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2016

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# QUARTERLY STATEMENT AS OF SEPTEMBER 30, 2016 OF THE CONDITION AND AFFAIRS OF THE National Mortgage Insurance Corporation

NAIC Group Code <u>4760</u> , <u>4760</u> <small>(current period) (prior period)</small>	NAIC Company Code <u>13695</u>	Employer's ID Number <u>27-0471418</u>
Organized under the Laws of <u>Wisconsin</u> ,	State of Domicile or Port of Entry <u>Wisconsin</u>	
Country of Domicile <u>United States of America</u>		
Incorporated/Organized <u>06/30/2009</u>	Commenced Business <u>05/04/2013</u>	
Statutory Home Office <u>8040 Excelsior Drive, Suite 200</u> <small>(Street and Number)</small>	<u>Madison, WI, US 53717</u> <small>(City or Town, State, Country and Zip Code)</small>	
Main Administrative Office <u>2100 Powell Street, 12th Floor</u> <small>(Street and Number)</small>	<u>Emeryville, CA, US 94608</u> <small>(City or Town, State, Country and Zip Code)</small>	
	<u>(855)873-2584</u> <small>(Area Code)(Telephone Number)</small>	
Mail Address <u>2100 Powell Street, 12th Floor</u> <small>(Street and Number)</small>	<u>Emeryville, CA, US 94608</u> <small>(City or Town, State, Country and Zip Code)</small>	
Primary Location of Books and Records <u>2100 Powell Street, 12th Floor</u> <small>(Street and Number)</small>	<u>Emeryville, CA, US 94608</u> <small>(City or Town, State, Country and Zip Code)</small>	
	<u>(855)873-2584</u> <small>(Area Code)(Telephone Number)</small>	
Internet Website Address <u>www.nationalmi.com</u>		
Statutory Statement Contact <u>Christine M Econome</u> <small>(Name)</small>	<u>(510)858-0466</u> <small>(Area Code)(Telephone Number)</small>	
<u>christine.econome@nationalmi.com</u> <small>(E-Mail Address)</small>	<u>(510)225-3832</u> <small>(Fax Number)</small>	

## OFFICERS

Name	Title
Bradley M Shuster	Chief Executive Officer
William J Leatherberry	Chief Legal Officer
Glenn M Farrell	Chief Financial Officer
Claudia J Merkle	Chief Operating Officer #

## VICE- PRESIDENTS

Patrick L Mathis, EVP, Chief Risk Officer Christopher G Brunetti, SVP, General Counsel and Secretary Michael J Dirrane, Senior Managing Director, Chief Sales Officer # Robert H Fore III, SVP, Controller Mary L Sharp, SVP, Chief Human Resources Officer #	Mark N Daly, SVP, National Accounts # Norman P Fitzgerald, SVP, Field Sales Laura E Amato, SVP, Information Technology Robert O Smith, Pricing and Portfolio Analytics
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## DIRECTORS OR TRUSTEES

Patrick L Mathis Bradley M Shuster William J Leatherberry	Claudia J Merkle Glenn M Farrell
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State of California

County of Alameda ss

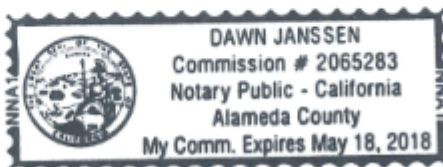
The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any 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) Bradley M Shuster _____ (Printed Name) 1. Chief Executive Officer _____ (Title)	 _____ (Signature) Christopher G Brunetti _____ (Printed Name) 2. SVP, General Counsel and Secretary _____ (Title)	 _____ (Signature) Glenn M Farrell _____ (Printed Name) 3. Chief Financial Officer _____ (Title)
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Subscribed and sworn to before me this 8 day of November, 2016

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

\_\_\_\_\_  
 (Notary Public Signature)



**ASSETS**

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds .....	491,107,905		491,107,905	444,738,375
2. Stocks:				
2.1 Preferred stocks .....				
2.2 Common stocks .....				
3. Mortgage loans on real estate:				
3.1 First liens .....				
3.2 Other than first liens .....				
4. Real estate:				
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 (\$.....13,217,612), cash equivalents (\$.....4,998,938) and short-term investments (\$.....39,470,558) .....	57,687,108		57,687,108	35,218,085
6. Contract loans (including \$.....0 premium notes) .....				
7. Derivatives .....				
8. Other invested assets .....				
9. Receivables for securities .....				31,912
10. Securities lending reinvested collateral assets .....				
11. Aggregate write-ins for invested assets .....				
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	548,795,013		548,795,013	479,988,372
13. Title plants less \$.....0 charged off (for Title insurers only) .....				
14. Investment income due and accrued .....	3,286,205		3,286,205	2,570,870
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	11,378,092	9,690	11,368,402	5,140,173
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 (\$.....0) and contracts subject to redetermination (\$.....0) .....				
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 .....				
21. Furniture and equipment, including health care delivery assets (\$.....0) .....				
22. Net adjustments in assets and liabilities due to foreign exchange rates .....				
23. Receivables from parent, subsidiaries and affiliates .....	10,701,898		10,701,898	
24. Health care (\$.....0) and other amounts receivable .....				
25. Aggregate write-ins for other-than-invested assets .....				
26. TOTAL assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	574,161,208	9,690	574,151,518	487,699,415
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
28. TOTAL (Lines 26 and 27) .....	574,161,208	9,690	574,151,518	487,699,415
<b>DETAILS OF WRITE-INS</b>				
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. ....				
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) .....				

**LIABILITIES, SURPLUS AND OTHER FUNDS**

	1 Current Statement Date	2 December 31, Prior Year
1. Losses (current accident year \$.....1,639,247) .....	1,822,802	609,241
2. Reinsurance payable on paid losses and loss adjustment expenses .....		
3. Loss adjustment expenses .....	37,085	
4. Commissions payable, contingent commissions and other similar charges .....		
5. Other expenses (excluding taxes, licenses and fees) .....	69,683	25,227
6. Taxes, licenses and fees (excluding federal and foreign income taxes) .....	152,238	24,628
7.1 Current federal and foreign income taxes (including \$.....0 on realized capital gains (losses)) .....		
7.2 Net deferred tax liability .....		
8. Borrowed money \$.....0 and interest thereon \$.....0 .....		
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$.....36,337,579 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) .....	109,063,041	82,172,000
10. Advance premium .....		773
11. Dividends declared and unpaid:		
11.1 Stockholders .....		
11.2 Policyholders .....		
12. Ceded reinsurance premiums payable (net of ceding commissions) .....	577,085	1,154,845
13. Funds held by company under reinsurance treaties .....	28,963,210	
14. Amounts withheld or retained by company for account of others .....		
15. Remittances and items not allocated .....		
16. Provision for reinsurance (including \$.....0 certified) .....		
17. Net adjustments in assets and liabilities due to foreign exchange rates .....		
18. Drafts outstanding .....		
19. Payable to parent, subsidiaries and affiliates .....	9,689,541	7,918,829
20. Derivatives .....		
21. Payable for securities .....	10,335,153	
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 .....	72,179,586	28,903,817
26. TOTAL liabilities excluding protected cell liabilities (Lines 1 through 25) .....	232,889,424	120,809,360
27. Protected cell liabilities .....		
28. TOTAL liabilities (Lines 26 and 27) .....	232,889,424	120,809,360
29. Aggregate write-ins for special surplus funds .....		
30. Common capital stock .....	2,530,000	2,530,000
31. Preferred capital stock .....		
32. Aggregate write-ins for other than special surplus funds .....		
33. Surplus notes .....		
34. Gross paid in and contributed surplus .....	494,573,352	494,573,352
35. Unassigned funds (surplus) .....	(155,841,258)	(130,213,297)
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) .....	341,262,094	366,890,055
38. TOTALS (Page 2, Line 28, Col. 3) .....	574,151,518	487,699,415
<b>DETAILS OF WRITE-INS</b>		
2501. Statutory Contingency Reserve .....	65,482,498	28,903,817
2502. Deferred Ceding Commission .....	6,697,088	
2503. ....		
2598. Summary of remaining write-ins for Line 25 from overflow page .....		
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	72,179,586	28,903,817
2901. ....		
2902. ....		
2903. ....		
2998. Summary of remaining write-ins for Line 29 from overflow page .....		
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 .....		
3299. TOTALS (Lines 3201 through 3203 plus 3298) (Line 32 above) .....		

