income	1,937	(6,844)
3. Miscellaneous income		1,738
4. Total (Lines 1 through 3)	1,937	(5,106)
5. Benefit and loss related payments		
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	21,347	644,423
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)		
10. Total (Lines 5 through 9)	21,347	644,423
11. Net cash from operations (Line 4 minus Line 10)	(19,410)	(649,529)
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds		
12.2 Stocks		
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains (or losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds		
12.8 Total investment proceeds (Lines 12.1 to 12.7)		
13. Cost of investments acquired (long-term only):		
13.1 Bonds		
13.2 Stocks	10,000,000	
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications		
13.7 Total investments acquired (Lines 13.1 to 13.6)	10,000,000	
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(10,000,000)	
<b>Cash from Financing and Miscellaneous Sources</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock	210,000,000	195,273
16.3 Borrowed funds		239,760
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	4,626	71,047
17. Net cash from financing and miscellaneous sources (Lines 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	210,004,626	506,080
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	199,985,216	(143,449)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	16,828	160,277
19.2 End of year (Line 18 plus Line 19.1)	200,002,044	16,828

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

20.0001	Net assets contributed upon ownership change	1,319,821	
20.0002	Note payable paid by parent	239,760	
20.0003			

- NONE Underwriting and Investment Exhibit - Part 1**
- NONE Underwriting and Investment Exhibit - Part 1A**
- NONE Underwriting and Investment Exhibit - Part 1B**
- NONE Underwriting and Investment Exhibit - Part 2**
- NONE Underwriting and Investment Exhibit - Part 2A**

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct				
1.2 Reinsurance assumed				
1.3 Reinsurance ceded				
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)				
2. Commission and brokerage:				
2.1 Direct, excluding contingent				
2.2 Reinsurance assumed, excluding contingent				
2.3 Reinsurance ceded, excluding contingent				
2.4 Contingent—direct				
2.5 Contingent—reinsurance assumed				
2.6 Contingent—reinsurance ceded				
2.7 Policy and membership fees				
2.8 Net commission and brokerage (2.1+2.2-2.3+2.4+2.5-2.6+2.7)				
3. Allowances to manager and agents				
4. Advertising				
5. Boards, bureaus and associations				
6. Surveys and underwriting reports				
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries				
8.2 Payroll taxes				
9. Employee relations and welfare				
10. Insurance		14,226		14,226
11. Directors' fees				
12. Travel and travel items				
13. Rent and rent items				
14. Equipment				
15. Cost or depreciation of EDP equipment and software				
16. Printing and stationery				
17. Postage, telephone and telegraph, exchange and express				
18. Legal and auditing				
19. Totals (Lines 3 to 18)		14,226		14,226
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ 0				
20.2 Insurance department licenses and fees				
20.3 Gross guaranty association assessments				
20.4 All other (excluding federal and foreign income and real estate)				
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)				
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses		7,121		7,121
25. Total expenses incurred		21,347		(a) 21,347
26. Less unpaid expenses—current year				
27. Add unpaid expenses—prior year				
28. Amounts receivable relating to uninsured plans, prior year				
29. Amounts receivable relating to uninsured plans, current year				
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)		21,347		21,347

DETAILS OF WRITE-IN LINES			
2401. Misc Expense		3,405	3,405
2402. Professional Fees		3,339	3,339
2403. Reversal of Intercompany Receivable		377	377
2498. Sum of remaining write-ins for Line 24 from overflow page			
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)		7,121	7,121

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



### EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a)	
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a)	
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e)	
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	25	3,586
10. Total gross investment income	25	3,586
11. Investment expenses		(g) 107
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Lines 11 through 15)		107
17. Net investment income (Line 10 minus Line 16)		3,479

DETAILS OF WRITE-IN LINES			
0901. Bank Promotion		25	
0902. Interest Income			3,586
0903.			
0998. Summary of remaining write-ins for Line 09 from overflow page			
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 09 above)		25	3,586
1501.	<b>NONE</b>		
1502.			
1503.			
1598. Summary of remaining write-ins for Line 15 from overflow page			
1599. Totals (Lines 1501 through 1503) plus 1598 (Line 15 above)			

- (a) Includes \$ 2,019 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (b) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued dividends on purchases.
- (c) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (d) Includes \$ 0 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.
- (e) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 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					
1.1 Bonds exempt from U.S. tax					
1.2 Other bonds (unaffiliated)					
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)					
2.21 Common stocks of affiliates				107	
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments					
7. Derivative instruments					
8. Other invested assets					
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)				107	

DETAILS OF WRITE-IN LINES					
0901.	<b>NONE</b>				
0902.					
0903.					
0998. Summary of remaining write-ins for Line 09 from overflow page					
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 09 above)					

## 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)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2), and short-term investments (Schedule DA)			
6. Contract loans			
7. Derivatives (Schedule DB)			
8. Other invested assets (Schedule BA)			
9. Receivables for securities			
10. Securities lending reinvested collateral assets (Schedule DL)			
11. Aggregate write-ins for invested assets			
12. Subtotals, cash and invested assets (Lines 1 to 11)			
13. Title plants (for Title insurers only)			
14. Investment income due and accrued			
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection			
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
15.3 Accrued retrospective premiums			
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			
16.2 Funds held by or deposited with reinsured companies			
16.3 Other amounts receivable under reinsurance contracts			
17. Amounts receivable relating to uninsured plans			
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset			
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software	3,000,891	2,896,126	(104,765)
21. Furniture and equipment, including health care delivery assets			
22. Net adjustment in assets and liabilities due to foreign exchange rates			
23. Receivables from parent, subsidiaries and affiliates			
24. Health care and other amounts receivable			
25. Aggregate write-ins for other than invested assets		18,620	18,620
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	3,000,891	2,914,746	(86,145)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	3,000,891	2,914,746	(86,145)

DETAILS OF WRITE-IN LINES			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page			
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)			
2501. Prepaid Expenses		18,620	18,620
2502.			
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)		18,620	18,620

## NOTES TO FINANCIAL STATEMENTS

### 1. Summary of Significant Accounting Policies

#### A. Accounting Practices

The financial statements of National Mortgage Insurance Corporation, prior to January 2012 MAC Assurance Corporation (“MAC”, “NMIC” or the “Company”), are presented on the basis of accounting practices prescribed or permitted by the Wisconsin Office of the Commissioner of Insurance (“OCI”).

The OCI recognizes only statutory accounting practices prescribed or permitted by the State of Wisconsin for determining and reporting the financial condition and results of operations of an insurance company and for determining its solvency under the Wisconsin Insurance Statutes. The National Association of Insurance Commissioners’ (“NAIC”) *Accounting Practices and Procedures* manual, version effective January 1, 2001, (“NAIC SAP”) has been adopted as a component of prescribed or permitted practices by the State of Wisconsin. The state has adopted certain prescribed accounting practices that differ from those found in NAIC SAP. As of December 31, 2012, the Company did not have any balances or transactions that were affected by these differences. The Commissioner of Insurance has the right to permit other specific practices that deviate from prescribed practices.

The Company had no net income and capital and surplus that created differences between NAIC SAP and practices prescribed and permitted by the State of Wisconsin.

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

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

#### C. Accounting Policy

As of year-end 2012, the Company is not writing any business and owns 100% of subsidiary, which holds all of its assets in cash. The Company invests only in United States Treasury Bills for purposes of complying with various state license deposit requirements (See Schedule E part 3) and holds the remainder of assets in cash.

Direct, assumed and ceded premiums will be earned over the terms of the related insurance policies and reinsurance contracts. Unearned premium reserves will be established to cover the unexpired portion of premiums written. Such reserves will be computed by pro rata methods for direct and ceded business and will be based on reports sent or received from ceding or assuming companies.

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.

The reserve for losses and loss adjustment expenses will be the estimated cost of settling claims related to notices of default on insured loans that have been reported to the Company, as well as loan defaults that have occurred but have not yet been reported.

### 2. Accounting Changes and Corrections of Errors

Not Applicable.

### 3. Business Combinations and Goodwill

Not Applicable.

### 4. Discontinued Operations

Not Applicable.

### 5. Investments

A. Mortgage Loans, Including Mezzanine Real Estate Loans  
Not Applicable.

B. Debt Restructuring  
Not Applicable.

C. Reverse Mortgages  
Not Applicable.

D. Loan-Backed and Structured Securities  
The Company does not have loan-backed or structured securities investments.

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

## NOTES TO FINANCIAL STATEMENTS

F. Write Downs for Impairments of Real Estate, Real Estate Sales, Retail Land Sales Operations  
and Real Estate with Participating Mortgage Loan Features  
Not Applicable.

### 6. Joint Ventures, Partnerships and Limited Liability Companies

Not Applicable.

### 7. Investment Income

A. Accrued Investment Income

The Company excludes any investment income due & accrued greater than 90 days past due. For the year-ended December 31, 2012 no investment income has been excluded.

B. Amounts Non-Admitted

Not Applicable.

### 8. Derivative Instruments

Not Applicable.

### 9. Income Taxes

A. The amounts of gross deferred tax assets (DTAs) and deferred tax liabilities (DTLs) comprising net DTAs is shown below as well as admitted, non-admitted and change in non admitted DTAs.

1.

	2012			2011			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Total of all DTAs (admitted & non-admitted)	1,795,495	-	1,795,495	2,543,219	-	2,543,219	(747,724)	-	(747,724)
Statutory Valuation Allowance Adjustment	1,795,495	-	1,795,495	2,543,219	-	2,543,219	(747,724)	-	(747,724)
Adjusted Gross DTAs	-	-	-	-	-	-	-	-	-
Total DTLs	-	-	-	-	-	-	-	-	-
Net DTAs	-	-	-	-	-	-	-	-	-
DTAs non-admitted	-	-	-	-	-	-	-	-	-
DTAs admitted	-	-	-	-	-	-	-	-	-
Increase(decrease) in DTAs non-admitted	-	-	-	-	-	-	-	-	-
Increase(decrease) in DTAs admitted	-	-	-	-	-	-	-	-	-

### 2. Admission Calculation Components

	2012			2011			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	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 threshold limitation. (The lesser of 2(b)1 and 2(b)2 below:	-	-	-	-	-	-	-	-	-
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	-	-	-	-	-	-	-	-	-
2. Adjusted gross deferred tax assets allowed per limitation threshold	XXX	XXX	-	XXX	XXX	-	XXX	XXX	-
(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	-	-	-	-	-	-	-	-	-
(d) Deferred tax assets admitted as the result of application of SSAP 101. Total 2(a)+2(b)+2(c).	-	-	-	-	-	-	-	-	-

## NOTES TO FINANCIAL STATEMENTS

### 3. Other Admissibility Criteria

	2012	2011
a. Ratio percentage used to determine recovery period and threshold limitation amount	-	-
b. Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	-	-

### 4. Impact of Tax Planning Strategies

	2012			2011			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
(a) Adjusted gross DTAs (% of total adjusted gross DTAs)	-	-	-	-	-	-	-	-	-
(b) Net admitted adjusted gross DTAs (% of total net admitted adjusted gross DTAs)	-	-	-	-	-	-	-	-	-
(c) Does the company's tax planning strategies include the use of reinsurance? Yes [ ] No [X]									

B. Regarding deferred tax liabilities that are not recognized:  
Not Applicable

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

<b>1. Current Income Tax</b>	<b>2012</b>	<b>2011</b>	<b>Change</b>
Federal	-	-	-
Foreign	-	-	-
Subtotal	-	-	-
Federal income tax on net capital gains	-	-	-
Utilization of capital loss carry-forwards	-	-	-
Other	-	-	-
Federal and foreign income taxes incurred	-	-	-
<b>2. DTAs</b>	<b>2012</b>	<b>2011</b>	<b>Change</b>
<b>Ordinary</b>			
Net operating loss carry-forward	1,795,495	2,483,940	(688,445)
Legal fees	-	59,279	(59,279)
Subtotal	1,795,495	2,543,219	(747,724)
Statutory valuation allowance adjustment	1,795,495	2,543,219	(747,724)
Non-admitted DTAs	-	-	-
Admitted ordinary DTAs	-	-	-
<b>Capital</b>			
Investments	-	-	-
Net capital loss carry-forward	-	-	-
Real estate	-	-	-
Other (including items <5% of total capital tax assets)	-	-	-
Subtotal	-	-	-
Statutory valuation allowance adjustment	-	-	-
Non-admitted DTAs	-	-	-
Admitted capital DTAs	-	-	-
Admitted DTAs	-	-	-
<b>3. DTLs</b>	<b>2012</b>	<b>2011</b>	<b>Change</b>
<b>Ordinary</b>			
Software costs	-	-	-
Subtotal	-	-	-
<b>Capital</b>			
Investments	-	-	-
Real estate	-	-	-
Other (including items <5% of total capital tax liabilities)	-	-	-
Subtotal	-	-	-
Deferred tax liabilities	-	-	-
<b>4. Net deferred tax assets/liabilities</b>	-	-	-

## NOTES TO FINANCIAL STATEMENTS

D. The difference between income tax expense as computed at the federal statutory rates and the Company's actual income tax expense is primarily attributable to certain non-deductible differences, change in the non-admitted deferred tax assets and statutory valuation allowance.