**STATEMENT OF INCOME**

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
<b>UNDERWRITING INCOME</b>			
1. Premiums earned			
1.1 Direct (written \$.....133,525,539)	78,900,274	28,626,242	45,506,463
1.2 Assumed (written \$.....0)			
1.3 Ceded (written \$.....36,365,005)	8,628,336	2,130,166	3,588,367
1.4 Net (written \$.....97,160,534)	70,271,938	26,496,076	41,918,096
<b>DEDUCTIONS:</b>			
2. Losses incurred (current accident year \$.....1,639,247)			
2.1 Direct	1,636,762	278,511	649,594
2.2 Assumed			
2.3 Ceded	218,637	40,698	71,163
2.4 Net	1,418,125	237,813	578,431
3. Loss adjustment expenses incurred	39,752		
4. Other underwriting expenses incurred	66,060,803	54,346,359	75,639,251
5. Aggregate write-ins for underwriting deductions	36,578,681	13,248,038	20,959,048
6. TOTAL underwriting deductions (Lines 2 through 5)	104,097,361	67,832,210	97,176,730
7. Net income of protected cells			
8. Net underwriting gain or (loss) (Line 1 minus Line 6 + Line 7)	(33,825,423)	(41,336,134)	(55,258,634)
<b>INVESTMENT INCOME</b>			
9. Net investment income earned	9,071,379	2,894,131	4,496,060
10. Net realized capital gains (losses) less capital gains tax of \$.....(153,337)	(257,212)	574,521	455,978
11. Net investment gain (loss) (Lines 9 + 10)	8,814,167	3,468,652	4,952,038
<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			
15. TOTAL other income (Lines 12 through 14)			
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	(25,011,256)	(37,867,482)	(50,306,596)
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)	(25,011,256)	(37,867,482)	(50,306,596)
19. Federal and foreign income taxes incurred	609,987		
20. Net income (Line 18 minus Line 19) (to Line 22)	(25,621,243)	(37,867,482)	(50,306,596)
<b>CAPITAL AND SURPLUS ACCOUNT</b>			
21. Surplus as regards policyholders, December 31 prior year	366,890,055	223,118,299	223,118,299
22. Net income (from Line 20)	(25,621,243)	(37,867,482)	(50,306,596)
23. Net transfers (to) from Protected Cell accounts			
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....0			
25. Change in net unrealized foreign exchange capital gain (loss)			
26. Change in net deferred income tax			
27. Change in nonadmitted assets	(6,718)	(6,481)	(2,655)
28. Change in provision for reinsurance			
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			
32.2 Transferred from surplus (Stock Dividend)			
32.3 Transferred to surplus			
33. Surplus adjustments:			
33.1 Paid in			194,081,007
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			
37. Aggregate write-ins for gains and losses in surplus			
38. Change in surplus as regards policyholders (Lines 22 through 37)	(25,627,961)	(37,873,963)	143,771,756
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)	341,262,094	185,244,336	366,890,055
<b>DETAILS OF WRITE-INS</b>			
0501. Change in Statutory Contingency Reserve	36,578,681	13,248,038	20,959,048
0502.			
0503.			
0598. Summary of remaining write-ins for Line 5 from overflow page			
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)	36,578,681	13,248,038	20,959,048
1401.			
1402. Services			
1403. 0			
1498. Summary of remaining write-ins for Line 14 from overflow page			
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)			
3701. Quasi-reorganization of net loss cumulative and prior to acquisition by NMI Holdings, Inc.			
3702.			
3703. Other			
3798. Summary of remaining write-ins for Line 37 from overflow page			
3799. TOTALS (Lines 3701 through 3703 plus 3798) (Line 37 above)			

**CASH FLOW**

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
<b>Cash from Operations</b>			
1. Premiums collected net of reinsurance .....	90,356,216	59,886,914	100,142,033
2. Net investment income .....	9,121,710	3,588,650	3,903,703
3. Miscellaneous income .....			
4. TOTAL (Lines 1 to 3) .....	99,477,926	63,475,564	104,045,737
5. Benefit and loss related payments .....	204,564	3,593	45,520
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			
7. Commissions, expenses paid and aggregate write-ins for deductions .....	95,065,938	65,395,235	93,514,499
8. Dividends paid to policyholders .....			
9. Federal and foreign income taxes paid (recovered) net of \$(153,337) tax on capital gains (losses) .....	456,650		
10. TOTAL (Lines 5 through 9) .....	95,727,152	65,398,828	93,560,019
11. Net cash from operations (Line 4 minus Line 10) .....	3,750,774	(1,923,264)	10,485,718
<b>Cash from Investments</b>			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds .....	58,929,074	53,281,704	59,741,714
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 .....	10,367,064		
12.8 TOTAL investment proceeds (Lines 12.1 to 12.7) .....	69,296,138	53,281,704	59,741,714
13. Cost of investments acquired (long-term only):			
13.1 Bonds .....	106,474,819	62,302,336	266,474,483
13.2 Stocks .....			
13.3 Mortgage loans .....			
13.4 Real estate .....			
13.5 Other invested assets .....			
13.6 Miscellaneous applications .....		2,438,589	31,910
13.7 TOTAL investments acquired (Lines 13.1 to 13.6) .....	106,474,819	64,740,925	266,506,393
14. Net increase (or decrease) in contract loans and premium notes .....			
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14) .....	(37,178,681)	(11,459,221)	(206,764,679)
<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 .....			150,000,000
16.3 Borrowed funds .....			
16.4 Net deposits on deposit-type contracts and other insurance liabilities .....			
16.5 Dividends to stockholders .....			
16.6 Other cash provided (applied) .....	55,896,930	8,621,024	16,085,752
17. Net cash from financing and miscellaneous sources (Line 16.1 through 16.4 minus Line 16.5 plus Line 16.6) .....	55,896,930	8,621,024	166,085,752
<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) .....	22,469,023	(4,761,461)	(30,193,209)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year .....	35,218,085	65,411,294	65,411,294
19.2 End of period (Line 18 plus Line 19.1) .....	57,687,108	60,649,833	35,218,085

**Note: Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:**

20.0001 .....			
20.0002 .....			

**Notes to Financial Statement****1. Summary of Significant Accounting Policies****A. Accounting Practices**

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

The Wisconsin 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 of Wisconsin has adopted certain prescribed accounting practices that differ from those found in NAIC SAP. Specifically, Wisconsin domiciled companies record changes in the contingency reserve through the income statement as an underwriting deduction. In NAIC SAP, changes in the contingency reserve are recorded directly to unassigned surplus.

The Wisconsin Commissioner of Insurance (the “Commissioner”) has the right to permit other specific practices that deviate from prescribed practices.

A reconciliation of net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the State of Wisconsin is shown below:

	<u>State of Domicile</u>	<u>Nine months ended September 30, 2016</u>	<u>Year ended December 31, 2015</u>
Net Income/(Loss)			
(1) State basis (Page 4, Line 20, Columns 1 & 3)	WI	\$ (25,621,243)	\$ (50,306,596)
(2) State prescribed practices that increase/(decrease) NAIC SAP			
Change in contingency reserves	WI	(36,578,681)	(20,959,048)
(3) NAIC SAP (1 - 2 = 3)	WI	<u>\$ 10,957,438</u>	<u>\$ (29,347,548)</u>
 SURPLUS			
(4) State basis (Page 3, Line 37, Columns 1 & 2)	WI	\$ 341,262,094	\$ 366,890,055
(5) State prescribed practices that increase/(decrease) NAIC SAP		—	—
(6) NAIC SAP (4 - 5 = 6)	WI	<u>\$ 341,262,094</u>	<u>\$ 366,890,055</u>

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

No significant change from year end 2015.

**C. Accounting Policy**

The Company uses the following accounting policies:

(1) - (5) No significant change from year end 2015.

(6) Loan-backed securities are valued using the retrospective method and are stated at amortized cost or fair value in accordance with their NAIC designation.

(7) - (13) No significant change from year end 2015.

**2. Accounting Changes and Corrections of Errors**

No significant change from year end 2015.

**3. Business Combinations and Goodwill**

No significant change from year end 2015.

**4. Discontinued Operations**

No significant change from year end 2015.

**5. Investments****A. Mortgage Loans, Including Mezzanine Real Estate Loans**

No significant change from year end 2015.

**B. Debt Restructuring**

**Notes to Financial Statement**

No significant change from year end 2015.

C. Reverse Mortgages

No significant change from year end 2015.

D. Loan-Backed Securities

(1) The Company uses widely accepted models for prepayment assumptions in valuing loan-backed securities with inputs from major third party data providers. The Company's investment policy complies with the investment guidelines set forth by the Wisconsin OCI.

(2) The Company has not recognized any other-than-temporary impairments.

(3) The Company has not recognized any other-than-temporary impairments.

(4) All impaired loan-backed securities (fair value is less than cost or amortized cost) for which an other than temporary impairment has not been recognized in earnings as a realized loss:

(a) The aggregate amount of unrealized losses:

1. Less than 12 Months	\$	(84,639)
2. 12 Months or Longer		(101,067)

(b) The aggregate related fair value of securities with unrealized losses:

1. Less than 12 Months	\$	34,001,951
2. 12 Months or Longer		10,557,914

(5) Management regularly reviews the value of the Company's investments. If the value of any investment falls below its cost basis, the decline is analyzed to determine whether it is an other-than-temporary decline in value. To make this determination for each security, the Company considers its intent to sell the security and whether it is more likely than not that the Company would be required to sell the security before recovery, extent and duration of the decline, failure of the issuer to make scheduled interest or principal payments, change in rating below investment grade and adverse conditions specifically related to the security, an industry, or a geographic area.

Based on that analysis, management makes a judgment as to whether the loss is other-than-temporary. If the loss is other-than-temporary, an impairment charge is recorded within net realized capital gains (losses) in the statement of income in the period the determination is made. No other-than-temporary impairments were recognized for the quarter ending September 30, 2016.