E. Net Operating Loss Carry Forwards and Paid Taxes Available for Future Recoupment

(1) The following are net operating losses for the current and prior years available to offset future taxable income:

2012: 17,868

Prior to the MAC Acquisition there were \$7.3 million of net operating loss carry forwards that are subject to an annual Section 382 limitation of \$277 thousand a year up to a period not to exceed 20 years.

(2) The following are income taxes incurred in the current and prior years that will be available for recoupment in the event of future net losses:

None

(3) The Company did not have 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:

NMI Holdings, Inc.  
MAC Financial Holding Corporation  
National Mortgage Reinsurance Inc One  
National Mortgage Reinsurance Inc Two

(2) Under the tax sharing agreement, each of the parties above mutually agrees to file a consolidated federal income tax return for 2012 and subsequent tax years, with NMI as the direct tax payer. The tax liability of each insurer that is party to the agreement is limited to the amount of liability it would incur if it filed a separate tax return. All settlements under this agreement between NMI and any insurer that is party to the agreement shall be made within 30 days of the filing of the applicable federal corporate income tax return with the Internal Revenue Service ("IRS"), including subsequent amended filings and IRS adjustments, except when a refund is due to an insurer, in which case payment shall be made to the insurer within 30 days after NMI's receipt of the applicable tax refund.

G. Federal or Foreign Federal Income Tax Loss Contingencies

The Company does not have any tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within twelve months of the reporting date.

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

A. Nature of Relationships

NMIC and National Mortgage Reinsurance Inc One ("NMRI One") (prior to January 2012 Mortgage Assurance Reinsurance Inc One) are wholly-owned by MAC Financial Holding Corporation, which, prior to April 24, 2012, was wholly-owned by MAC Financial Ltd., a Bermuda holding company.

National Mortgage Reinsurance Inc Two ("NMRI Two") (prior to January 2012 Mortgage Assurance Reinsurance Inc Two) is wholly-owned by the Company.

On April 24, 2012, MAC Financial Holding Corporation was acquired by NMI Holdings, Inc., a Delaware corporation ("NMI"). For additional information see Note 21 – Other Items – A – Extraordinary.

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

On June 29, 2012, NMIC was capitalized with \$210.0 million by NMI.

Also, on June 29, 2012, NMIC capitalized its direct, wholly-owned subsidiary NMRI Two with \$10.0 million.

C. Change in Terms of Intercompany Arrangements

See Note 21 – Other Items – A – Extraordinary.

D. Amounts Due to or from Related Parties

Not Applicable.

E. Guarantees or Undertaking for Related Parties

Not Applicable.

## NOTES TO FINANCIAL STATEMENTS

- F. Management, Service contracts, Cost Sharing Arrangements  
See Note 21 – Other Items – A – Extraordinary.
- G. Nature of Relationships that Could Affect Operations  
See Note 21 – Other Items – A – Extraordinary.
- H. Amount deducted for investment in Upstream Company  
Not Applicable.
- I. Detail of Investments in Affiliates Greater than 10% of Admitted Assets  
Not Applicable.
- J. Write downs for Impairment of Investments in Affiliates  
Not Applicable.
- K. Foreign Subsidiary Valued Using CARVM  
Not Applicable.
- L. Downstream Holding Company Valued Using Look-Through Method  
Not Applicable.

### 11. Debt

- A. In December of 2010, the Company secured a loan from the Wisconsin Department of Commerce in the amount of \$250,000. The loan requires interest only payments for the first year and amortizes over the following two years in a fixed monthly installment of \$10,640, commencing on January 1, 2012, which includes principal and interest. A final installment is due December 1, 2013, which shall include all remaining principal and interest. The interest rate is 2% with a 2% origination fee. MAC received the entire \$250,000 advance in January 2011. During the year, the Company violated a provision of the agreement, under which it was required to retain a certain number of employees in Wisconsin. The penalty for this violation is an incremental increase in the interest rate. The maximum penalty under the agreement for this violation is 4% on the outstanding principal balance. As of December 31, 2011, the outstanding balance on the loan was \$239,760. Following the capital raised in April 2012, the Company paid off the entire outstanding balance of the loan, including all due and accrued interest. There is no outstanding debt at December 31, 2012.
- B. Funding Agreements with Federal Home Loan Banks (“FHLB”)  
Not Applicable.

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

Not Applicable.

### 13. Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations

- A. Outstanding Shares  
The company has 63,250,000 shares of \$0.04 par value, common stock authorized and 63,250,000 issued and outstanding. The Company has no preferred stock authorized, issued or outstanding. See Note 21 – Other Items – A – Extraordinary.
- B. Dividend Rate of Preferred Stock  
Not Applicable.
- C. Dividend Restrictions  
The Company’s ability to pay dividends to its parent are limited by state insurance laws of the State of Wisconsin. Wisconsin law provides that the Company may pay out dividend without the prior approval of the Wisconsin Commissioner of Insurance in an amount, when added to other shareholder distributions made in the prior 12 months, not to exceed the lesser of (a) 10% of the insurer’s surplus as regards to policyholders as of the prior December 31, or (b) its net income (excluding realized capital gains) for the twelve month period ending December 31 of the immediately preceding calendar year. In determining net income, an insurer may carry forward net income from the previous calendar years that has not already been paid out as a dividend. Additionally, minimum capital requirements may limit the amount of dividend that the Company may pay.

No ordinary dividends have or may be paid. The Company has entered into commitments with the California Insurance Department, the Missouri Department of Insurance, the New York State Department of Financial Services and the Texas Commissioner of Insurance not to pay or declare any dividends for the three year period ending January 16, 2016. The Company may enter into similar commitments with other state insurance departments.

## NOTES TO FINANCIAL STATEMENTS

The Company is in the process of applying for licenses in all other states and the District of Columbia. Some of these other states may restrict the Company's ability to pay shareholder dividends.

In addition to state dividend limitations, the Company is restricted from paying any dividends to affiliates or to any holding company until December 31, 2015 by separate agreement with Fannie Mae and Freddie Mac (collectively the "GSE's"). See Note 22 - Subsequent Events.

D. Dates and Amounts of Dividends Paid  
Not Applicable.

E. Amount of Ordinary That May Be Paid  
Not Applicable.

F. Restrictions of Unassigned Funds  
Not Applicable.

G. Mutual Surplus Advances  
Not Applicable.

H. Company Stock held for Special Purposes  
Not Applicable.

I. Changes in Special Funds  
Not Applicable.

J. Changes in Unassigned Funds  
The portion of unassigned funds (surplus) represented or reduced by each item below is as follows:  
(1) Change in non-admitted assets - \$(86,145)  
(2) Change in cumulative unrealized gains and losses - \$107

K. Surplus Notes  
Not Applicable.

L. The impact of any restatement due to prior quasi-reorganizations  
Not Applicable.

M. The effective date(s) of all quasi-reorganizations in the prior 10 years  
Not Applicable.

### 14. Contingencies

A. Contingent Commitments  
Not Applicable.

B. Assessments  
Not Applicable.

C. Gain Contingencies  
Not Applicable.

D. Claims Related Extra Contractual Obligation and Bad Faith Stemming from Lawsuits  
Not Applicable.

E. Product Warranties  
Not Applicable.

F. All Other Contingencies  
The Company has no material contingent liabilities other than those described below regarding the contingency reserve for mortgage guaranty.

Mortgage guaranty insurers are required to establish a special contingency reserve from unassigned surplus, with annual contributions equal to the greater of (1) 50% of net earned premiums or (2) minimum policyholders' position divided by seven. The purpose of this reserve is to protect policyholders against the effects of adverse economic cycles. After 120 months, the matured portion of the reserve is released to unassigned funds.

Sec. 3.09(14) of the Wisconsin Administrative Code allows withdrawals from the reserve in any year to the extent that incurred losses and loss adjustment expenses (LAE) exceed 35% of earned premiums. Additionally, in order to receive a tax benefit for the deduction of the additions to the statutory contingency reserve, the Company may purchase U.S. government issued tax and loss bonds in the amount equal to the tax benefit. These



## NOTES TO FINANCIAL STATEMENTS

non-interest-bearing bonds are held in investments for the purpose of maintaining the statutory liability for ten years or until such time as the contingency reserve is released back into surplus.

For the year ended December 31, 2012, the Company had not written nor earned any premium, nor assumed any premiums and therefore had not set aside any amount in the contingency reserve.

### 15. Leases

#### A. Lessee Operating Lease

##### Facilities:

NMI entered into an office facility lease effective July 1, 2012 for a term of two years. This facility is fully furnished and allows for expansion based on projected staffing growth. However, under the terms of the agreement, NMI may elect to terminate the lease by giving written notice to the landlord, if NMIC is unable to obtain GSE approval by March 15, 2013. The lease will then terminate (as if by expiration) on March 31, 2013. NMI prepaid rent of approximately \$246,000 for the period July 1, 2012 through March 31, 2013. This option terminated upon receipt of GSE approval. See Note 22 - Subsequent Events.

#### B. Lessor Leases

Not Applicable.

### 16. Information about Financial Instruments with Off-Balance-Sheet Risk and Financial Instruments with Concentrations of Credit Risk

Not Applicable.

### 17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

Not Applicable.

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

Not Applicable.

### 19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

Not Applicable.

### 20. Fair Value Measurements

#### A. Inputs Used for Assets and Liabilities at Fair Value

The Company does not measure and report any assets or liabilities at fair value in the statement of financial position after initial recognition.

#### B. Other Fair Value Disclosures

Not Applicable

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

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

Level 1 – Quoted prices in Active Markets for Identical Assets and Liabilities: This category includes cash and US Treasury Securities.

Level 2 – Significant Other Observable Inputs: This category is for items measured at fair value on a recurring basis, including common stock, which are not exchange-traded.

Level 3 – Significant Unobservable Inputs: The Company has no assets or liabilities in this category.

## NOTES TO FINANCIAL STATEMENTS

Type of Financial Instrument	Fair Value	Admitted Value	Level 1	Level 2	Level 3	Not Practicable (Carrying Value)
Financial instruments - assets						
Bonds	4,864,205	4,863,647	4,864,205		-	-
Preferred stocks	-	-	-	-	-	-
Common stocks	10,000,107	10,000,107	-	10,000,107	-	-
Mortgage loans	-	-	-	-	-	-
Cash, cash equivalents and short-term investments	195,138,397	195,138,397	195,138,397	-	-	-
Other	-	-	-	-	-	-
Total assets	210,002,709	210,002,151	200,002,602	10,000,107		
Financial instruments - liabilities	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-

### D. Reasons Not Practical to Estimate Fair Values Not Applicable

## 21. Other Items

### A. Extraordinary

In 2009 MAC, now NMIC, was incorporated and licensed in the State of Wisconsin without the usual requisite minimum capital and surplus in order to facilitate the lengthy review for qualified insurer status with both the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation, as well as the due diligence and capital-raising efforts of the original principals of NMIC. NMIC entered into a Stipulation and Order, whereby NMIC agreed that it would not issue insurance policies or otherwise engage in the acceptance of any form of insurance risk until such time as it provided adequate documentation to the OCI of sufficient capital funding, a walkthrough review of its completed information systems development and that the forgoing facts were verified and acknowledged by the OCI. Following an OCI Organizational Examination, the Stipulation and Order was rescinded on September 26, 2012. NMIC has no orders or restrictions of any kind on its certificate of authority in Wisconsin.

NMI was formed in May 2011 with the intention of transacting private mortgage guaranty insurance through a wholly-owned mortgage guaranty subsidiary. Beginning in May 2011 NMI's activities were focused on raising capital, seeking to acquire the assets and necessary approvals for its subsidiaries to commence operations.

In a transaction that closed in April, 2012, NMI successfully offered 55.0 million shares of its common stock at an issue price of \$10.00 per share. Gross proceeds from the offering were \$550.0 million. Net proceeds from the offering, after an approximate 7% underwriting fee and offering expenses, were approximately \$510.3 million.

Following the capital raise, pursuant to a share purchase agreement by and between NMI and MAC Financial Ltd., NMI acquired one hundred percent (100%) of MAC Financial Holding Corporation, together with its subsidiaries, NMIC, a Wisconsin-domiciled insurance company, NMRI One, a Wisconsin-domiciled insurance company, and NMRI Two, a Wisconsin-domiciled insurance company, for approximately \$8.5 million in cash, common stock and warrants ("MAC Acquisition").

#### Capitalization of the Company:

On June 29, 2012, NMI capitalized the Company with \$210.0 million. Also, on June 29, 2012, NMIC capitalized its direct, wholly-owned subsidiary NMRI Two with \$10.0 million.

Effective June 30, 2012 NMIC's shareholder and Board of Directors amended its Articles of Incorporation to authorize NMIC to issue 63,250,000 shares at \$.04 par value common stock. On or about the same date, NMIC issued all 63,250,000 common shares to MAC Financial Holding Corporation in consideration for the \$210.0 million capitalization and MAC's surrender of the share certificate evidencing 250 shares previously issued by NMIC to MAC.

#### Interaffiliate Reinsurance:

Certain states limit the amount of risk a mortgage guaranty insurer may retain on a single loan to 25% of the indebtedness to the insured and as a result the portion of such insurance in excess of 25% must be reinsured. The Company has entered into a primary excess share reinsurance agreement with NMRI One effective August 1, 2012. The Company will cede premiums and losses to NMRI One on an excess share basis for any primary policy which offers coverage greater than 25%. The Company will use

## NOTES TO FINANCIAL STATEMENTS

reinsurance provided by NMRI One solely for purposes of compliance with statutory coverage limits. To date, nothing has been ceded under this reinsurance contract, as the Company has not commenced insurance operations.

### Tax Sharing Agreement:

The Company entered into a Tax Sharing Agreement dated August 23, 2012, by and among the Company, NMI, MAC Financial Holding Corporation, NMRI One and NMRI Two. Under this agreement, each of the parties mutually agrees to file a consolidated federal income tax return for 2012 and subsequent tax years, with NMI as the direct tax payer. The tax liability of each insurer that is party to the agreement is limited to the amount of liability it would incur if it filed a separate tax return. All settlements under this agreement between NMI and any insurer that is party to the agreement shall be made within 30 days of the filing of the applicable federal corporate income tax return with the Internal Revenue Service ("IRS"), including subsequent amended filings and IRS adjustments, except when a refund is due to an insurer, in which case payment shall be made to the insurer within 30 days after NMI's receipt of the applicable tax refund.

### Cost Allocation Agreement:

The Company entered into a cost allocation agreement on August 1, 2012, which replaced the previous cost allocation agreement. The cost allocation agreement is by and among the Company, NMI, MAC Financial Holding Corporation, NMRI One and NMRI Two, hereinafter collectively referred to as "Parties", and singularly as "Party". All Parties to this agreement may also be referred to as "Affiliate". All of the parties to the agreement may provide any of the following services to anyone in the agreement including general management, underwriting, customer service, claims processing, legal, accounting and actuarial services.

For 3rd party goods and/or services purchased by a Party for an Affiliate, the allocation of costs shall be determined solely by the invoice from the 3rd party. For 3rd party goods and/or services purchased by a Party for more than one Affiliate (which may include the Party itself), the allocation of costs shall be determined by: (i) an invoice directly from the 3rd party providing the good and/or service, and (ii) an allocation of such costs developed using appropriate quantifiable measures supporting the goods received and/or services performed. For services provided solely by one or more Parties to one or more Affiliates (i.e., inter-company related services) the charges will be determined by direct employee costs including salaries, bonuses, incentives, benefits, payroll taxes and related out-of-pocket expenses actually incurred by the employee. In all 3 examples, all charges and fees for any goods or services provided to the Affiliates shall not exceed the actual costs incurred by the Parties. Currently NMI is the principal employer of personnel among the parties. Settlements are required no later than 60 days after each calendar quarter. To date, no costs have been allocated via this agreement. See Note 22 - Subsequent Events.

### Organizational Examination:

The OCI completed an Organizational Examination of NMIC on September 27, 2012. The period under exam was June 30, 2009 through June 30, 2012. The examination was conducted using a risk-focused approach in accordance with the NAIC Financial Condition Examiners' Handbook, which sets forth guidance for planning and performing an examination to evaluate the financial condition and identify prospective risks of an insurer. This approach includes the obtaining of information about the company including corporate governance, the identification and assessment of inherent risks within the company, and the evaluation of system controls and procedures used by the company to mitigate those risks. The examination also included an assessment of the principles used and significant estimates made by management, as well as an evaluation of the overall financial statement presentation and management's compliance with statutory accounting principles, annual statement instructions and Wisconsin laws and regulations. The examination consisted of a review of all major phases of the Company's operations and included the following areas: history, management control, corporate records, conflict of interest, fidelity bonds and other insurance, employees' welfare and pension plans, territory and plan of operations, affiliated companies, growth of company, reinsurance, financial statements, accounts and records and data processing.

The Examination Report concluded that NMIC has sound key IT controls in place and appeared to be ready for production. The Examination did not result in any recommendations. The Examination did not make any reclassification of or adjustment to the balances reported by the company. The Company has no orders or restrictions of any kind on its certificate of authority in Wisconsin. The stipulation and order issued by the OCI in connection with the licensure of the Company that prohibited NMIC from transacting insurance business was rescinded based on the findings of this Examination.

### Deposit:

On July 12, 2012, NMIC lodged a US Treasury bill with an approximate maturity value of \$3.46 million as a statutory deposit with the State of Wisconsin. This deposit, which is held by Wisconsin for the benefit of NMIC's policyholders, should satisfy the security

## NOTES TO FINANCIAL STATEMENTS

requirements in Wisconsin and several other states in which NMIC has applied for a certificate of authority to transact mortgage guaranty insurance. In addition, during the fourth quarter of 2012 the Company placed an additional \$1.4 million in US Treasury bills as statutory deposits in connection with various state licensing. The bonds are classified as short term investments. See Note 22 - Subsequent Events.

### Licensing:

On June 27, 2012, our Expansion Application to obtain licenses in all states outside of Wisconsin was accepted into the Review of Electronic Application Coordination and Processing ("REACAP") process by the NAIC. As of December 31, 2012, we have been approved in the following states, including our state of domicile. These states are as follows: Arkansas, California, District of Columbia, Georgia, Kansas, Louisiana, Maryland, Michigan, Missouri, Nevada, New Hampshire, New Jersey, North Carolina, Ohio, Oklahoma, Oregon, South Carolina, South Dakota, Utah, Vermont, Virginia and Wisconsin. See Note 22 - Subsequent Events.

### Litigation:

On August 8, 2012, Germaine Marks, as Receiver, and Truitte Todd, as Special Deputy Receiver, of PMI Mortgage Insurance Co. ("PMI"), an Arizona insurance company in receivership, filed a complaint against NMI, the Company and certain named individuals. The litigation is at an early stage of review and evaluation and NMI has filed an answer to PMI's complaint denying all allegations. Because the litigation and related discovery are in an early stage, the Company doesn't have sufficient information to determine or predict the ultimate outcome or estimate the range of possible losses, if any. Accordingly, no provision for litigation losses has been included in the accompanying financial statements.

- B. Troubled Debt Restructuring for Debtors  
Not Applicable.
- C. Other Disclosures  
Not Applicable.
- D. Uncollectible Premiums Receivable  
Not Applicable.
- E. Business Interruption Insurance Recoveries  
Not Applicable.
- F. State Transferable tax Credits  
Not Applicable.
- G. Subprime Mortgage Related Risk Exposure  
Not Applicable.

## 22. Subsequent Events

On January 16, 2013 the Company was approved as an eligible mortgage guaranty insurer by Fannie Mae and Freddie Mac, subject to maintaining certain conditions. Along with their approval, Fannie Mae and Freddie Mac have indicated that they will be ready to accept loans insured by the Company in the second quarter of 2013. The GSEs will be communicating directly to lenders regarding the timing and process.

The Cost Allocation Agreement was amended on January 9, 2013, retroactive to August 1, 2012, such that all parties to the Agreement agreed that no costs would be allocated from NMI to any party to the Agreement until such time as GSE approval was received. Additionally, the parties agreed that all bonus payments based on GSE approval, as well as bonus payments paid or accrued prior to June 30, 2013 are to be allocated solely to NMI. The OCI declined to disapprove of this amendment on January 10, 2013.

In addition to the states noted in Note 21. A. – Other Items – Extraordinary and subsequent to the balance sheet date, the Company has been approved in the following states: Idaho, Illinois, Kentucky, Minnesota, Montana, Nebraska, New York, North Dakota, Pennsylvania, Rhode Island, Texas, Washington and West Virginia.

Subsequent to GSE approval, the Company is investing the cash held on the balance sheet at the year ended December 31, 2012. The investments are in accordance with the Company's investment policy, which was approved by NMI's Board of Directors and which is in compliance with various state regulations regarding allowed investments and concentrations of investments, in which the Company conducts or expects to conduct insurance operations.

During January 2013, the Company placed an additional \$1.5 million in US Treasury bills as statutory deposits in connection with various state licensing. The bonds are classified as short-term investments.

## NOTES TO FINANCIAL STATEMENTS

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On January 30, 2013, a case management conference took place among the parties in the complaint brought forth by Germaine Marks, as Receiver, and Truite Todd, as Special Deputy Receiver, of PMI, against the Company, NMI and certain named individuals. The conference resulted in the setting of a trial date on February 3, 2014.

The Company has considered subsequent events through February 12, 2013.

**23. Reinsurance**

See Interaffiliate Reinsurance paragraph in Note 21 – Other Items – A – Extraordinary.

**24. Retrospectively Rated Contracts & Contracts Subject to Redetermination.**

Not Applicable.

**25. Changes in Incurred Losses and Loss Adjustment Expenses**

The Company incurred no losses and recorded no loss adjustment expenses during 2012. The Company made no changes in the provision for incurred loss and loss adjustment expenses attributable to insured events for prior years, as the Company has not yet commenced insurance operations.

**26. Intercompany Pooling Arrangements**

Not Applicable.

**27. Structured Settlements**

Not Applicable.

**28. Health Care Receivables**

Not Applicable.

**29. Participating Policies**

Not Applicable.

**30. Premium Deficiency Reserves**

As of December 31, 2012 the Company did not record a liability related to premium deficiency reserves. When the company commences business, a premium deficiency reserve analysis will be performed.

**31. High Deductibles**

Not Applicable.

**32. Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses**

Not Applicable.

**33. Asbestos/Environmental Reserves**

Not Applicable.

**34. Subscriber Savings Accounts**

Not Applicable.

**35. Multiple Peril Crop Insurance**

Not Applicable.

**36. Financial Guaranty Insurance**

Not Applicable.

# GENERAL INTERROGATORIES

## PART 1 – COMMON INTERROGATORIES

### GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes  No
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes  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
- 2.2 If yes, date of change: 06/29/2012
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 06/30/2012
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 06/30/2012
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 09/27/2012
- 3.4 By what department or departments?  
Wisconsin Office of the Insurance Commissioner  
 .....  
 .....  
 .....
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes  No  N/A
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes  No  N/A
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes  No
- 4.12 renewals? Yes  No
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes  No
- 4.22 renewals? Yes  No
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes  No
- 5.2 If yes, provide the name of the 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

## GENERAL INTERROGATORIES

6.2 If yes, give full information:

.....  
 .....  
 .....

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

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
.....	.....

8.1 Is the company a subsidiary of a bank holding company regulated by 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 response to 8.3 is yes, please provide 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?

BDO USA, LLC, One Market Street, Spear Tower, Suite 1100, San Francisco, CA 94105  
 .....  
 .....

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

.....  
 .....  
 .....

10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes [ ] No [X]

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

.....  
 .....  
 .....

## GENERAL INTERROGATORIES

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

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

.....  
 .....  
 .....

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?

The Company requested and was granted an exemption from the Wisconsin OCI for this requirement, given that no business has been written.

.....  
 .....

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

12.11 Name of real estate holding company

\_\_\_\_\_

12.12 Number of parcels involved

\_\_\_\_\_

12.13 Total book/adjusted carrying value

\$ \_\_\_\_\_

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?

- 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.

Yes  No

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

.....  
 .....  
 .....

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

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

.....  
 .....  
 .....



## GENERAL INTERROGATORIES

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 subordinate 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	\$ _____
20.12 To stockholders not officers	\$ _____
20.13 Trustees, supreme or grand (Fraternal only)	\$ _____

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	\$ _____
20.22 To stockholders not officers	\$ _____
20.23 Trustees, supreme or grand (Fraternal only)	\$ _____

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 reported in the statement? Yes [ ] No [X]

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

21.21 Rented from others	\$ _____
21.22 Borrowed from others	\$ _____
21.23 Leased from others	\$ _____
21.24 Other	\$ _____

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

22.2 If answer is yes:

22.21 Amount paid as losses or risk adjustment	\$ _____
22.22 Amount paid as expenses	\$ _____
22.23 Other amounts paid	\$ _____

## GENERAL INTERROGATORIES

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

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

### INVESTMENT

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

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

24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided):  
 None .....  
 .....  
 .....

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

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

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

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

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

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

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

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

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

24.103 Total payable for securities lending reported on the liability page \$ \_\_\_\_\_

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 currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03). Yes [ ] No [X]

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

- 25.21 Subject to repurchase agreements \$ \_\_\_\_\_
- 25.22 Subject to reverse repurchase agreements \$ \_\_\_\_\_
- 25.23 Subject to dollar repurchase agreements \$ \_\_\_\_\_
- 25.24 Subject to reverse dollar repurchase agreements \$ \_\_\_\_\_
- 25.25 Pledged as collateral \$ \_\_\_\_\_
- 25.26 Placed under option agreements \$ \_\_\_\_\_
- 25.27 Letter stock or securities restricted as to sale \$ \_\_\_\_\_
- 25.28 On deposit with state or other regulatory body \$ \_\_\_\_\_
- 25.29 Other \$ \_\_\_\_\_

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....	.....	.....
.....	.....	.....