E. Repurchase Agreements and/or Securities Lending Transactions

The Company does not have any repurchase agreements or securities lending transactions.

F. Real Estate

No significant change from year end 2015.

G. Low-income housing tax credits ("LIHTC")

No significant change from year end 2015.

H. Restricted Assets

No significant change from year end 2015.

I. Working Capital Finance Investments

No significant change from year end 2015.

J. Offsetting and Netting of Assets and Liabilities

No significant change from year end 2015.

K. Structured Notes

No significant change from year end 2015.

## Notes to Financial Statement

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

No significant change from year end 2015.

### 7. Investment Income

No significant change from year end 2015.

### 8. Derivative Instruments

No significant change from year end 2015.

### 9. Income Taxes

No significant change from year end 2015.

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

#### A. Nature of Relationships

No significant change from year end 2015.

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

The Company did not have any transactions greater than 1/2% of its admitted assets for the quarter ended September 30, 2016.

#### C. Change in Terms of Intercompany Arrangements

In September 2016, the Company received approval from the State of Wisconsin for the amendment of the Reinsurance Agreement with its affiliate company National Mortgage Reinsurance Inc. One. As a result, the Reinsurance Agreement was modified in the third quarter of 2016 to reduce the risk ceded to ReOne.

In September 2016, the Company also received approval from the State of Wisconsin for the amendment of the Tax Sharing Agreement. The Tax Sharing Agreement by and among NMI Holdings, Inc., National Mortgage Insurance Corporation, National Mortgage Reinsurance Inc. One, and NMI Services Inc. was amended and restated during the third quarter of 2016.

#### D. Amounts Due to or from Related Parties

As of September 30, 2016, the Company reported \$9,642,682 and \$46,859 due to affiliate companies NMIH and NMIS, respectively, compared to \$7,901,019 and \$17,810 due to NMIH and NMIS on December 31, 2015.

As of September 30, 2016 and December 31, 2015, the Company reported \$10,701,898 and \$0 due from affiliate company ReOne, respectively.

#### E. Guarantees or Undertaking for Related Parties

No significant change from year end 2015.

#### F. Management, Service contracts, Cost Sharing Arrangements

No significant change from year end 2015.

#### G. Nature of Relationships that Could Affect Operations

No significant change from year end 2015.

#### H. Amount Deducted for Investment in Upstream Company

No significant change from year end 2015.

#### I. Detail of Investments in Affiliates Greater than 10% of Admitted Assets

No significant change from year end 2015.

#### J. Write downs for Impairment of Investments in Affiliates

No significant change from year end 2015.

#### K. Foreign Subsidiary Valued Using CARVM



## Notes to Financial Statement

No significant change from year end 2015.

L. Downstream Holding Company Valued Using Look-Through Method

No significant change from year end 2015.

M. SCA Investments

No significant change from year end 2015.

N. A reporting entity that reports an investment in an insurance SCA

No significant change from year end 2015.

### 11. Debt

A. Debt, including capital notes

No significant change from year end 2015.

B. Funding Agreements with the Federal Home Loan Bank (“FHLB”)

The Company has no funding agreements with the FHLB.

### 12. Retirement Plans, Deferred Compensation, Post-employment Benefits and Compensated Absences and Other Post-retirement Benefit Plans

A. Defined Benefit Plan

The Company has no defined benefit plans.

B. Narrative Description of Investment Policies and Strategies

No significant change from year end 2015.

C. Fair Value of Each Class of Plan Assets

No significant change from year end 2015.

D. Basis Used to Determine Overall Expected Long Term Rate of Return on Assets

No significant change from year end 2015.

E. Defined Contribution Plans

No significant change from year end 2015.

F. Multiemployer Plans

No significant change from year end 2015.

G. Consolidated/Holding Company Plans

No significant change from year end 2015.

H. Post-employment Benefits and Compensated Absences

No significant change from year end 2015.

I. Impact of Medicare Modernization Act on Post-retirement Benefits

No significant change from year end 2015.

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

A. Outstanding Shares

No significant change from year end 2015.

B. Dividend Rate of Preferred Stock

No significant change from year end 2015.

## Notes to Financial Statement

### C. Dividend Restrictions

The Company's ability to pay dividends to its parent is limited by insurance laws of the State of Wisconsin and certain other states. Wisconsin law provides that the Company may pay out dividends without the prior approval of the Commissioner ("ordinary dividends") 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 two calendar years that has not already been paid out as a dividend. Dividends that exceed this amount are "extraordinary dividends", which require prior approval of the Commissioner.

California and New York prohibit dividends except from undivided profits remaining on hand over and above its paid-in capital, paid-in surplus and contingency reserves. Additionally, statutory minimum capital requirements may limit the amount of dividend that the Company may pay. For example, the State of Florida requires mortgage guaranty insurers to hold capital and surplus not less than the lesser of (i) 10% of its total liabilities, or (ii) \$100 million.

### D. Dates and Amounts of Dividends Paid

No significant change from year end 2015.

### E. Amount of Ordinary Dividends That May Be Paid

No significant change from year end 2015.

### F. Restrictions of Unassigned Funds

No significant change from year end 2015.

### G. Mutual Surplus Advance

No significant change from year end 2015.

### H. Company Stock held for Special Purposes

No significant change from year end 2015.

### I. Changes in Special Surplus Funds

No significant change from year end 2015.

### J. Changes in Unassigned Funds

No significant change from year end 2015.

### K. Surplus Notes

No significant change from year end 2015.

### L. The Impact of any Restatement due to Prior Quasi-Reorganizations

No significant change from year end 2015.

### M. The Effective Date(s) of all Quasi-Reorganizations in the Prior 10 Years

No significant change from year end 2015.

## 14. Contingencies

No significant change from year end 2015.

## 15. Leases

No significant change from year end 2015.

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

No significant change from year end 2015.

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

### A. Transfers of Receivables Reported as Sales

**Notes to Financial Statement**

No significant change from year end 2015.

**B. Transfer and Servicing of Financial Assets**

The Company had no transfer or servicing of financial assets during the nine months ended September 30, 2016.

**C. Wash Sales**

The Company had no wash sales involving transactions for securities with a NAIC designation of 3 or below, or unrated during the nine months ended September 30, 2016.

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

No significant change from year end 2015.

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

No significant change from year end 2015.

**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. The fair values are also categorized into the three- levels as described below.

As of September 30, 2016

Type of Financial Instrument	Fair Value	Admitted Value	Level 1	Level 2	Level 3	Not Practicable (Carrying Value)
<b>Financial instruments - assets</b>						
Bonds	\$ 504,352,921	\$ 491,107,905	\$ 35,567,746	\$ 468,785,175	\$ —	—
Preferred stocks	—	—	—	—	—	—
Common stocks	—	—	—	—	—	—
Mortgage loans	—	—	—	—	—	—
Cash, cash equivalents and short term investments	57,687,108	57,687,108	57,687,108	—	—	—
Other	—	—	—	—	—	—
<b>Total assets</b>	<b>\$ 562,040,029</b>	<b>\$ 548,795,013</b>	<b>\$ 93,254,854</b>	<b>\$ 468,785,175</b>	<b>\$ —</b>	<b>—</b>
<b>Financial instruments - liabilities</b>						
<b>Total liabilities</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>—</b>

The following describes the valuation techniques used by the Company to determine the fair value of financial instruments held as of September 30, 2016.

The Company established a fair value hierarchy by prioritizing the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under this standard are described below:

- Level 1 - Quoted prices in Active Markets for Identical Assets and Liabilities. This category includes cash and US Treasury Securities. Unadjusted quoted prices for identical assets or liabilities in active markets that are accessible at the measurement date for identical assets or liabilities;
- 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. Prices or valuations based on observable inputs other than quoted prices in active markets for identical assets and liabilities; and
- Level 3 - Significant Unobservable Inputs. Unobservable inputs that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the

## Notes to Financial Statement

determination of fair value requires significant management judgment or estimation. The Company has no assets or liabilities in this category.

The level of market activity used to determine the fair value hierarchy is based on the availability of observable inputs market participants would use to price an asset or a liability, including market value price observations.

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

Not Applicable.

## 21. Other Items

### A. Unusual or Infrequent Items

#### Organizational Examination:

The Wisconsin 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 did not result in any recommendations, reclassification of or adjustment to the balances reported by the company.

#### GSE Approval:

The Company was approved as an eligible mortgage guaranty insurer by Freddie Mac and Fannie Mae, on January 15, 2013 and January 16, 2013, respectively, subject to continuing to comply with certain requirements. Fannie Mae and Freddie Mac have imposed certain capitalization, operational and reporting conditions in connection with their approvals of NMIC as a qualified mortgage guaranty insurer. Most of these conditions expired on the 3rd anniversary of GSE approval, i.e., January 16, 2016. As of December 31, 2015, NMIC became subject to the financial, capital, and operational requirements set forth in the final Private Mortgage Insurer Eligibility Requirements ("PMIERS"), which were promulgated by Fannie Mae and Freddie Mac in January, 2015. Under the PMIERS, NMIC must certify annually to Fannie Mae and Freddie Mac that it fully complies with the PMIERS and must notify them immediately upon discovery of its failure to meet one or more requirements of the PMIERS. NMIC certified to the GSEs as of December 31, 2015 that it fully complied with the PMIERS.