## GENERAL INTERROGATORIES

- 26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes  No
- 26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?  
If no, attach a description with this statement. Yes  No  N/A
- 27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes  No
- 27.2 If yes, state the amount thereof at December 31 of the current year. \$ \_\_\_\_\_

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

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

1 Name of Custodian(s)	2 Custodian's Address
Wells Capital Management Inc.	525 Market Street, San Francisco, CA. 94105

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

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 Identify all investment advisors, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
105108	First Republic Securities Co., LLC.	111 Pine Street, San Francisco, CA. 94111
104973	Wells Capital Management	525 Market Street, San Francisco, CA. 94105

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

29.2 If yes, complete the following schedule:

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

## GENERAL INTERROGATORIES

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	4,863,647	4,864,205	558
30.2 Preferred stocks			
30.3 Totals	4,863,647	4,864,205	558

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

The Company has obtained the fair values from the custodial statements provided to the Company at year end 2012

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 [X]

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

Not Applicable

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

32.2 If no, list exceptions:

### OTHER

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

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

1 Name	2 Amount Paid
	\$
	\$
	\$

34.1 Amount of payments for legal expenses, if any? \$ \_\_\_\_\_

## GENERAL INTERROGATORIES

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

1 Name	2 Amount Paid
	\$ .....
	\$ .....
	\$ .....

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

\$ \_\_\_\_\_

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

1 Name	2 Amount Paid
	\$ .....
	\$ .....
	\$ .....

# GENERAL INTERROGATORIES

## PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

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

1.31 Reason for excluding  
Not Applicable  
.....  
.....  
.....

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

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

1.6 Individual policies:

Most current three years:

1.61 Total premium earned \$ \_\_\_\_\_

1.62 Total incurred claims \$ \_\_\_\_\_

1.63 Number of covered lives \_\_\_\_\_

All years prior to most current three years:

1.64 Total premium earned \$ \_\_\_\_\_

1.65 Total incurred claims \$ \_\_\_\_\_

1.66 Number of covered lives \_\_\_\_\_

1.7 Group policies:

Most current three years:

1.71 Total premium earned \$ \_\_\_\_\_

1.72 Total incurred claims \$ \_\_\_\_\_

1.73 Number of covered lives \_\_\_\_\_

All years prior to most current three years:

1.74 Total premium earned \$ \_\_\_\_\_

1.75 Total incurred claims \$ \_\_\_\_\_

1.76 Number of covered lives \_\_\_\_\_

2. Health Test:

		1		2
		Current Year		Prior Year
2.1	Premium Numerator	\$ _____		\$ _____
2.2	Premium Denominator	\$ _____		\$ _____
2.3	Premium Ratio (2.1/2.2)			_____
2.4	Reserve Numerator	\$ _____		\$ _____
2.5	Reserve Denominator	\$ _____		\$ _____
2.6	Reserve Ratio (2.4/2.5)			_____

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

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

3.21 Participating policies \$ \_\_\_\_\_

3.22 Non-participating policies \$ \_\_\_\_\_

4. For Mutual reporting entities and Reciprocal Exchanges only:

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

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

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. \$ \_\_\_\_\_

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 [X]

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

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 [X]

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 loss:  
Not Applicable  
.....  
.....

## GENERAL INTERROGATORIES

### PART 2 – PROPERTY & CASUALTY INTERROGATORIES

- 6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:  
 The Company has never written policies and as such, has not incurred the probability of a loss for the year 2012.
- 6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?  
 The company has no provisions as of yet to protect itself from excessive loss, however the company has not written any insurance policies as of 12/31/2012.
- 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  
 None
- 7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? Yes [ ] No [X]
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions.
- 7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes [ ] No [ ]
- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes [ ] No [X]
- 8.2 If yes, give full information
- 9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:  
 (a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;  
 (b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;  
 (c) Aggregate stop loss reinsurance coverage;  
 (d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;  
 (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or  
 (f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity. Yes [ ] No [X]
- 9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:  
 (a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or  
 (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract. Yes [ ] No [X]
- 9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:  
 (a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;  
 (b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and  
 (c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.
- 9.4 Except for transactions meeting the requirements of paragraph 31 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:  
 (a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or  
 (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes [ ] No [X]
- 9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.
- 9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:  
 (a) The entity does not utilize reinsurance; or, Yes [X] No [ ]  
 (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]

## GENERAL INTERROGATORIES

### PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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 asset schedule, Page 2, state the amount of corresponding liabilities recorded for:
- |   |          |
|---|----------|
| 12.11 Unpaid losses   | \$ _____ |
| 12.12 Unpaid underwriting expenses (including loss adjustment expenses) | \$ _____ |
- 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? \$ \_\_\_\_\_
- 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          | \$ _____ |
| 12.62 Collateral and other funds | \$ _____ |
- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$ \_\_\_\_\_
- 13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes [ ] No [X]
- 13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount. \_\_\_\_\_
- 14.1 Is the company 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:  
 Not Applicable  
 .....  
 .....
- 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<br>Direct Losses<br>Incurred | 2<br>Direct Losses<br>Unpaid | 3<br>Direct Written<br>Premium | 4<br>Direct Premium<br>Unearned | 5<br>Direct Premium<br>Earned |
|------------------|----|--------------------------------|------------------------------|--------------------------------|---------------------------------|-------------------------------|
| 16.11 Home       | \$ | _____                          | _____                        | _____                          | _____                           | _____                         |
| 16.12 Products   | \$ | _____                          | _____                        | _____                          | _____                           | _____                         |
| 16.13 Automobile | \$ | _____                          | _____                        | _____                          | _____                           | _____                         |
| 16.14 Other*     | \$ | _____                          | _____                        | _____                          | _____                           | _____                         |

\* Disclose type of coverage: \_\_\_\_\_



## GENERAL INTERROGATORIES

### PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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	\$ _____
17.12 Unfunded portion of Interrogatory 17.11	\$ _____
17.13 Paid losses and loss adjustment expenses portion of Interrogatory 17.11	\$ _____
17.14 Case reserves portion of Interrogatory 17.11	\$ _____
17.15 Incurred but not reported portion of Interrogatory 17.11	\$ _____
17.16 Unearned premium portion of Interrogatory 17.11	\$ _____
17.17 Contingent commission portion of Interrogatory 17.11	\$ _____

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	\$ _____
17.19 Unfunded portion of Interrogatory 17.18	\$ _____
17.20 Paid losses and loss adjustment expenses portion of Interrogatory 17.18	\$ _____
17.21 Case reserves portion of Interrogatory 17.18	\$ _____
17.22 Incurred but not reported portion of Interrogatory 17.18	\$ _____
17.23 Unearned premium portion of Interrogatory 17.18	\$ _____
17.24 Contingent commission portion of Interrogatory 17.18	\$ _____

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. \$ \_\_\_\_\_

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. \$ \_\_\_\_\_

**FIVE – YEAR HISTORICAL DATA**

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

	1	2	3	4	5
	2012	2011	2010	2009	2008
<b>Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 &amp; 3)</b>					
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)					
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
6. Total (Line 35)					
<b>Net Premiums Written (Page 8, Part 1B, Col. 6)</b>					
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)					
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
12. Total (Line 35)					
<b>Statement of Income (Page 4)</b>					
13. Net underwriting gain (loss) (Line 8)	(21,347)	(592,606)	(2,289,742)		
14. Net investment gain (loss) (Line 11)	3,479	(6,844)	(105,754)		
15. Total other income (Line 15)		1,738			
16. Dividends to policyholders (Line 17)					
17. Federal and foreign income taxes incurred (Line 19)					
18. Net income (Line 20)	(17,868)	(597,712)	(2,395,496)		
<b>Balance Sheet Lines (Pages 2 and 3)</b>					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	210,003,693	17,205	162,059		
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)					
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)		1,466,767	1,286,591		
22. Losses (Page 3, Line 1)					
23. Loss adjustment expenses (Page 3, Line 3)					
24. Unearned premiums (Page 3, Line 9)					
25. Capital paid up (Page 3, Lines 30 & 31)	2,530,000	10	10		
26. Surplus as regards policyholders (Page 3, Line 37)	210,003,693	(1,449,562)	(1,124,532)		
<b>Cash Flow (Page 5)</b>					
27. Net cash from operations (Line 11)	(19,410)	(649,529)	(3,059,458)		
<b>Risk-Based Capital Analysis</b>					
28. Total adjusted capital					
29. Authorized control level risk-based capital					
<b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets</b> (Page 2, Col. 3) (Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1)					
31. Stocks (Lines 2.1 & 2.2)	4.8				
32. Mortgage loans on real estate (Lines 3.1 and 3.2)					
33. Real estate (Lines 4.1, 4.2 & 4.3)					
34. Cash, cash equivalents and short-term investments (Line 5)	95.2	100.0	100.0		
35. Contract loans (Line 6)					
36. Derivatives (Line 7)				X X X	X X X
37. Other invested assets (Line 8)					
38. Receivables for securities (Line 9)					
39. Securities lending reinvested collateral assets (Line 10)				X X X	X X X
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
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
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)	10,000,107				
45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)					
46. Affiliated mortgage loans on real estate					
47. All other affiliated					
48. Total of above Lines 42 to 47	10,000,107				
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)	4.8				

## FIVE – YEAR HISTORICAL DATA (Continued)

	1	2	3	4	5
	2012	2011	2010	2009	2008
<b>Capital and Surplus Accounts (Page 4)</b>					
51. Net unrealized capital gains (losses) (Line 24)	107				
52. Dividends to stockholders (Line 35)					
53. Change in surplus as regards policyholders for the year (Line 38)	211,453,255	(325,030)			
<b>Gross Losses Paid (Page 9, Part 2, Cols. 1 &amp; 2)</b>					
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)					
58. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
59. Total (Line 35)					
<b>Net Losses Paid (Page 9, Part 2, Col. 4)</b>					
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)					
64. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
65. Total (Line 35)					
<b>Operating Percentages (Page 4)</b> (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)					
68. Loss expenses incurred (Line 3)					
69. Other underwriting expenses incurred (Line 4)					
70. Net underwriting gain (loss) (Line 8)					
<b>Other Percentages</b>					
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)					
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)					
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)					
<b>One Year Loss Development (000 omitted)</b>					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11)					
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 100.0)					
<b>Two Year Loss Development (000 omitted)</b>					
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)					
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)					

NOTE: 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

Yes [ ] No [ ]

requirements of SSAP No. 3, Accounting Changes and Correction of Errors?

If no, please explain:

.....  
 .....  
 .....

- NONE Exhibit of Premiums and Losses (by State)**
- NONE Schedule F - Part 1 Assumed Reinsurance**
- NONE Schedule F - Part 2 Premium Portfolio**
- NONE Schedule F - Part 3 Ceded Reinsurance**
- NONE Schedule F - Part 4 Aging of Ceded Reinsurance**
- NONE Schedule F - Part 5 Unauthorized Reinsurance**
- NONE Schedule F - Part 6 - Section 1**
- NONE Schedule F - Part 6 - Section 2**
- NONE Schedule F - Part 7**
- NONE Schedule F - Part 8 Overdue Reinsurance**

## SCHEDULE F – PART 9

### Restatement of Balance Sheet to Identify Net Credit for Reinsurance

	1	2	3
	As Reported (Net of Ceded)	Restatement Adjustments	Restated (Gross of Ceded)
<b>ASSETS (Page 2, Col. 3)</b>			
1. Cash and invested assets (Line 12)	210,002,151		210,002,151
2. Premiums and considerations (Line 15)			
3. Reinsurance recoverable on loss and loss adjustment expense payments (Line 16.1)			
4. Funds held by or deposited with reinsured companies (Line 16.2)			
5. Other assets	1,542		1,542
6. Net amount recoverable from reinsurers			
7. Protected cell assets (Line 27)			
8. Totals (Line 28)	210,003,693		210,003,693
<b>LIABILITIES (Page 3)</b>			
9. Losses and loss adjustment expenses (Lines 1 through 3)			
10. Taxes, expenses, and other obligations (Lines 4 through 8)			
11. Unearned premiums (Line 9)			
12. Advance premiums (Line 10)			
13. Dividends declared and unpaid (Line 11.1 and 11.2)			
14. Ceded reinsurance premiums payable (net of ceding commissions) (Line 12)			
15. Funds held by company under reinsurance treaties (Line 13)			
16. Amounts withheld or retained by company for account of others (Line 14)			
17. Provision for reinsurance (Line 16)			
18. Other liabilities			
19. Total liabilities excluding protected cell business (Line 26)			
20. Protected cell liabilities (Line 27)			
21. Surplus as regards policyholders (Line 37)	210,003,693	X X X	210,003,693
22. Totals (Line 38)	210,003,693		210,003,693

NOTE: Is the restatement of this exhibit the result of grossing up balances ceded to affiliates under 100 percent reinsurance or pooling arrangements?    Yes [ ]    No [ X ]

If yes, give full explanation:

.....

.....

.....

NONE Schedule H - Part 1

NONE Schedule H - Part 2, 3 and 4

NONE Schedule H - Part 5

NONE Schedule P - Part 1 - Summary

NONE Schedule P - Part 2, 3, 4 - Summary

NONE Schedule P - Part 1A Homeowners/Farmowners

NONE Schedule P - Part 1B Private Passenger

NONE Schedule P - Part 1C Commercial Auto

NONE Schedule P - Part 1D Workers Compensation

NONE Schedule P - Part 1E Commercial Multiple Peril

NONE Schedule P - Part 1F - Section 1 Med. Prof. Liab. Occurrence

NONE Schedule P - Part 1F - Section 2 Med. Prof. Liab. Claims-Made

NONE Schedule P - Part 1G Special Liability

NONE Schedule P - Part 1H - Section 1 Other Liab. Occurrence

NONE Schedule P - Part 1H - Section 2 Other Liab. Claims-Made

NONE Schedule P - Part 1I Special Property

NONE Schedule P - Part 1J Auto Physical Damage

NONE Schedule P - Part 1K Fidelity/Surety

NONE Schedule P - Part 1L Other

NONE Schedule P - Part 1M International

NONE Schedule P - Part 1N Nonproportional Assumed Prop.

NONE Schedule P - Part 1O Nonproportional Assumed Liab.

NONE Schedule P - Part 1P Nonproportional Assumed Fin. Lines

NONE Schedule P - Part 1R - Section 1 Prod. Liab. Occurrence

NONE Schedule P - Part 1R - Section 2 Prod. Liab. Claims-Made

NONE Schedule P - Part 1S Financial Guaranty/Mortgage Guaranty

NONE Schedule P - Part 1T - Warranty

NONE Schedule P - Part 2A, 2B, 2C, 2D, 2E

NONE Schedule P - Part 2F - Sec. 1 and 2, 2G, 2H Sec. 1 and 2

NONE Schedule P - Part 2I, 2J, 2K, 2L, 2M

NONE Schedule P - Part 2N, 2O, 2P

NONE Schedule P - Part 2R Sec. 1 and 2, 2S, 2T

- NONE Schedule P - Part 3A, 3B, 3C, 3D, 3E**
- NONE Schedule P - Part 3F Sec. 1 and 2, 3G, 3H Sec. 1 and 2**
- NONE Schedule P - Part 3I, 3J, 3K, 3L, 3M**
- NONE Schedule P - Part 3N, 3O, 3P**
- NONE Schedule P - Part 3R Sec. 1 and 2, 3S, 3T**
- NONE Schedule P - Part 4A, 4B, 4C, 4D, 4E**
- NONE Schedule P - Part 4F Sec. 1 and 2, 4G, 4H Sec. 1 and 2**
- NONE Schedule P - Part 4I, 4J, 4K, 4L, 4M**
- NONE Schedule P - Part 4N, 4O, 4P**
- NONE Schedule P - Part 4R Sec. 1 and 2, 4S, 4T**
- NONE Schedule P - Part 5A - Section 1-3**
- NONE Schedule P - Part 5B - Section 1-3**
- NONE Schedule P - Part 5C - Section 1-3**
- NONE Schedule P - Part 5D - Section 1-3**
- NONE Schedule P - Part 5E - Section 1-3**
- NONE Schedule P - Part 5F - Section 1A-3A**
- NONE Schedule P - Part 5F - Section 1B-3B**
- NONE Schedule P - Part 5H - Section 1A-3A**
- NONE Schedule P - Part 5H - Section 1B-3B**
- NONE Schedule P - Part 5R - Section 1A-3A**
- NONE Schedule P - Part 5R - Section 1B-3B**
- NONE Schedule P - Part 5T - Warranty**
- NONE Schedule P - Part 6C Sec. 1 and 2, 6D Sec. 1 and 2**
- NONE Schedule P - Part 6E Sec. 1 and 2, 6H Sec. 1A and 2A**
- NONE Schedule P - Part 6H Sec. 1B and 2B, 6M Sec. 1B and 2B**
- NONE Schedule P - Part 6N Sec. 1 and 2, 6O Sec. 1 and 2**
- NONE Schedule P - Part 6R Sec. 1A, 2A and 1B, 2B**
- NONE Schedule P - Part 7A**
- NONE Schedule P - Part 7A (Continued)**
- NONE Schedule P - Part 7B**
- NONE Schedule P - Part 7B (Continued)**

## SCHEDULE P INTERROGATORIES

1. The following questions relate to yet-to-be-issued Extended Reporting Endorsements (EREs) arising from Death, Disability, or Retirement (DDR) provisions in Medical Professional Liability Claims Made insurance policies. EREs provided for reasons other than DDR are not to be included.

1.1 Does the company issue Medical Professional Liability Claims Made insurance policies that provide tail (also known as an extended reporting endorse "ERE") benefits in the event of Death, Disability, or Retirement (DDR) at a reduced charge or at no additional cost? Yes [ ] No [X]

If the answer to question 1.1 is "no", leave the following questions blank. If the answer to question 1.1 is "yes", please answer the following questions:

1.2 What is the total amount of the reserve for that provision (DDR Reserve), as reported, explicitly or not, elsewhere in this statement (in dollars)? \$ \_\_\_\_\_

1.3 Does the company report any DDR reserve as Unearned Premium Reserve per SSAP #65? Yes [ ] No [ ]

1.4 Does the company report any DDR reserve as loss or loss adjustment expense reserve? Yes [ ] No [ ]

1.5 If the company reports DDR reserve as Unearned Premium Reserve, does that amount match the figure on the Underwriting and Investment Exhibit, Part 1A – Recapitulation of all Premiums (Page 7) Column 2, Lines 11.1 plus 11.2? Yes [ ] No [ ] N/A [X]

1.6 If the company reports DDR reserve as loss or loss adjustment expense reserve, please complete the following table corresponding to where these reserves are reported in Schedule P:

Years in Which Premiums Were Earned and Losses Were Incurred	DDR Reserve Included in Schedule P, Part 1F, Medical Professional Liability Column 24: Total Net Losses and Expenses Unpaid	
	1 Section 1: Occurrence	2 Section 2: Claims-Made
1.601 Prior		
1.602 2003		
1.603 2004		
1.604 2005		
1.605 2006		
1.606 2007		
1.607 2008		
1.608 2009		
1.609 2010		
1.610 2011		
1.611 2012		
1.612 Totals		

2. The definition of allocated loss adjustment expenses (ALAE) and, therefore, unallocated loss adjustment expenses (ULAE) was changed effective January 1, 1998. This change in definition applies to both paid and unpaid expenses. Are these expenses (now reported as "Defense and Cost Containment" and "Adjusting and Other") reported in compliance with these definitions in this statement? Yes [X] No [ ]

3. The Adjusting and Other expense payments and reserves should be allocated to the years in which the losses were incurred based on the number of claims reported, closed and outstanding in those years. When allocating Adjusting and Other expense between companies in a group or a pool, the Adjusting and Other expense should be allocated in the same percentage used for the loss amounts and the claim counts. For reinsurers, Adjusting and Other expense assumed should be reported according to the reinsurance contract. For Adjusting and Other expense incurred by reinsurers, or in those situations where suitable claim count information is not available, Adjusting and Other expense should be allocated by a reasonable method determined by the company and described in Interrogatory 7, below. Are they so reported in this Statement? Yes [X] No [ ]

4. Do any lines in Schedule P include reserves that are reported gross of any discount to present value of future payments, and that are reported net of such discounts on Page 10? Yes [ ] No [X]

If yes, proper disclosure must be made in the Notes to Financial Statements, as specified in the Instructions. Also, the discounts must be reported in Schedule P - Part 1, Columns 32 and 33.

Schedule P must be completed gross of non-tabular discounting. Work papers relating to discount calculations must be available for examination upon request.

Discounting is allowed only if expressly permitted by the state insurance department to which this Annual Statement is being filed.

5. What were the net premiums in force at the end of the year for: 5.1 Fidelity \$ \_\_\_\_\_  
5.2 Surety \$ \_\_\_\_\_  
 (in thousands of dollars)

6. Claim count information is reported per claim or per claimant. (indicate which). Per Claim \_\_\_\_\_

If not the same in all years, explain in Interrogatory 7.

7.1 The information provided in Schedule P will be used by many persons to estimate the adequacy of the current loss and expense reserves, among other things. Are there any especially significant events, coverage, retention or accounting changes that have occurred that must be considered when making such analyses? Yes [ ] No [X]

7.2 An extended statement may be attached

.....  
 .....  
 .....



## 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		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 Premium Written for Federal Purchasing Groups (Included in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama	AL	N							
2. Alaska	AK	N							
3. Arizona	AZ	N							
4. Arkansas	AR	L							
5. California	CA	L							
6. Colorado	CO	N							
7. Connecticut	CT	N							
8. Delaware	DE	N							
9. District of Columbia	DC	L							
10. Florida	FL	N							
11. Georgia	GA	L							
12. Hawaii	HI	N							
13. Idaho	ID	L							
14. Illinois	IL	L							
15. Indiana	IN	N							
16. Iowa	IA	N							
17. Kansas	KS	L							
18. Kentucky	KY	L							
19. Louisiana	LA	L							
20. Maine	ME	N							
21. Maryland	MD	L							
22. Massachusetts	MA	N							
23. Michigan	MI	L							
24. Minnesota	MN	L							
25. Mississippi	MS	N							
26. Missouri	MO	L							
27. Montana	MT	L							
28. Nebraska	NE	L							
29. Nevada	NV	L							
30. New Hampshire	NH	L							
31. New Jersey	NJ	L							
32. New Mexico	NM	N							
33. New York	NY	L							
34. North Carolina	NC	L							
35. North Dakota	ND	L							
36. Ohio	OH	L							
37. Oklahoma	OK	L							
38. Oregon	OR	L							
39. Pennsylvania	PA	L							
40. Rhode Island	RI	L							
41. South Carolina	SC	L							
42. South Dakota	SD	L							
43. Tennessee	TN	N							
44. Texas	TX	L							
45. Utah	UT	L							
46. Vermont	VT	L							
47. Virginia	VA	L							
48. Washington	WA	L							
49. West Virginia	WV	L							
50. Wisconsin	WI	L							
51. Wyoming	WY	N							
52. American Samoa	AS	N							
53. Guam	GU	N							
54. Puerto Rico	PR	N							
55. U.S. Virgin Islands	VI	N							
56. Northern Mariana Islands	MP	N							
57. Canada	CAN	N							
58. Aggregate Other Alien	OT	X X X							
59. Totals	(a) 35								

DETAILS OF WRITE-INS									
58001.	X X X								
58002.	X X X								
58003.	X X X								
58998. Summary of remaining write-ins for Line 58 from overflow page	X X X								
58999. Totals (Lines 58001 through 58003 plus 58998) (Line 58 above)	X X X								

NONE

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

**Explanation of basis of allocation of premiums by states, etc.**

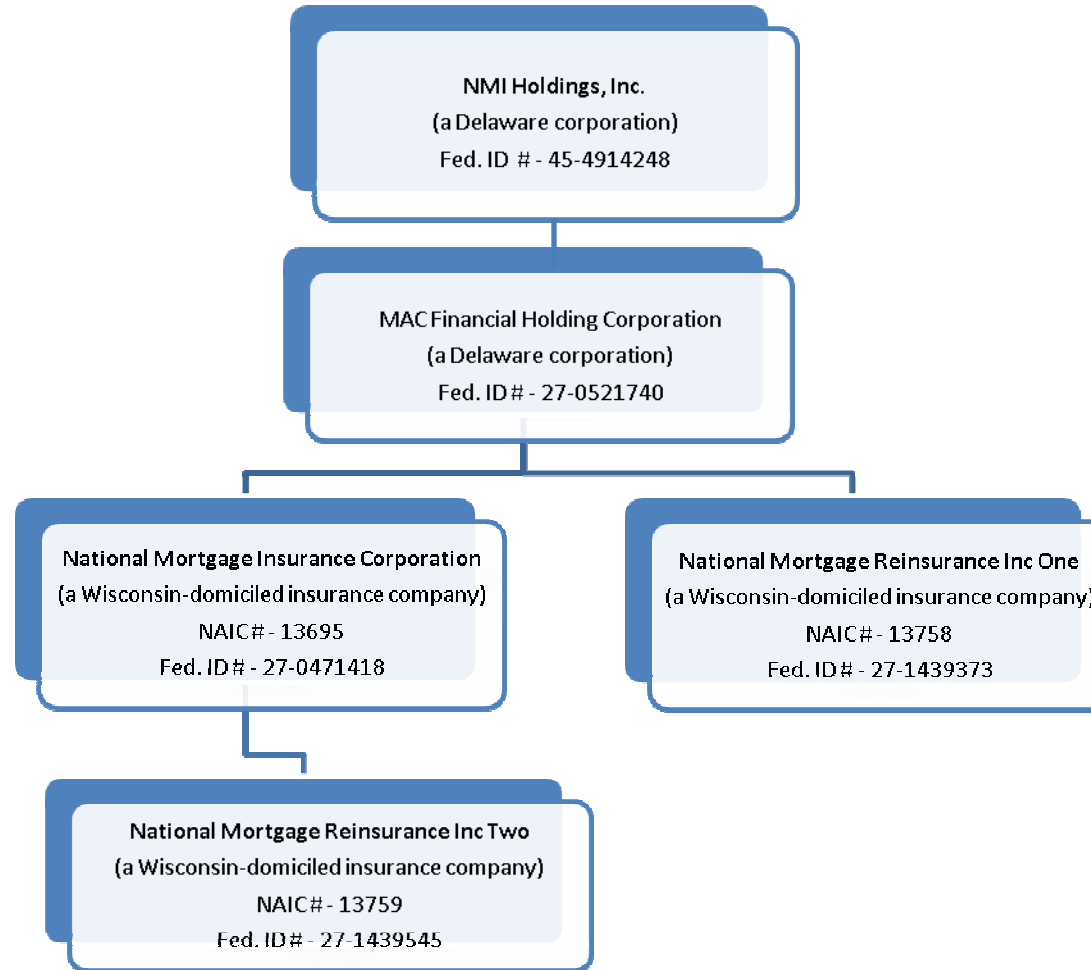
As of year end 2012, the Company has not written policies for any line of business or state.