#### Regulatory Update:

NMIC is licensed to transact mortgage insurance in all 50 states and the District of Colombia.

On December 31, 2015, the GSEs' final updated PMIERS went into effect for existing, GSE-approved private mortgage insurers, i.e., Approved Insurers. (Italicized terms have the same meaning that such terms have in the PMIERS, as described below.) The PMIERS establish operational, business, remedial and financial requirements applicable to Approved Insurers. The new financial requirements prescribe a risk-based capital methodology whereby the amount of capital required to be held against each insured loan is determined based on certain risk characteristics, such as FICO, vintage (year of origination), performing vs. non-performing (i.e., current vs. delinquent), LTV and other risk features. An asset charge is calculated for each insured loan based on its risk profile. In general, higher quality loans carry lower capital charges.

Under the PMIERS financial requirements, Approved Insurers must maintain available assets that equal or exceed minimum required assets, which is an amount equal to the greater of (i) \$400 million or (ii) a total risk-based required asset amount. The risk-based required asset amount is a function of the risk profile of an Approved Insurer's net RIF, calculated by applying on a loan-by-loan basis certain risk-based factors derived from tables set out in the PMIERS to the net RIF. The risk-based required asset amount for primary insurance is subject to a floor of 5.6% of total, performing, primary RIF, and the risk-based required asset amount for pool insurance considers both the factors in the tables and the net remaining stop loss for each pool insurance policy. The PMIERS financial requirements also increase the amount of available assets that must be held by an Approved Insurer for loans originated on or after January 1, 2016 that are insured under LPMI policies.

Beginning in 2016, by April 15th of each year, NMIC must certify it met all PMIERS requirements as of December 31st of the prior year. We certified to the GSEs that NMIC fully complies with the PMIERS as of December 31, 2015. NMIC also has an ongoing obligation to immediately notify the GSEs in writing upon discovery of its failure to meet one or more of the PMIERS requirements. We will continue to monitor our compliance with the PMIERS going forward.

The NAIC has formed a working group to explore, among other things, whether certain states' statutory capital requirements applicable to mortgage insurers should be overhauled. The Company, along with other MI companies are working with the Mortgage Guaranty Insurance Working Group of the Financial Condition (E) Committee of the NAIC (the "Working Group") on these issues. The Working Group will determine and make a recommendation to the Financial Condition (E) Committee of the NAIC as to what changes, if any, the Working Group believes are necessary to the solvency regulation for MI companies, including changes to the Mortgage Guaranty Insurers Model Act (Model

**Notes to Financial Statement**

#630). The Company has provided feedback to the Working Group since early 2013, and supports more robust capital standards and continues to advocate for a strong capital model. The discussions are ongoing and the ultimate outcome of these discussions and any potential actions taken by the NAIC cannot be predicted at this time. However, given the Company's current strong capital position and having no exposure to risk written in the 2005 through 2008 book years, the Company will be well positioned to comply with new capital requirements proposed by the NAIC when they become effective.

**Reinsurance Update:**

In September 2016, in order to continue to grow our business and manage insurance risk and our *required assets* under PMIERS financial requirements, the Company entered into a quota-share reinsurance transaction with a panel of third-party reinsurers, subject to certain conditions (2016 QSR Transaction). Each of the third-party reinsurers has an insurer financial strength rating of A- or better by Standard and Poor's Rating Services (S&P), A.M. Best or both. The GSEs and the Wisconsin Office of the Commissioner of Insurance (Wisconsin OCI) approved the 2016 QSR Transaction (subject to certain conditions), giving full capital credit under PMIERS and statutory accounting principles, respectively, for the risk ceded under the agreement. The credit that we receive under PMIERS is subject to periodic review by the GSEs.

Under the 2016 QSR Transaction, effective September 1, 2016, NMIC ceded premiums related to:

- 25% of existing risk written on eligible policies as of August 31, 2016;
- 100% of our existing risk under our pool agreement with Fannie Mae; and
- 25% of risk on eligible policies written from September 1, 2016 through December 31, 2017.

**A. Troubled Debt Restructuring: Debtors**

No significant change from year end 2015.

**B. Other Disclosures and Unusual Items**

No significant change from year end 2015.

**C. Business Interruption Insurance Recoveries**

No significant change from year end 2015.

**D. State Transferable and Non-transferable Tax Credits**

No significant change from year end 2015.

**E. Subprime Mortgage Related Risk Exposure**

No significant change from year end 2015.

**F. Offsetting and Netting of Assets and Liabilities**

The Company has no derivative, repurchase or reverse repurchase, or securities borrowing and securities lending assets and liabilities which are offset and reported net.

**G. Joint and Several Liabilities**

The Company has no joint and several liabilities.

**22. Events Subsequent**

The Company has considered subsequent events through November 4, 2016.

**23. Reinsurance**

A. Unsecured Reinsurance Recoverable - None

B. Reinsurance Recoverables in Dispute - None.

C. Reinsurance Assumed and Ceded

(1) The maximum amount of return commission that would have been due reinsurers if they or the Company had cancelled the reinsurance agreement as of September 30, 2016, with the return of unearned premium reserves is as follows:

**Notes to Financial Statement**

As of September 30, 2016	Assumed Reinsurance		Ceded Reinsurance		Net	
	(1) Premium Reserve	(2) Commission Equity	(3) Premium Reserve	(4) Commission Equity	(5) Premium Reserve	(6) Commission Equity
Type of Financial Instrument						
a. Affiliates	\$ —	\$ —	\$ 246,195	\$ 49,239	\$ (246,195)	\$ (49,239)
b. All Other	—	—	36,091,384	7,218,277	(36,091,384)	(7,218,277)
c. Total	—	—	36,337,579	7,267,516	(36,337,579)	(7,267,516)

d. Direct Unearned Premium Reserve- \$145,398,175

(2) The additional or return commission, predicted on loss experience or on any other form of profit sharing arrangements in this annual statement as a result of existing contractual arrangements - None.

(3) Protected Cells - None.

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

A-E. No significant change from year end 2015.

F. Risk-Sharing Provisions of the Affordable Care Act (“ACA”)

The Company does not write accident or health insurance and therefore is not subject to the ACA risk-sharing provisions.

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

The Company incurred claims and claim adjustment expenses of \$1,457,877 and \$237,813 for the nine months ended September 30, 2016 and 2015, respectively. There was a \$184,037 favorable prior year loss development during the nine months ended September 30, 2016. Loss reserves remaining as of September 30, 2016 for defaults occurring in prior years have been reduced to \$220,640, following re-estimation of unpaid claims and claim adjustment expenses. The increase loss reserves as of the end of the period is the result of current year defaults. Original loss reserve estimates will be increased or decreased as additional information becomes known regarding individual claims.

The Company’s practice is to establish claim reserves only for loans in default. The Company does not consider a loan to be in default for claim reserve purposes until we receive notice from the servicer that a borrower has failed to make two consecutive regularly scheduled payments and is at least sixty days in default. The Company also reserves for claims incurred but not yet reported. However, and consistent with the industry, the Company does not establish claim reserves for anticipated future claims on insured loans that are not currently in default. The Company does not adjust premiums of policies currently in-force based on past claim activity.

**26. Intercompany Pooling Arrangements**

No significant change from year end 2015.

**27. Structured Settlements**

No significant change from year end 2015.

**28. Health Care Receivables**

No significant change from year end 2015.

**29. Participating Policies**

No significant change from year end 2015.

**30. Premium Deficiency Reserves**

No significant change from year end 2015.

**31. High Deductibles**

No significant change from year end 2015.

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

No significant change from year end 2015.

**33. Asbestos/Environmental Reserves**

No significant change from year end 2015.

## **Notes to Financial Statement**

### **34. Subscriber Savings Accounts**

No significant change from year end 2015.

### **35. Multiple Peril Crop Insurance**

No significant change from year end 2015.

### **36. Financial Guaranty Insurance**

The Company is a monoline mortgage guaranty insurer and does not engage in the business of financial guaranty insurance.

# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES GENERAL

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes[X] No[ ]
- 1.2 If yes, has the report been filed with the domiciliary state? Yes[X] No[ ] N/A[ ]
  
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes[ ] No[X]
- 2.2 If yes, date of change: .....
  
- 3.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes[X] No[ ]  
If yes, complete Schedule Y, Parts 1 and 1A.
- 3.2 Have there been any substantial changes in the organizational chart since the prior quarter end? Yes[ ] No[X]
- 3.3 If the response to 3.2 is yes, provide a brief description of those changes:
  
- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes[ ] No[X]
- 4.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

- 5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes[ ] No[ ] N/A[X]  
If yes, attach an explanation.
  
- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. ..... 06/30/2012 .....
- 6.2 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 .....
- 6.3 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). ..... 10/23/2012 .....
- 6.4 By what department or departments?  
Wisconsin Office of the Commissioner of Insurance
- 6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes[ ] No[ ] N/A[X]
- 6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes[ ] No[ ] N/A[X]
  
- 7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes[ ] No[X]
- 7.2 If yes, give full information
  
- 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 below the names and location (city and state of the main office) of any affiliates regulated by a federal 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
.....	.....	Yes[ ] No[X]	Yes[ ] No[X]	Yes[ ] No[X]	Yes[ ] No[X]

- 9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes[X] No[ ]
  - (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
  - (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
  - (c) Compliance with applicable governmental laws, rules and regulations;
  - (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
  - (e) Accountability for adherence to the code.
- 9.11 If the response to 9.1 is No, please explain: Yes[X] No[ ]
- 9.2 Has the code of ethics for senior managers been amended? Yes[X] No[ ]
- 9.21 If the response to 9.2 is Yes, provide information related to amendment(s).  
In September 2016, the Company revised its Business Conduct and Ethics Policy to incorporate whistleblower immunity notice provisions to align the Company's policy with the newly enacted federal Defend Trade Secrets Act.
- 9.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes[ ] No[X]
- 9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

## FINANCIAL

- 10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes[X] No[ ]
- 10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$..... 10,701,898

## INVESTMENT

- 11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes[ ] No[X]
- 11.2 If yes, give full and complete information relating thereto:
  
- 12. Amount of real estate and mortgages held in other invested assets in Schedule BA: \$..... 0



## GENERAL INTERROGATORIES (Continued)

### INVESTMENT

13. Amount of real estate and mortgages held in short-term investments: \$ ..... 0

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes [ ] No [X]

14.2 If yes, please complete the following:

	1 Prior Year-End Book/Adjusted Carrying Value	2 Current Quarter Book/Adjusted Carrying Value
14.21 Bonds .....		
14.22 Preferred Stock .....		
14.23 Common Stock .....		
14.24 Short-Term Investments .....		
14.25 Mortgages Loans on Real Estate .....		
14.26 All Other .....		
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26) .....		
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above .....		

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes [ ] No [X]  
 15.2 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 [X]

16. For the reporting entity's security lending program, state the amount of the following as of the current statement date:  
 16.1 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$ ..... 0  
 16.2 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$ ..... 0  
 16.3 Total payable for securities lending reported on the liability page \$ ..... 0

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

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

1 Name of Custodian(s)	2 Custodian Address
Wells Fargo Bank, N.A. ....	600 California Street, San Francisco, CA 94108 .....

17.2 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)

17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter? Yes [ ] No [X]

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

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

17.5 Identify all investment advisors, brokers/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	2 Name(s)	3 Address
105108 .....	First Republic Securities Co., LLC .....	111 Pine Street, San Francisco, CA 94111 .....
104973 .....	Wells Capital Management Incorporated .....	525 Market Street, San Francisco, CA 94105 .....

18.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Investment Analysis Office been followed? Yes [X] No [ ]

18.2 If no, list exceptions:

## GENERAL INTERROGATORIES

### PART 2 - PROPERTY & CASUALTY INTERROGATORIES

1. If the reporting entity is a member of a pooling arrangement, did the agreement or the reporting entity's participation change?  
If yes, attach an explanation. Yes[ ] No[ ] N/A[X]
2. Has the reporting entity reinsured any risk with any other reporting entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on the risk, or portion thereof, reinsured?  
If yes, attach an explanation. Yes[ ] No[X]
- 3.1 Have any of the reporting entity's primary reinsurance contracts been canceled? Yes[ ] No[X]  
3.2 If yes, give full and complete information thereto
- 4.1 Are any of the liabilities for unpaid losses and loss adjustment expenses other than certain workers' compensation tabular reserves (see annual statement instructions pertaining to disclosure of discounting for definition of "tabular reserves,") discounted at a rate of interest greater than zero? Yes[ ] No[X]  
4.2 If yes, complete the following schedule:

1 Line of Business	2 Maximum Interest	3 Discount Rate	TOTAL DISCOUNT				DISCOUNT TAKEN DURING PERIOD			
			4 Unpaid Losses	5 Unpaid LAE	6 IBNR	7 TOTAL	8 Unpaid Losses	9 Unpaid LAE	10 IBNR	11 TOTAL
04.2999 Total .....										

5. Operating Percentages:  
 5.1 A&H loss percent 0.000%  
 5.2 A&H cost containment percent 0.000%  
 5.3 A&H expense percent excluding cost containment expenses 0.000%
- 6.1 Do you act as a custodian for health savings accounts? Yes[ ] No[X]  
 6.2 If yes, please provide the amount of custodial funds held as of the reporting date. \$ 0  
 6.3 Do you act as an administrator for health savings accounts? Yes[ ] No[X]  
 6.4 If yes, please provide the balance of the funds administered as of the reporting date. \$ 0

## SCHEDULE F - CEDED REINSURANCE

Showing all new reinsurers - Current Year to Date

1 NAIC Company Code	2 ID Number	3 Name of Reinsurer	4 Domiciliary Jurisdiction	5 Type of Reinsurer	6 Certified Reinsurer Rating (1 through 6)	7 Effective Date of Certified Reinsurer Rating
<b>Affiliates</b>						
<b>U.S. insurers</b>						
11680	73-1689025	Aspen Re America OBO Aspen Insurance UK Ltd	CT	Unauthorized		
20370	51-0434766	AXIS REINS CO	NY	Authorized		
26921	22-2005057	EVEREST REINS CO	DE	Authorized		
26433	13-6108721	HARCO NATL INS CO	IL	Authorized		
<b>All other insurers</b>						
00000	AA-3770280	Greenlight Reins Ltd	CYM	Unauthorized		
00000	AA-3191190	Hamilton Re Ltd	BMU	Unauthorized		
00000	AA-3190339	RENAISSANCE REINS LTD	BMU	Authorized		
00000	AA-3191179	Third Point Reins Co Ltd	BMU	Unauthorized		

**SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN****Current Year to Date - Allocated by States and Territories**

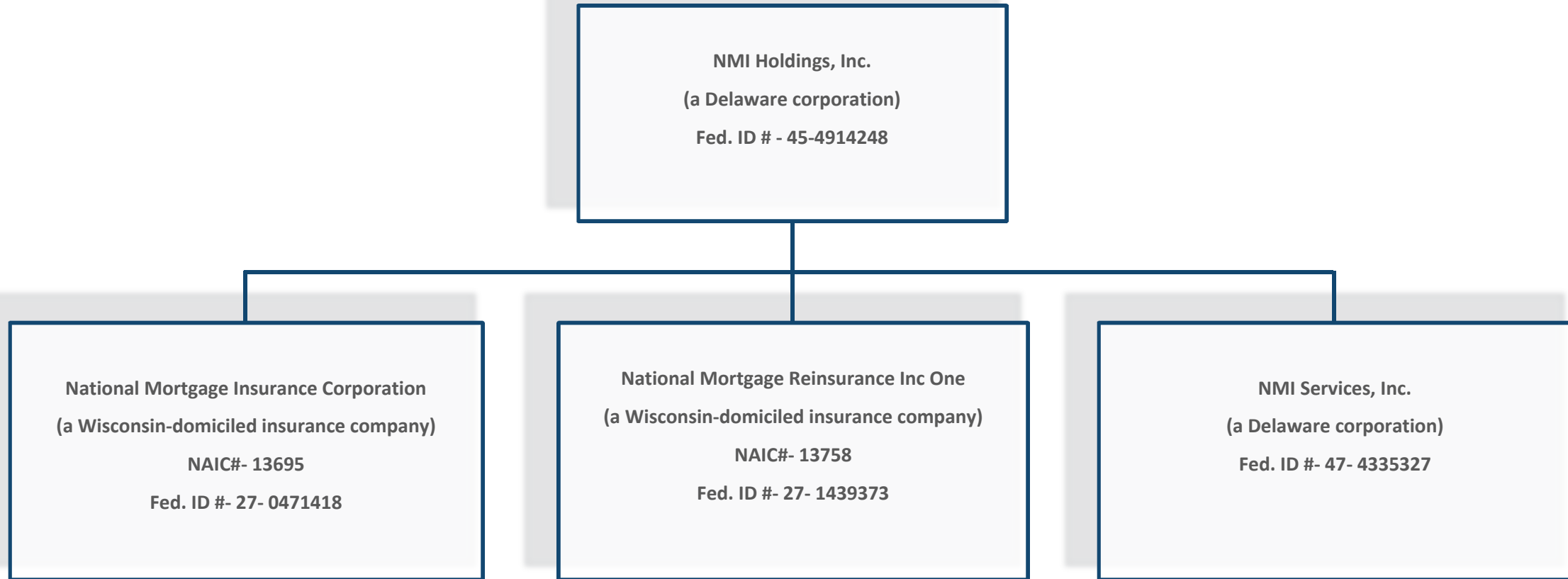
	1	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid	
		2	3	4	5	6	7
States, etc.	Active Status	Current Year To Date	Prior Year To Date	Current Year To Date	Prior Year To Date	Current Year To Date	Prior Year To Date
1. Alabama (AL)	L	367,269	318,710			16,570	
2. Alaska (AK)	L	69,272	37,140	33,464			18,431
3. Arizona (AZ)	L	4,365,017	1,222,524			15,447	4,806
4. Arkansas (AR)	L	614,864	359,022				
5. California (CA)	L	17,256,232	7,844,170			313,346	76,101
6. Colorado (CO)	L	3,635,063	1,868,014			9,415	
7. Connecticut (CT)	L	539,096	351,611			34,845	
8. Delaware (DE)	L	146,862	34,926				
9. District of Columbia (DC)	L	3,539,444	3,760,700				
10. Florida (FL)	L	4,378,485	2,184,079			87,158	
11. Georgia (GA)	L	3,478,651	946,116				25,550
12. Hawaii (HI)	L	334,174	79,813			10,173	
13. Idaho (ID)	L	891,238	262,550				
14. Illinois (IL)	L	4,077,886	1,530,616			14,952	
15. Indiana (IN)	L	1,301,904	453,229			35,212	
16. Iowa (IA)	L	962,522	431,437				
17. Kansas (KS)	L	756,986	576,460			49,835	
18. Kentucky (KY)	L	551,781	166,508				
19. Louisiana (LA)	L	734,812	349,743				
20. Maine (ME)	L	164,756	33,524				
21. Maryland (MD)	L	4,433,999	437,875				
22. Massachusetts (MA)	L	1,082,750	905,759				
23. Michigan (MI)	L	19,875,840	21,940,436	160,651		395,787	121,184
24. Minnesota (MN)	L	2,027,266	672,401			16,443	
25. Mississippi (MS)	L	118,102	80,444				
26. Missouri (MO)	L	2,835,492	1,189,102	631		44,189	28,518
27. Montana (MT)	L	378,637	150,193			12,613	
28. Nebraska (NE)	L	536,421	155,775			46,132	2,037
29. Nevada (NV)	L	1,139,121	226,030			23,644	
30. New Hampshire (NH)	L	320,251	88,951				
31. New Jersey (NJ)	L	4,023,700	1,670,003			53,952	
32. New Mexico (NM)	L	291,632	83,299			51,235	
33. New York (NY)	L	1,754,697	560,558			217,514	3,106
34. North Carolina (NC)	L	2,120,549	883,733			66,051	
35. North Dakota (ND)	L	47,967	19,216				10,688
36. Ohio (OH)	L	2,849,341	2,185,435			62,669	
37. Oklahoma (OK)	L	396,715	209,926				
38. Oregon (OR)	L	1,539,104	598,388			48,335	
39. Pennsylvania (PA)	L	3,260,318	3,018,357		(3,593)	83,648	25,199
40. Rhode Island (RI)	L	964,818	141,768				
41. South Carolina (SC)	L	1,554,477	552,052			20,003	
42. South Dakota (SD)	L	314,821	90,271				30,975
43. Tennessee (TN)	L	2,685,093	1,260,879			14,039	
44. Texas (TX)	L	6,276,084	2,580,943	8,634		230,618	
45. Utah (UT)	L	5,852,608	2,257,907			46,654	
46. Vermont (VT)	L	52,134	29,813				11,648
47. Virginia (VA)	L	14,154,107	2,374,390	21,522		10,147	
48. Washington (WA)	L	1,956,248	853,498			7,323	
49. West Virginia (WV)	L	465,548	54,235			27,026	
50. Wisconsin (WI)	L	1,863,227	399,030			25,900	
51. Wyoming (WY)	L	188,161	147,629				
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) 51	133,525,539	68,629,188	224,901	(3,593)	2,090,875	358,243
<b>DETAILS OF WRITE-INS</b>							
58001write-in description 1 for line 580	X X X						
58002write-in description 2 for line 580	X X X						
58003write-in description 3 for line 580	X X X						
58998Summary of remaining write-ins for Line 58 from overflow page	X X X						
58999TOTALS (Lines 58001 through 58003 plus 58998) (Line 58 above)	X X X						

(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.

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

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

Q11



# 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	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		0001547903	NASDAQ Global Market	NMI Holdings, Inc.	DE	UDP	NMI Holdings, Inc.	Ownership	100.0	NMI Holdings, Inc.	
4760	NMI Holdings Grp	13695	27-0471418				National Mortgage Insurance Corporation	WI	RE	NMI Holdings, Inc.	Ownership	100.0	NMI Holdings, Inc.	
4760	NMI Holdings Grp	13758	27-1439373				National Mortgage Reinsurance Inc One	WI	IA	NMI Holdings, Inc.	Ownership	100.0	NMI Holdings, Inc.	
4760	NMI Holdings Grp	00000	47-4335327				NMI Services, Inc	DE	UDP	NMI Holdings, Inc.	Ownership	100.0	NMI Holdings, Inc.	

Asterisk	Explanation
0000001	
0000002	

STATEMENT AS OF **September 30, 2016** OF THE **National Mortgage Insurance Corporation**  
**PART 1 - LOSS EXPERIENCE**

Line of Business	Current Year to Date			4 Prior Year to Date Direct Loss Percentage
	1 Direct Premiums Earned	2 Direct Losses Incurred	3 Direct Loss Percentage	
1. Fire				
2. Allied lines				
3. Farmowners multiple peril				
4. Homeowners multiple peril				
5. Commercial multiple peril				
6. Mortgage guaranty	78,900,274	1,636,762	2.075	0.973
8. Ocean marine				
9. Inland marine				
10. Financial guaranty				
11.1 Medical professional liability - occurrence				
11.2 Medical professional liability - claims made				
12. Earthquake				
13. Group accident and health				
14. Credit accident and health				
15. Other accident and health				
16. Workers' compensation				
17.1 Other liability - occurrence				
17.2 Other liability - claims made				
17.3 Excess Workers' Compensation				
18.1 Products liability - occurrence				
18.2 Products liability - claims made				
19.1 19.2 Private passenger auto liability				
19.3 19.4 Commercial auto liability				
21. Auto physical damage				
22. Aircraft (all perils)				
23. Fidelity				
24. Surety				
26. Burglary and theft				
27. Boiler and machinery				
28. Credit				
29. International				
30. Warranty				
31. Reinsurance-Nonproportional Assumed Property	X X X	X X X	X X X	X X X
32. Reinsurance-Nonproportional Assumed Liability	X X X	X X X	X X X	X X X
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X	X X X	X X X	X X X
34. Aggregate write-ins for other lines of business				
35. TOTALS	78,900,274	1,636,762	2.075	0.973
DETAILS OF WRITE-INS				
3401.				
3402.				
3403.				
3498. Summary of remaining write-ins for Line 34 from overflow page				
3499. TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above)				

**PART 2 - DIRECT PREMIUMS WRITTEN**

Line of Business	1	2	3
	Current Quarter	Current Year to Date	Prior Year Year to Date
1. Fire			
2. Allied lines			
3. Farmowners multiple peril			
4. Homeowners multiple peril			
5. Commercial multiple peril			
6. Mortgage guaranty	46,534,380	133,525,539	68,629,188
8. Ocean marine			
9. Inland marine			
10. Financial guaranty			
11.1 Medical professional liability - occurrence			
11.2 Medical professional liability - claims made			
12. Earthquake			
13. Group accident and health			
14. Credit accident and health			
15. Other accident and health			
16. Workers' compensation			
17.1 Other liability - occurrence			
17.2 Other liability - claims made			
17.3 Excess Workers' Compensation			
18.1 Products liability - occurrence			
18.2 Products liability - claims made			
19.1 19.2 Private passenger auto liability			
19.3 19.4 Commercial auto liability			
21. Auto physical damage			
22. Aircraft (all perils)			
23. Fidelity			
24. Surety			
26. Burglary and theft			
27. Boiler and machinery			
28. Credit			
29. International			
30. Warranty			
31. Reinsurance-Nonproportional Assumed Property	X X X	X X X	X X X
32. Reinsurance-Nonproportional Assumed Liability	X X X	X X X	X X X
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X	X X X	X X X
34. Aggregate write-ins for other lines of business			
35. TOTALS	46,534,380	133,525,539	68,629,188
DETAILS OF WRITE-INS			
3401.			
3402.			
3403.			
3498. Summary of remaining write-ins for Line 34 from overflow page			
3499. TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above)			

**PART 3 (000 omitted)**  
**LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE**

	1	2	3	4	5	6	7	8	9	10	11	12	13
Years in Which Losses Occurred	Prior Year-End Known Case Loss and LAE Reserves	Prior Year-End IBNR Loss and LAE Reserves	Total Prior Year-End Loss and LAE Reserves (Cols. 1 + 2)	2016 Loss and LAE Payments on Claims Reported as of Prior Year-End	2016 Loss and LAE Payments on Claims Unreported as of Prior Year-End	Total 2016 Loss and LAE Payments (Cols. 4 + 5)	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported and Open as of Prior Year-End	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or Reopened Subsequent to Prior Year-End	Q.S. Date IBNR Loss and LAE Reserves	Total Q.S. Loss and LAE Reserves (Cols. 7 + 8 + 9)	Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 4 + 7 minus Col. 1)	Prior Year-End IBNR Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 5 + 8 + 9 minus Col. 2)	Prior Year-End Total Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 11 + 12)
1. 2013 + Prior .....													
2. 2014 .....	25		25								(25)		(25)
3. Subtotals 2014 + Prior .....	25		25								(25)		(25)
4. 2015 .....	542	42	584	207		207	221			221	(114)	(42)	(156)
5. Subtotals 2015 + Prior .....	567	42	609	207		207	221			221	(139)	(42)	(181)
6. 2016 .....	X X X	X X X	X X X	X X X			X X X	1,475	164	1,639	X X X	X X X	X X X
7. Totals .....	567	42	609	207		207	221	1,475	164	1,860	(139)	(42)	(181)
8. Prior Year-End Surplus As Regards Policyholders .....											Col. 11, Line 7 As % of Col. 1 Line 7 1..... (24.515)	Col. 12, Line 7 As % of Col. 2 Line 7 2..... (100.000)	Col. 13, Line 7 As % of Col. 3 Line 7 3..... (29.721)
													Col. 13, Line 7 Line 8 4.....



## SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your 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>RESPONSES</b>
1. Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC with this statement?	No
2. Will Supplement A to Schedule T (Medical Professional Liability Supplement) be filed with this statement?	No
3. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?	No
4. Will the Director and Officer Insurance Coverage Supplement be filed with the state of domicile and the NAIC with this statement?	No

**Explanations:**

1. Not Applicable
2. Not Applicable
3. Not Applicable
4. Not Applicable

**Bar Codes:**

Trusteed Surplus Statement

13695201649000003      2016      Document Code: 490

Supplement A to Schedule T

13695201645500003      2016      Document Code: 455

Medicare Part D Coverage Supplement

13695201636500003      2016      Document Code: 365

Director and Officer Supplement

13695201650500003      2016      Document Code: 505



STATEMENT AS OF **September 30, 2016** OF THE **National Mortgage Insurance Corporation**  
**SCHEDULE A - VERIFICATION**

**Real Estate**

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition .....		
2.2 Additional investment made after acquisition .....		
3. Current year change in encumbrances .....		
4. Total gain (loss) on disposals .....		
5. Deduct amounts received on disposals .....		
6. Total foreign exchange change in book/adjusted carrying value .....		
7. Deduct current year's other-than-temporary impairment recognized .....		
8. Deduct current year's depreciation .....		
9. Book/adjusted carrying value at the end of current period (Lines 1 + 2 + 3 + 4 - 5 + 6 - 7 - 8) .....		
10. Deduct total nonadmitted amounts .....		
11. Statement value at end of current period (Line 9 minus Line 10) .....		

**NONE**

**SCHEDULE B - VERIFICATION**

**Mortgage Loans**

	1 Year To Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year .....		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition .....		
2.2 Additional investment made after acquisition .....		
3. Capitalized deferred interest and other .....		
4. Accrual of discount .....		
5. Unrealized valuation increase (decrease) .....		
6. Total gain (loss) on disposals .....		
7. Deduct amounts received on disposals .....		
8. Deduct amortization of premium and mortgage interest points .....		
9. Total foreign exchange change in book value/recorded investment .....		
10. Deduct current year's other than temporary impairment recognized .....		
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 - 7 - 8 + 9 - 10) .....		
12. Total valuation allowance .....		
13. Subtotal (Line 11 plus Line 12) .....		
14. Deduct total nonadmitted amounts .....		
15. Statement value at end of current period (Line 13 minus Line 14) .....		

**NONE**

**SCHEDULE BA - VERIFICATION**

**Other Long-Term Invested Assets**

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition .....		
2.2 Additional investment made after acquisition .....		
3. Capitalized deferred interest and other .....		
4. Accrual of discount .....		
5. Unrealized valuation increase (decrease) .....		
6. Total gain (loss) on disposals .....		
7. Deduct amounts received on disposals .....		
8. Deduct amortization of premium and depreciation .....		
9. Total foreign exchange change in book/adjusted carrying value .....		
10. Deduct current year's other than temporary impairment recognized .....		
11. Book/adjusted carrying value at 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**

**Bonds and Stocks**

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year .....	444,738,375	194,407,839
2. Cost of bonds and stocks acquired .....	106,474,819	310,555,490
3. Accrual of discount .....	240,496	91,821
4. Unrealized valuation increase (decrease) .....		
5. Total gain (loss) on disposals .....	(410,549)	455,978
6. Deduct consideration for bonds and stocks disposed of .....	58,929,073	59,741,714
7. Deduct amortization of premium .....	1,006,162	1,031,039
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) .....	491,107,905	444,738,375
11. Deduct total nonadmitted amounts .....		
12. Statement value at end of current period (Line 10 minus Line 11) .....	491,107,905	444,738,375

## SCHEDULE D - PART 1B

### Showing the Acquisitions, Dispositions and Non-Trading Activity During the Current Quarter for all Bonds and Preferred Stock by NAIC Designation

	1	2	3	4	5	6	7	8
NAIC Designation	Book/Adjusted Carrying Value Beginning of Current Quarter	Acquisitions During Current Quarter	Dispositions During Current Quarter	Non-Trading Activity During Current Quarter	Book/Adjusted Carrying Value End of First Quarter	Book/Adjusted Carrying Value End of Second Quarter	Book/Adjusted Carrying Value End of Third Quarter	Book/Adjusted Carrying Value December 31 Prior Year
<b>BONDS</b>								
1. NAIC 1 (a) .....	415,889,083	91,922,201	53,727,416	(7,851,946)	416,622,748	415,889,083	446,231,922	381,929,414
2. NAIC 2 (a) .....	79,292,821	6,624,686	4,470,655	7,598,437	67,040,083	79,292,821	89,045,289	75,701,318
3. NAIC 3 (a) .....								
4. NAIC 4 (a) .....								
5. NAIC 5 (a) .....								
6. NAIC 6 (a) .....								
7. Total Bonds .....	495,181,904	98,546,887	58,198,071	(253,509)	483,662,831	495,181,904	535,277,211	457,630,732
<b>PREFERRED STOCK</b>								
8. NAIC 1 .....								
9. NAIC 2 .....								
10. NAIC 3 .....								
11. NAIC 4 .....								
12. NAIC 5 .....								
13. NAIC 6 .....								
14. Total Preferred Stock .....								
15. Total Bonds & Preferred Stock .....	495,181,904	98,546,887	58,198,071	(253,509)	483,662,831	495,181,904	535,277,211	457,630,732

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$.....32,495,451; NAIC 2 \$.....0; NAIC 3 \$.....0; NAIC 4 \$.....0; NAIC 5 \$.....0; NAIC 6 \$.....0

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**SCHEDULE DA - PART 1****Short - Term Investments**

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
9199999. Totals .....	39,470,558	X X X	39,470,557	3,689	

**SCHEDULE DA - Verification****Short-Term Investments**

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....	12,892,357	53,347,328
2. Cost of short-term investments acquired .....	151,941,414	188,168,338
3. Accrual of discount .....		
4. Unrealized valuation increase (decrease) .....		
5. Total gain (loss) on disposals .....		
6. Deduct consideration received on disposals .....	125,363,213	228,623,309
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) .....	39,470,558	12,892,357
11. Deduct total nonadmitted amounts .....		
12. Statement value at end of current period (Line 10 minus Line 11) .....	39,470,558	12,892,357

**SI04 Schedule DB - Part A Verification ..... NONE**

**SI04 Schedule DB - Part B Verification ..... NONE**

**SI05 Schedule DB Part C Section 1 ..... NONE**

**SI06 Schedule DB Part C Section 2 ..... NONE**

**SI07 Schedule DB - Verification ..... NONE**

**SCHEDULE E - Verification**  
(Cash Equivalents)

		1	2
		Year To Date	Prior Year Ended December 31
1.	Book/adjusted carrying value, December 31 of prior year .....		
2.	Cost of cash equivalents acquired .....	9,991,413	
3.	Accrual of discount .....		
4.	Unrealized valuation increase (decrease) .....		
5.	Total gain (loss) on disposals .....		
6.	Deduct consideration received on disposals .....	4,992,475	
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) .....	4,998,938	
11.	Deduct total nonadmitted amounts .....		
12.	Statement value at end of current period (Line 10 minus Line 11) .....	4,998,938	