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

**NONE Schedule T - Part 2**

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

### PART 1 - ORGANIZATIONAL CHART



## SCHEDULE Y

### PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group Code	Group Name	NAIC Company Code	Federal ID Number	Federal RSSD	CIK	Name of Securities Exchange if Publicly Traded (U.S. or International)	Names of Parent, Subsidiaries Or Affiliates	Domiciliary Location	Relationship to Reporting Entity	Directly Controlled by (Name of Entity / Person)	Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence, Other)	If Control is Ownership Provide Percentage	Ultimate Controlling Entity(ies)/Person(s)	*
4760	NMI Holdings Grp	00000	45-4914248				NMI Holdings, Inc.	DE	UIP					
		00000	27-0521740				MAC Financial Holding Corporation	DE	UDP	NMI Holdings, Inc.	Ownership	100.0	NMI Holdings, Inc.	
4760	NMI Holdings Grp	13695	27-0471418				National Mortgage Insurance Corporation	WI		MAC Financial Holding Corporation	Ownership	100.0	NMI Holdings, Inc.	
4760	NMI Holdings Grp	13758	27-1439373				National Mortgage Reinsurance Inc One	WI	IA	MAC Financial Holding Corporation	Ownership	100.0	NMI Holdings, Inc.	
		13759	27-1439545				National Mortgage Reinsurance Inc Two	WI	DS	National Mortgage Insurance Corporation	Ownership	100.0	NMI Holdings, Inc.	

86

Asterik	Explanation
0	
0	

## SCHEDULE Y

### PART 2 – SUMMARY OF INSURER'S TRANSACTIONS WITH ANY AFFILIATES

1 NAIC Company Code	2 Federal ID Number	3 Names of Insurers and Parents, Subsidiaries or Affiliates	4 Shareholder Dividends	5 Capital Contributions	6 Purchases, Sales or Exchanges of Loans, Securities, Real Estate, Mortgage Loans or Other Investments	7 Income/ (Disbursements) Incurred in Connection with Guarantees or Undertakings for the Benefit of any Affiliate(s)	8 Management Agreements and Service Contracts	9 Income/ (Disbursements) Incurred Under Reinsurance Agreements	10 *	11 Any Other Material Activity Not in the Ordinary Course of the Insurer's Business	12 Totals	13 Reinsurance Recoverable/ (Payable) on Losses and/or Reserve Credit Taken/ (Liability)
<b>NONE</b>												
9999999	Control Totals								XXX			

**SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES**

The following supplemental reports are required to be filed as part of your statement filing unless specifically waived by the domiciliary state. However, in the event that your domiciliary state waives the filing requirement, your response of WAIVED to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

	<u>Responses</u>
<b>MARCH FILING</b>	
1. Will an actuarial opinion be filed by March 1?	See Explanation
2. Will the Supplemental Compensation Exhibit be filed with the state of domicile by March 1?	YES
3. Will the confidential Risk-based Capital Report be filed with the NAIC by March 1?	See Explanation
4. Will the confidential Risk-based Capital Report be filed with the state of domicile, if required, by March 1?	See Explanation
<b>APRIL FILING</b>	
5. Will the Insurance Expense Exhibit be filed with the state of domicile and the NAIC by April 1?	YES
6. Will Management's Discussion and Analysis be filed by April 1?	YES
7. Will the Supplemental Investment Risks Interrogatories be filed by April 1?	YES
<b>MAY FILING</b>	
8. Will this company be included in a combined annual statement that is filed with the NAIC by May 1?	YES
<b>JUNE FILING</b>	
9. Will an audited financial report be filed by June 1?	YES
10. Will Accountants Letter of Qualifications be filed with the state of domicile and electronically with the NAIC by June 1?	YES
<b>AUGUST FILING</b>	
11. Will Communication of Internal Control Related Matters Noted in Audit be filed with the state of domicile by August 1?	YES

The following supplemental reports are required to be filed as part of your annual statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

<b>MARCH FILING</b>	
12. Will Schedule SIS (Stockholder Information Supplement) be filed with the state of domicile by March 1?	NO
13. Will the Financial Guaranty Insurance Exhibit be filed by March 1?	NO
14. Will the Medicare Supplement Insurance Experience Exhibit be filed with the state of domicile and the NAIC by March 1?	NO
15. Will Supplemental A to Schedule T (Medical Professional Liability Supplement) be filed by March 1?	NO
16. Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC by March 1?	NO
17. Will the Premiums Attributed to Protected Cells be filed by March 1?	NO
18. Will the Reinsurance Summary Supplemental Filing for General Interrogatory 9 be filed with the state of domicile and the NAIC by March 1?	NO
19. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC by March 1?	NO
20. Will the confidential Actuarial Opinion Summary be filed with the state of domicile, if required, by March 15 (or the date otherwise specified)?	See Explanation
21. Will the Reinsurance Attestation Supplement be filed with the state of domicile and the NAIC by March 1?	NO
22. Will the Exceptions to the Reinsurance Attestation Supplement be filed with the state of domicile by March 1?	NO
23. Will the Bail Bond Supplement be filed with the state of domicile and the NAIC by March 1?	NO
24. Will the Director and Officer Insurance Coverage Supplement be filed with the state of domicile and the NAIC by March 1?	NO
25. Will an approval from the reporting entity's state of domicile for relief related to the five-year rotation requirement for lead audit partner be filed electronically with the NAIC by March 1?	NO
26. Will an approval from the reporting entity's state of domicile for relief related to the one-year cooling off period for independent CPA be filed electronically with the NAIC by March 1?	NO
27. Will an approval from the reporting entity's state of domicile for relief related to the Requirements for Audit Committees be filed electronically with the NAIC by March 1?	NO
<b>APRIL FILING</b>	
28. Will the Credit Insurance Experience Exhibit be filed with the state of domicile and the NAIC by April 1?	NO
29. Will the Long-Term Care Experience Reporting Forms be filed with the state of domicile and the NAIC by April 1?	NO
30. Will the Accident and Health Policy Experience Exhibit be filed by April 1?	NO
31. Will the Supplemental Health Care Exhibit (Parts 1, 2 and 3) be filed with the state of domicile and the NAIC by April 1?	NO
32. Will the regulator only (non-public) Supplemental Health Care Exhibit's Expense Allocation Report be filed with the state of domicile and the NAIC by April 1?	NO
<b>AUGUST FILING</b>	
33. Will Management's Report of Internal Control Over Financial Reporting be filed with the state of domicile by August 1?	NO

**Explanation:**

## SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

- Explanation 1: The Company requested and was granted an exemption from the Wisconsin OCI for this requirement, given that no business has been written.
- Explanation 3: As a mortgage guaranty insurance company, NMIC is not subject to risk-based capital requirements.
- Explanation 4: As a mortgage guaranty insurance company, NMIC is not subject to risk-based capital requirements.
- Explanation 20: The Company requested and was granted an exemption from the Wisconsin OCI for this requirement, given that no business has been written.

**Bar Code:**



13695201244000000



13695201239000000



13695201239000000



13695201242000000



13695201224000000



13695201236000000



13695201245500000



13695201249000000



13695201238500000



13695201240100000



13695201236500000



13695201244100000



13695201239900000



13695201240000000



13695201250000000



13695201250500000



13695201222400000



13695201222500000



13695201222600000



13695201223000000



13695201230600000



13695201221000000



13695201221600000



13695201221700000



13695201222300000

## SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement			
	1 Amount	2 Percentage	3 Amount	4 Securities Lending Reinvested Collateral Amount	5 Total (Col. 3 + 4) Amount	6 Percentage
1. Bonds:						
1.1 U.S. treasury securities						
1.2 U.S. government agency obligations (excluding mortgage-backed securities):						
1.21 Issued by U.S. government agencies						
1.22 Issued by U.S. government sponsored agencies						
1.3 Non-U.S. government (including Canada, excluding mortgage-backed securities)						
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:						
1.41 States, territories and possessions general obligations						
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations						
1.43 Revenue and assessment obligations						
1.44 Industrial development and similar obligations						
1.5 Mortgage-backed securities (includes residential and commercial MBS):						
1.51 Pass-through securities:						
1.511 Issued or guaranteed by GNMA						
1.512 Issued or guaranteed by FNMA and FHLMC						
1.513 All other						
1.52 CMOs and REMICs:						
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA						
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521						
1.523 All other						
2. Other debt and other fixed income securities (excluding short term):						
2.1 Unaffiliated domestic securities (includes credit tenant loans and hybrid securities)						
2.2 Unaffiliated non-U.S. securities (including Canada)						
2.3 Affiliated securities						
3. Equity interests:						
3.1 Investments in mutual funds						
3.2 Preferred stocks:						
3.21 Affiliated						
3.22 Unaffiliated						
3.3 Publicly traded equity securities (excluding preferred stocks):						
3.31 Affiliated						
3.32 Unaffiliated						
3.4 Other equity securities:						
3.41 Affiliated	10,000,107	4.76	10,000,107		10,000,107	4.76
3.42 Unaffiliated						
3.5 Other equity interests including tangible personal property under lease:						
3.51 Affiliated						
3.52 Unaffiliated						
4. Mortgage loans:						
4.1 Construction and land development						
4.2 Agricultural						
4.3 Single family residential properties						
4.4 Multifamily residential properties						
4.5 Commercial loans						
4.6 Mezzanine real estate loans						
5. Real estate investments:						
5.1 Property occupied by company						
5.2 Property held for production of income (including \$ 0 of property acquired in satisfaction of debt)						
5.3 Property held for sale (including \$ 0 property acquired in satisfaction of debt)						
6. Contract loans						
7. Derivatives						
8. Receivables for securities						
9. Securities Lending (Line 10, Asset Page reinvested collateral)				X X X	X X X	X X X
10. Cash, cash equivalents and short-term investments	200,002,044	95.24	200,002,044		200,002,044	95.24
11. Other invested assets						
12. Total invested assets	210,002,151	100.00	210,002,151		210,002,151	100.00



**NONE Schedule A and B Verification**

**SCHEDULE BA - VERIFICATION BETWEEN YEARS****Other Long-Term Invested Assets**

1. Book/adjusted carrying value, December 31 of prior year	_____	_____
2. Cost of acquired:		
2.1 Actual cost at time of acquisition (Part 2, Column 8)	_____	_____
2.2 Additional investment made after acquisition (Part 2, Column 9)	_____	_____
3. Capitalized deferred interest and other:		
3.1 Totals, Part 1, Column 16	_____	_____
3.2 Totals, Part 3, Column 12	_____	_____
4. Accrual of discount	_____	_____
5. Unrealized valuation increase (decrease):		
5.1 Totals, Part 1, Column 13		
5.2 Totals, Part 3, Column 9		
6. Total gain (loss) on disposals, Part 3, Column 19	_____	_____
7. Deduct amounts received on disposals, Part 3, Column 16	_____	_____
8. Deduct amortization of premium and depreciation	_____	_____
9. Total foreign exchange change in book/adjusted carrying value:		
9.1 Totals, Part 1, Column 17	_____	_____
9.2 Totals, Part 3, Column 14	_____	_____
10. Deduct current year's other than temporary impairment recognized:		
10.1 Totals, Part 1, Column 15	_____	_____
10.2 Totals, Part 3, Column 11	_____	_____
11. Book/adjusted carrying value at the end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 - 7 - 8 + 9 - 10)	_____	_____
12. Deduct total nonadmitted amounts	_____	_____
13. Statement value at end of current period (Line 11 minus Line 12)	_____	_____

**NONE****SCHEDULE D - VERIFICATION BETWEEN YEARS****Bonds and Stocks**

1. Book/adjusted carrying value, December 31 of prior year	_____	_____
2. Cost of bonds and stocks acquired, Part 3, Column 7	_____	10,000,000
3. Accrual of discount	_____	_____
4. Unrealized valuation increase (decrease):		
4.1 Part 1, Column 12	_____	_____
4.2 Part 2, Section 1, Column 15	_____	_____
4.3 Part 2, Section 2, Column 13	_____	107
4.4 Part 4, Column 11	_____	107
5. Total gain (loss) on disposals, Part 4, Column 19	_____	_____
6. Deduction consideration for bonds and stocks disposed of, Part 4, Column 7	_____	_____
7. Deduct amortization of premium	_____	_____
8. Total foreign exchange change in book/adjusted carrying value:		
8.1 Part 1, Column 15	_____	_____
8.2 Part 2, Section 1, Column 19	_____	_____
8.3 Part 2, Section 2, Column 16	_____	_____
8.4 Part 4, Column 15	_____	_____
9. Deduct current year's other than temporary impairment recognized:		
9.1 Part 1, Column 14	_____	_____
9.2 Part 2, Section 1, Column 17	_____	_____
9.3 Part 2, Section 2, Column 14	_____	_____
9.4 Part 4, Column 13	_____	_____
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)	_____	10,000,107
11. Deduct total nonadmitted accounts	_____	_____
12. Statement value at end of current period (Line 10 minus Line 11)	_____	10,000,107

## SCHEDULE D - SUMMARY BY COUNTRY

### Long-Term Bonds and Stocks OWNED December 31 of Current Year

Description		1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
<b>BONDS</b> Governments (Including all obligations guaranteed by governments)	1. United States .....				
	2. Canada .....				
	3. Other Countries .....				
	4. Totals				
U.S. States, Territories and Possessions (Direct and guaranteed)	5. Totals				
U.S. Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	6. Totals				
U.S. Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	7. Totals				
Industrial and Miscellaneous and Hybrid Securities (unaffiliated)	8. United States .....				
	9. Canada .....				
	10. Other Countries .....				
	11. Totals				
Parent, Subsidiaries and Affiliates	12. Totals				
	<b>13. Total Bonds</b>				
<b>PREFERRED STOCKS</b> Industrial and Miscellaneous (unaffiliated)	14. United States .....				
	15. Canada .....				
	16. Other Countries .....				
	17. Totals				
Parent, Subsidiaries and Affiliates	18. Totals				
	<b>19. Total Preferred Stocks</b>				
<b>COMMON STOCKS</b> Industrial and Miscellaneous (unaffiliated)	20. United States .....				
	21. Canada .....				
	22. Other Countries .....				
	23. Totals				
Parent, Subsidiaries and Affiliates	24. Totals	10,000,107	10,000,107	10,000,000	
	<b>25. Total Common Stocks</b>	10,000,107	10,000,107	10,000,000	
	26. Total Stocks	10,000,107	10,000,107	10,000,000	
	27. Total Bonds and Stocks	10,000,107	10,000,107	10,000,000	

### SCHEDULE D - PART 1A - SECTION 1

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 9.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
<b>1. U.S. Governments</b>											
1.1 Class 1	4,863,647					4,863,647	100.000			4,863,647	
1.2 Class 2											
1.3 Class 3											
1.4 Class 4											
1.5 Class 5											
1.6 Class 6											
1.7 Totals	4,863,647					4,863,647	100.000			4,863,647	
<b>2. All Other Governments</b>											
2.1 Class 1											
2.2 Class 2											
2.3 Class 3											
2.4 Class 4											
2.5 Class 5											
2.6 Class 6											
2.7 Totals											
<b>3. U.S. States, Territories and Possessions, etc., Guaranteed</b>											
3.1 Class 1											
3.2 Class 2											
3.3 Class 3											
3.4 Class 4											
3.5 Class 5											
3.6 Class 6											
3.7 Totals											
<b>4. U.S. Political Subdivisions of States, Territories and Possessions, Guaranteed</b>											
4.1 Class 1											
4.2 Class 2											
4.3 Class 3											
4.4 Class 4											
4.5 Class 5											
4.6 Class 6											
4.7 Totals											
<b>5. U.S. Special Revenue &amp; Special Assessment Obligations, etc., Non-Guaranteed</b>											
5.1 Class 1											
5.2 Class 2											
5.3 Class 3											
5.4 Class 4											
5.5 Class 5											
5.6 Class 6											
5.7 Totals											

505

NONE

NONE

NONE

NONE

### SCHEDULE D - PART 1A - SECTION 1 (Continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 9.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
<b>6. Industrial &amp; Miscellaneous (unaffiliated)</b>											
6.1 Class 1				<b>NONE</b>							
6.2 Class 2											
6.3 Class 3											
6.4 Class 4											
6.5 Class 5											
6.6 Class 6											
6.7 Totals											
<b>7. Hybrid Securities</b>											
7.1 Class 1				<b>NONE</b>							
7.2 Class 2											
7.3 Class 3											
7.4 Class 4											
7.5 Class 5											
7.6 Class 6											
7.7 Totals											
<b>8. Parent, Subsidiaries and Affiliates</b>											
8.1 Class 1				<b>NONE</b>							
8.2 Class 2											
8.3 Class 3											
8.4 Class 4											
8.5 Class 5											
8.6 Class 6											
8.7 Totals											

906

### SCHEDULE D - PART 1A - SECTION 1 (Continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

	1	2	3	4	5	6	7	8	9	10	11
Quality Rating per the NAIC Designation	1 Year or Less	Over 1 Year Through 5 Years	Over 5 Years Through 10 Years	Over 10 Years Through 20 Years	Over 20 Years	Total Current Year	Col. 6 as a % of Line 9.7	Total from Col. 6 Prior Year	% From Col. 7 Prior Year	Total Publicly Traded	Total Privately Placed (a)
<b>9. Total Bonds Current Year</b>											
9.1 Class 1	(d) 4,863,647					4,863,647	100.000	X X X	X X X	4,863,647	
9.2 Class 2	(d)							X X X	X X X		
9.3 Class 3	(d)							X X X	X X X		
9.4 Class 4	(d)							X X X	X X X		
9.5 Class 5	(d)					(c)		X X X	X X X		
9.6 Class 6	(d)					(c)		X X X	X X X		
9.7 Totals	4,863,647					(b) 4,863,647	100.000	X X X	X X X	4,863,647	
9.8 Line 9.7 as a % of Col. 6	100.000					100.000	X X X	X X X	X X X	100.000	
<b>10. Total Bonds Prior Year</b>											
10.1 Class 1						X X X	X X X				
10.2 Class 2						X X X	X X X				
10.3 Class 3						X X X	X X X				
10.4 Class 4						X X X	X X X				
10.5 Class 5						X X X	X X X	(c)			
10.6 Class 6						X X X	X X X	(c)			
10.7 Totals						X X X	X X X	(b)			
10.8 Line 10.7 as a % of Col. 8						X X X	X X X		X X X		
<b>11. Total Publicly Traded Bonds</b>											
11.1 Class 1	4,863,647					4,863,647	100.000			4,863,647	X X X
11.2 Class 2											X X X
11.3 Class 3											X X X
11.4 Class 4											X X X
11.5 Class 5											X X X
11.6 Class 6											X X X
11.7 Totals	4,863,647					4,863,647	100.000			4,863,647	X X X
11.8 Line 11.7 as a % of Col. 6	100.000					100.000	X X X	X X X	X X X	100.000	X X X
11.9 Line 11.7 as a % of Line 9.7, Col. 6, Section 9	100.000					100.000	X X X	X X X	X X X	100.000	X X X
<b>12. Total Privately Placed Bonds</b>											
12.1 Class 1										X X X	
12.2 Class 2										X X X	
12.3 Class 3										X X X	
12.4 Class 4										X X X	
12.5 Class 5										X X X	
12.6 Class 6										X X X	
12.7 Totals										X X X	
12.8 Line 12.7 as a % of Col. 6							X X X	X X X	X X X	X X X	
12.9 Line 12.7 as a % of Line 9.7, Col. 6, Section 9							X X X	X X X	X X X	X X X	

S07

NONE

NONE

(a) Includes \$ 0 freely tradable under SEC Rule 144 or qualified for resale under SEC Rule 144A.  
 (b) Includes \$ 0 current year, \$ 0 prior year of bonds with Z designations and \$ 0 current year, \$ 0 prior year of bonds with Z\* designations. The letter 'Z' means the NAIC designation was not assigned by the Securities Valuation Office (SVO) at the date of the statement. "Z\*" means the SVO could not evaluate the obligation because valuation procedures for the security class is under regulatory review.  
 (c) Includes \$ 0 current year, \$ 0 prior year of bonds with 5\* designations and \$ 0 current year, \$ 0 prior year of bonds with 6\* designations. '5\*' means the NAIC designation was assigned by the SVO in reliance on the insurer's certification that the issuer is current in all principal and interest payments. '6\*' means the NAIC designation was assigned by the SVO due to inadequate certification of principal and interest payments.  
 (d) Includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$ 0; NAIC 2 \$ 0; NAIC 3 \$ 0; NAIC 4 \$ 0; NAIC 5 \$ 0; NAIC 6 \$ 0.

## SCHEDULE D - PART 1A - SECTION 2

Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 9.5	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
<b>1. U.S. Governments</b>											
1.1 Issuer Obligations	4,863,647					4,863,647	100.000			4,863,647	
1.2 Residential Mortgage-Backed Securities											
1.3 Commercial Mortgage-Backed Securities											
1.4 Other Loan-Backed and Structured Securities											
1.5 Totals	4,863,647					4,863,647	100.000			4,863,647	
<b>2. All Other Governments</b>				<b>NONE</b>							
2.1 Issuer Obligations				<b>NONE</b>							
2.2 Residential Mortgage-Backed Securities				<b>NONE</b>							
2.3 Commercial Mortgage-Backed Securities				<b>NONE</b>							
2.4 Other Loan-Backed and Structured Securities				<b>NONE</b>							
2.5 Totals				<b>NONE</b>							
<b>3. U.S. States, Territories and Possessions, Guaranteed</b>				<b>NONE</b>							
3.1 Issuer Obligations				<b>NONE</b>							
3.2 Residential Mortgage-Backed Securities				<b>NONE</b>							
3.3 Commercial Mortgage-Backed Securities				<b>NONE</b>							
3.4 Other Loan-Backed and Structured Securities				<b>NONE</b>							
3.5 Totals				<b>NONE</b>							
<b>4. U.S. Political Subdivisions of States, Territories and Possessions, Guaranteed</b>				<b>NONE</b>							
4.1 Issuer Obligations				<b>NONE</b>							
4.2 Residential Mortgage-Backed Securities				<b>NONE</b>							
4.3 Commercial Mortgage-Backed Securities				<b>NONE</b>							
4.4 Other Loan-Backed and Structured Securities				<b>NONE</b>							
4.5 Totals				<b>NONE</b>							
<b>5. U.S. Special Revenue &amp; Special Assessment Obligations, etc., Non-Guaranteed</b>				<b>NONE</b>							
5.1 Issuer Obligations				<b>NONE</b>							
5.2 Residential Mortgage-Backed Securities				<b>NONE</b>							
5.3 Commercial Mortgage-Backed Securities				<b>NONE</b>							
5.4 Other Loan-Backed and Structured Securities				<b>NONE</b>							
5.5 Totals				<b>NONE</b>							
<b>6. Industrial and Miscellaneous</b>				<b>NONE</b>							
6.1 Issuer Obligations				<b>NONE</b>							
6.2 Residential Mortgage-Backed Securities				<b>NONE</b>							
6.3 Commercial Mortgage-Backed Securities				<b>NONE</b>							
6.4 Other Loan-Backed and Structured Securities				<b>NONE</b>							
6.5 Totals				<b>NONE</b>							
<b>7. Hybrid Securities</b>				<b>NONE</b>							
7.1 Issuer Obligations				<b>NONE</b>							
7.2 Residential Mortgage-Backed Securities				<b>NONE</b>							
7.3 Commercial Mortgage-Backed Securities				<b>NONE</b>							
7.4 Other Loan-Backed and Structured Securities				<b>NONE</b>							
7.5 Totals				<b>NONE</b>							
<b>8. Parent, Subsidiaries and Affiliates</b>				<b>NONE</b>							
8.1 Issuer Obligations				<b>NONE</b>							
8.2 Residential Mortgage-Backed Securities				<b>NONE</b>							
8.3 Commercial Mortgage-Backed Securities				<b>NONE</b>							
8.4 Other Loan-Backed and Structured Securities				<b>NONE</b>							
8.5 Totals				<b>NONE</b>							

### SCHEDULE D - PART 1A - SECTION 2 (Continued)

Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 9.5	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
<b>9. Total Bonds Current Year</b>											
9.1 Issuer Obligations	4,863,647					4,863,647	100.000	X X X	X X X	4,863,647	
9.2 Residential Mortgage-Backed Securities								X X X	X X X		
9.3 Commercial Mortgage-Backed Securities								X X X	X X X		
9.4 Other Loan-Backed and Structured Securities								X X X	X X X		
9.5 Totals	4,863,647					4,863,647	100.000	X X X	X X X	4,863,647	
9.6 Line 9.5 as a % of Col. 6	100.000					100.000	X X X	X X X	X X X	100.000	
<b>10. Total Bonds Prior Year</b>											
10.1 Issuer Obligations				<b>NONE</b>		X X X	X X X				
10.2 Residential Mortgage-Backed Securities				<b>NONE</b>		X X X	X X X				
10.3 Commercial Mortgage-Backed Securities				<b>NONE</b>		X X X	X X X				
10.4 Other Loan-Backed and Structured Securities				<b>NONE</b>		X X X	X X X				
10.5 Totals				<b>NONE</b>		X X X	X X X				
10.6 Line 10.5 as a % of Col. 8				<b>NONE</b>		X X X	X X X		X X X		
<b>11. Total Publicly Traded Bonds</b>											
11.1 Issuer Obligations	4,863,647					4,863,647	100.000			4,863,647	X X X
11.2 Residential Mortgage-Backed Securities											X X X
11.3 Commercial Mortgage-Backed Securities											X X X
11.4 Other Loan-Backed and Structured Securities											X X X
11.5 Totals	4,863,647					4,863,647	100.000			4,863,647	X X X
11.6 Line 11.5 as a % of Col. 6	100.000					100.000	X X X	X X X	X X X	100.000	X X X
11.7 Line 11.5 as a % of Line 9.5, Col. 6, Section 9	100.000					100.000	X X X	X X X	X X X	100.000	X X X
<b>12. Total Privately Placed Bonds</b>											
12.1 Issuer Obligations				<b>NONE</b>						X X X	
12.2 Residential Mortgage-Backed Securities				<b>NONE</b>						X X X	
12.3 Commercial Mortgage-Backed Securities				<b>NONE</b>						X X X	
12.4 Other Loan-Backed and Structured Securities				<b>NONE</b>						X X X	
12.5 Totals				<b>NONE</b>						X X X	
12.6 Line 12.5 as a % of Col. 6				<b>NONE</b>				X X X	X X X	X X X	
12.7 Line 12.5 as a % of Line 9.5, Col. 6, Section 9				<b>NONE</b>				X X X	X X X	X X X	



## SCHEDULE DA - VERIFICATION BETWEEN YEARS

### Short-Term Investments

	1	2	3	4	5
	Total	Bonds	Mortgage Loans	Other Short-Term Investment Assets (a)	Investments in Parent, Subsidiaries and Affiliates
1. Book/adjusted carrying value, December 31 of prior year					
2. Cost of short-term investments acquired	4,861,628	4,861,628			
3. Accrual of discount	2,019	2,019			
4. Unrealized valuation increase (decrease)					
5. Total gain (loss) on disposals					
6. Deduct consideration received on disposals					
7. Deduct amortization of premium					
8. Total foreign exchange change in book/adjusted carrying value					
9. Deduct current year's other than temporary impairment recognized					
10. Book adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)	4,863,647	4,863,647			
11. Deduct total nonadmitted amounts					
12. Statement value at end of current period (Line 10 minus Line 11)	4,863,647	4,863,647			

0110

(a) Indicate the category of such assets, for example, joint ventures, transportation equipment: \_\_\_\_\_.

- NONE**    **Schedule DB - Part A and B Verification**
- NONE**    **Schedule DB - Part C - Section 1**
- NONE**    **Schedule DB - Part C - Section 2**
- NONE**    **Schedule DB - Verification**
- NONE**    **Schedule E Verification**
- NONE**    **Schedule A - Part 1**
- NONE**    **Schedule A - Part 2**
- NONE**    **Schedule A - Part 3**
- NONE**    **Schedule B - Part 1**
- NONE**    **Schedule B - Part 2**
- NONE**    **Schedule B - Part 3**
- NONE**    **Schedule BA - Part 1**
- NONE**    **Schedule BA - Part 2**
- NONE**    **Schedule BA - Part 3**

## SCHEDULE D - PART 1

Showing All Long-Term BONDS Owned December 31 of Current Year

1 CUSIP Identification	2 Description	Codes			6 NAIC Designation	7 Actual Cost	Fair Value		10 Par Value	Change in Book/Adjusted Carrying Value					Interest					Dates	
		3 Code	4 F o r e i g n	5 Bond CHAR			8 Rate Used To Obtain Fair Value	9 Fair Value		11 Book / Adjusted Carrying Value	12 Unrealized Valuation Increase / (Decrease)	13 Current Year's (Amortization) / Accretion	14 Current Year's Other Than Temporary Impairment Recognized	15 Total Foreign Exchange Change in B./A.C.V.	16 Rate of	17 Effective Rate of	18 When Paid	19 Admitted Amount Due & Accrued	20 Amount Rec. During Year	21 Acquired	22 Stated Contractual Maturity Date
<b>NONE</b>																					
8399999 Total Bonds							XXX								XXX	XXX	XXX			XXX	XXX

E10

**NONE Schedule D - Part 2 - Section 1**

### SCHEDULE D - PART 2 - SECTION 2

Showing all COMMON STOCKS Owned December 31 of Current Year

1 CUSIP Identification	2 Description	Codes		5 Number of Shares	6 Book/ Adjusted Carrying Value	Fair Value		9 Actual Cost	Dividends			Change in Book/Adjusted Carrying Value				17 NAIC Market Indicator (a)	18 Date Acquired
		3 Code	4 F o r e i g n			7 Rate per Share Used to Obtain Fair Value	8 Fair Value		10 Declared But Unpaid	11 Amount Received During Year	12 Nonadmitted Declared But Unpaid	13 Unrealized Valuation Increase / (Decrease)	14 Current Year's Other Than Temporary Impairment Recognized	15 Total Change in B./A.C.V. (13 - 14)	16 Total Foreign Exchange Change in B./A.C.V.		
000000-0-0	National Mortgage Reinsurance Inc Two			3,500,000.000	10,000,107	1.000	10,000,107	10,000,000				107		107		K	06/29/2012
9199999	Parent, Subsidiaries, and Affiliates				10,000,107	X X X	10,000,107	10,000,000				107		107		X X X	X X X
9799999	Total Common Stocks				10,000,107	X X X	10,000,107	10,000,000				107		107		X X X	X X X
9899999	Total Preferred and Common Stocks				10,000,107	X X X	10,000,107	10,000,000				107		107		X X X	X X X

E12

(a) For all common stocks bearing the NAIC market indicator 'U' provide: the number of such issues ..... 0, the total \$ value (included in Column 8) of all such issues \$ ..... 0

### SCHEDULE D - PART 3

Showing all Long-Term Bonds and Stocks ACQUIRED During Current Year

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends
000000-00-0	Investment in National Mortgage Reinsurance Inc Two		06/29/2012	National Mortgage Reinsurance Inc Two	3,500,000.000	10,000,000		
9199999	Subtotal - Common Stocks - Parent, Subsidiaries and Affiliates				X X X	10,000,000	X X X	
9799997	Subtotal - Common Stocks - Part 3				X X X	10,000,000	X X X	
9799999	Total -Common Stocks				X X X	10,000,000	X X X	
9899999	Total - Preferred and Common Stocks				X X X	10,000,000	X X X	
9999999	Totals				X X X	10,000,000	X X X	

E13

**NONE**    **Schedule D - Part 4**

**NONE**    **Schedule D - Part 5**

### SCHEDULE D - PART 6 - SECTION 1

Valuation of Shares of Subsidiary, Controlled or Affiliated Companies

1 CUSIP Identification	2 Description Name of Subsidiary, Controlled or Affiliated Company	3 F o r e i g n	4 NAIC Company Code or Alien Insurer Identification Number	5 NAIC Valuation Method (See SVO Purposes and Procedures Manual)	6 Do Insurer's Assets Include Intangible Assets Connected with Holding of Such Company's Stock?	7 Total Amount of Such Intangible Assets	8 Book/ Adjusted Carrying Value	Stock of Such Company Owned by Insurer on Statement Date	
								9 Number of Shares	10 % of Outstanding
000000-00-	National Mortgage Reinsurance Inc Two		13759	2ciB1	NO		10,000,107	3,500,000.000	100.000
1799999	Common Stocks - Other Affiliates						10,000,107	X X X	X X X
1899999	Total - Common Stocks						10,000,107	X X X	X X X
1999999	Totals						10,000,107	X X X	X X X

1. Amount of insurer's capital and surplus from the prior period's statutory statement reduced by any admitted EDP, goodwill and net deferred tax assets included therein: \$ 0
2. Total amount of intangible assets nonadmitted \$ 0

### SCHEDULE D - PART 6 - SECTION 2

1 CUSIP Identification	2 Name of Lower-Tier Company	3 Name of Company Listed in Section 1 Which Controls Lower-Tier Company	4 Total Amount of Intangible Assets Included in Amount Shown in Column 7, Section 1	Stock in Lower-Tier Company Owned Indirectly by Insurer on Statement Date	
				5 Number of Shares	6 % of Outstanding
<b>NONE</b>					
0399999	Total			X X X	X X X





**NONE**    **Schedule DB - Part A - Section 1**

**NONE**    **Schedule DB - Part A - Section 2**

**NONE**    **Schedule DB - Part B - Section 1**

**NONE**    **Schedule DB - Part B - Section 2**

**NONE**    **Schedule DB - Part D**

**NONE**    **Schedule DL - Part 1**

**NONE**    **Schedule DL - Part 2**

### SCHEDULE E - PART 1 - CASH

1 Depository	2 Code	3 Rate of Interest	4 Amount of Interest Received During Year	5 Amount of Interest Accrued December 31 of Current Year	6 Balance	7 *
OPEN DEPOSITORIES						
First Republic Bank San Francisco, CA					7,000,000	
Wells Fargo San Francisco, CA					188,138,397	
0199998 Deposits in ( ) 2) depositories that do not exceed the allowable limit in any one depository (See Instructions) - Open Depositories	X X X	X X X				X X X
0199999 Totals - Open Depositories	X X X	X X X			195,138,397	X X X
SUSPENDED DEPOSITORIES						
0299998 Deposits in ( ) 0) depositories that do not exceed the allowable limit in any one depository (See Instructions) - Suspended Depositories	X X X	X X X				X X X
0299999 Totals - Suspended Depositories	X X X	X X X				X X X
0399999 Total Cash on Deposit	X X X	X X X			195,138,397	X X X
0499999 Cash in Company's Office	X X X	X X X	X X X	X X X		X X X
0599999 Total Cash	X X X	X X X			195,138,397	X X X

**TOTALS OF DEPOSITORY BALANCES ON THE LAST DAY OF EACH MONTH DURING THE CURRENT YEAR**

1. January	16,792	4. April	15,240	7. July	196,543,182	10. October	195,138,193
2. February	16,792	5. May	200,000,000	8. August	196,543,182	11. November	195,138,193
3. March	16,720	6. June	200,000,000	9. September	196,543,182	12. December	195,138,193

**NONE Schedule E - Part 2**

### SCHEDULE E – PART 3 – SPECIAL DEPOSITS

States, etc.	1 Type of Deposit	2 Purpose of Deposit	Deposits For the Benefit of All Policyholders		All Other Special Deposits		
			3 Book/Adjusted Carrying Value	4 Fair Value	5 Book/Adjusted Carrying Value	6 Fair Value	
1. Alabama	AL						
2. Alaska	AK						
3. Arizona	AZ						
4. Arkansas	AR						
5. California	CA						
6. Colorado	CO						
7. Connecticut	CT						
8. Delaware	DE						
9. District of Columbia	DC						
10. Florida	FL						
11. Georgia	GA						
12. Hawaii	HI						
13. Idaho	ID						
14. Illinois	IL						
15. Indiana	IN						
16. Iowa	IA						
17. Kansas	KS						
18. Kentucky	KY						
19. Louisiana	LA						
20. Maine	ME						
21. Maryland	MD						
22. Massachusetts	MA						
23. Michigan	MI						
24. Minnesota	MN						
25. Mississippi	MS						
26. Missouri	MO						
27. Montana	MT						
28. Nebraska	NE						
29. Nevada	NV	B	State Deposit		199,929	200,000	
30. New Hampshire	NH	B	State Deposit		499,919	500,000	
31. New Jersey	NJ						
32. New Mexico	NM						
33. New York	NY						
34. North Carolina	NC	B	State Deposit		200,000	200,000	
35. North Dakota	ND						
36. Ohio	OH						
37. Oklahoma	OK						
38. Oregon	OR						
39. Pennsylvania	PA						
40. Rhode Island	RI						
41. South Carolina	SC						
42. South Dakota	SD						
43. Tennessee	TN						
44. Texas	TX						
45. Utah	UT						
46. Vermont	VT						
47. Virginia	VA	B	State Deposit		504,935	505,000	
48. Washington	WA						
49. West Virginia	WV						
50. Wisconsin	WI	B	State Deposit	3,456,843	3,460,000		
51. Wyoming	WY						
52. American Samoa	AS						
53. Guam	GU						
54. Puerto Rico	PR						
55. US Virgin Islands	VI						
56. Northern Mariana Islands	MP						
57. Canada	CAN						
58. Aggregate Other Alien and Other	OT	X X X	X X X				
59. Total		X X X	X X X	3,456,843	3,460,000	1,404,783	1,405,000

DETAILS OF WRITE-INS						
5801.						
5802.						
5803.						
5898. Summary of remaining write-ins for Line 58 from overflow page		X X X	X X X			
5899. Totals (Lines 5801 - 5803 plus 5898) (Line 58 above)		X X X	X X X			