**E01 Schedule A Part 2 ..... NONE**

**E01 Schedule A Part 3 ..... NONE**

**E02 Schedule B Part 2 ..... NONE**

**E02 Schedule B Part 3 ..... NONE**

**E03 Schedule BA Part 2 ..... NONE**

**E03 Schedule BA Part 3 ..... NONE**



## SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

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	10 NAIC Designation or Market Indicator (a)
<b>Bonds - U.S. Special Revenue, Special Assessment</b>									
57419RB53	MARYLAND ST CMNTY DEV ADMIN DE		08/25/2016	CHASE SECURITIES	X X X	700,000	700,000		1FE
57419RB61	MARYLAND ST CMNTY DEV ADMIN DE		08/25/2016	CHASE SECURITIES	X X X	640,000	640,000		1FE
57419RB95	MARYLAND ST CMNTY DEV ADMIN DE		08/25/2016	CHASE SECURITIES	X X X	1,105,000	1,105,000		1FE
57419RC29	MARYLAND ST CMNTY DEV ADMIN DE		08/25/2016	CHASE SECURITIES	X X X	1,000,000	1,000,000		1FE
913366HU7	UNIV CALIF REGTS MED CTR POOLE		08/11/2016	BARCLAYS CAPITAL INC	X X X	1,000,000	1,000,000		1FE
913366HW3	UNIV CALIF REGTS MED CTR POOLE		08/11/2016	BARCLAYS CAPITAL INC	X X X	1,260,000	1,260,000		1FE
3199999	Subtotal - Bonds - U.S. Special Revenue, Special Assessment				X X X	5,705,000	5,705,000		X X X
<b>Bonds - Industrial and Miscellaneous (Unaffiliated)</b>									
88167AAD3	TEVA PHARMACEUTICAL FIN NETH	R	07/18/2016	BARCLAYS CAPITAL INC	X X X	5,979,960	6,000,000		2FE
375558BM4	GILEAD SCIENCES INC		09/15/2016	CHASE SECURITIES	X X X	2,249,415	2,250,000		1FE
92347XAA4	VERIZON OWNER TR 2016-1 144A		07/12/2016	BANK OF AMERICA SEC LLC	X X X	2,499,579	2,500,000		1FE
95058XAB4	WENDYS FDG LLC 2015-1		09/21/2016	BNP PARIBAS	X X X	644,726	636,570	794	2AM
96328DAU8	WHEELS SPV 2 LLC 2016-1 144A		08/02/2016	CHASE SECURITIES	X X X	1,999,958	2,000,000		1FE
3899999	Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)				X X X	13,373,638	13,386,570	794	X X X
8399997	Subtotal - Bonds - Part 3				X X X	19,078,638	19,091,570	794	X X X
8399998	Summary Item from Part 5 for Bonds (N/A to Quarterly)				X X X	X X X	X X X	X X X	X X X
8399999	Subtotal - Bonds				X X X	19,078,638	19,091,570	794	X X X
8999998	Summary Item from Part 5 for Preferred Stocks (N/A to Quarterly)				X X X	X X X	X X X	X X X	X X X
9799998	Summary Item from Part 5 for Common Stocks (N/A to Quarterly)				X X X	X X X	X X X	X X X	X X X
9899999	Subtotal - Preferred and Common Stocks				X X X		X X X		X X X
9999999	Total - Bonds, Preferred and Common Stocks				X X X	19,078,638	X X X	794	X X X

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues .....0.

QE04

# SCHEDULE D - PART 4

## Show All Long-Term Bonds and Stocks Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1 CUSIP Identification	2 Description	3 F o r e i g n Date	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consideration	8 Par Value	9 Actual Cost	10 Prior Year Book/ Adjusted Carrying Value	Change in Book/Adjusted Carrying Value					16 Book/ Adjusted Carrying Value at Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/ Stock Dividends Received During Year	21 Stated Contractual Maturity Date	22 NAIC Designation or Market Indicator (a)	
										11 Unrealized Valuation Increase/ (Decrease)	12 Current Year's (Amortization)/ Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B./A.C.V. (11 + 12 - 13)	15 Total Foreign Exchange Change in B./A.C.V.								
<b>Bonds - U.S. Special Revenue, Special Assessment</b>																						
3133ECLG7	FEDERAL FARM CR BKS		07/11/2016	CALLED @ 100.0000000	X X X	1,750,000	1,750,000	1,750,000	1,750,000						1,750,000				8,855	04/17/2017	1	
3199999 Subtotal - Bonds - U.S. Special Revenue, Special Assessment					X X X	1,750,000	1,750,000	1,750,000	1,750,000						1,750,000				8,855	X X X	X X X	
<b>Bonds - Industrial and Miscellaneous (Unaffiliated)</b>																						
12189PAK8	BURLINGTON NORTH SF 2001-2		07/15/2016	PRINCIPAL RECEIPT	X X X	20,627	20,627	23,813	22,143	(1,516)			(1,516)		20,627				1,333	01/15/2021	1FE	
17290HAA3	CITI HELD ASSET ISSN 2015-PM 144A		09/15/2016	PRINCIPAL RECEIPT	X X X	937,916	937,916	937,764	937,767	149			149		937,916				16,135	05/16/2022	1FE	
125634AQ8	CLI FDG V LLC 2014-2 144A		09/18/2016	PRINCIPAL RECEIPT	X X X	136,134	136,134	126,866		9,269			9,269		136,134				1,667	10/18/2029	1FE	
247126AH8	DELPHI CORP		09/30/2016	CALLED @ 107.6650000	X X X	2,153,300	2,000,000	2,145,000	2,125,508	(11,574)			(11,574)		2,113,934		39,366	39,366	112,500	02/15/2029	2FE	
543190AA0	LONGTRAIN LEASING III 2015-3 144A		09/15/2016	PRINCIPAL RECEIPT	X X X	46,466	46,466	46,134	46,136	330			330		46,466				849	01/15/2045	1FE	
59156RBP2	METLIFE INC		07/08/2016	CITIGROUP	X X X	2,340,000	2,340,000	2,349,400	2,349,359	(988)			(988)		2,348,371		(8,371)	(8,371)	70,980	12/29/2049	2FE	
80283FAE6	SANTANDER DRIVE AUTO 2013-1		09/15/2016	PRINCIPAL RECEIPT	X X X	631,267	631,267	634,103	631,713	(446)			(446)		631,267				6,947	01/15/2019	1FE	
78447CAB6	SLM PRIV ED LN TR 2012-D 144A		09/15/2016	PRINCIPAL RECEIPT	X X X	330,684	330,684	348,819	336,098	(5,415)			(5,415)		330,684				6,022	02/15/2046	1FE	
78443CAZ7	SLM PRIVATE ST LN TR 2003-C		09/15/2016	PRINCIPAL RECEIPT	X X X	94,063	94,063	92,666	93,430	632			632		94,063				461	09/15/2020	1FE	
83401LAB0	SOFI PRFSSNAL LN PRGRM 2015-A 144A		09/25/2016	PRINCIPAL RECEIPT	X X X	158,225	158,225	157,530	157,531	694			694		158,225				2,381	03/25/2030	1FE	
78470NAB2	SOFI PRFSSNAL LN PRGRM 2015-D 144A		09/25/2016	PRINCIPAL RECEIPT	X X X	201,810	201,810	200,787	200,802	1,009			1,009		201,810				3,951	10/25/2036	1FE	
84474YAA4	SOUTHWEST AIRLINES 2007-1		08/01/2016	PRINCIPAL RECEIPT	X X X	85,024	85,024	96,343	95,493	(10,470)			(10,470)		85,024				2,614	02/01/2024	1FE	
87407PAP5	TAL ADVANTAGE V LLC 2014-2 144 A		09/20/2016	PRINCIPAL RECEIPT	X X X	19,427	19,427	19,116	19,122	305			305		19,427				396	05/20/2039	1FE	
90932QAA4	UNITED AIRLINES PT CERT 2014-2		09/03/2016	PRINCIPAL RECEIPT	X X X	118,809	118,809	120,591	120,573	(1,764)			(1,764)		118,809				2,228	03/03/2028	1FE	
95058XAB4	WENDYS FDG LLC 2015-1		09/15/2016	PRINCIPAL RECEIPT	X X X	5,850	5,850	5,838	5,838	12			12		5,850				119	06/15/2045	2AM	
95058XAC2	WENDYS FDG LLC 2015-1 144A		09/15/2016	PRINCIPAL RECEIPT	X X X	2,500	2,500	2,487	2,487	13			13		2,500				56	06/15/2045	2AM	
3899999 Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)					X X X	7,282,102	7,128,802	7,307,257	7,141,513	(19,760)			(19,760)		7,251,107		30,995	30,995	228,639	X X X	X X X	
8399997 Subtotal - Bonds - Part 4					X X X	9,032,102	8,878,802	9,057,257	8,891,513	(19,760)			(19,760)		9,001,107		30,995	30,995	237,494	X X X	X X X	
8399998 Summary Item from Part 5 for Bonds (N/A to Quarterly)					X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X
8399999 Subtotal - Bonds					X X X	9,032,102	8,878,802	9,057,257	8,891,513	(19,760)			(19,760)		9,001,107		30,995	30,995	237,494	X X X	X X X	
8999998 Summary Item from Part 5 for Preferred Stocks (N/A to Quarterly)					X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X
9799998 Summary Item from Part 5 for Common Stocks (N/A to Quarterly)					X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X
9899999 Subtotal - Preferred and Common Stocks					X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X
9999999 Total - Bonds, Preferred and Common Stocks					X X X	9,032,102	X X X	9,057,257	8,891,513	(19,760)			(19,760)		9,001,107		30,995	30,995	237,494	X X X	X X X	

QE05

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues .....0.

**E06 Schedule DB Part A Section 1 ..... NONE**

**E07 Schedule DB Part B Section 1 ..... NONE**

**E08 Schedule DB Part D Section 1 ..... NONE**

**E09 Schedule DB Part D Section 2 - Collateral Pledged By Reporting Entity ..... NONE**

**E09 Schedule DB Part D Section 2 - Collateral Pledged To Reporting Entity ..... NONE**

**E10 Schedule DL - Part 1 - Securities Lending Collateral Assets ..... NONE**

**E11 Schedule DL - Part 2 - Securities Lending Collateral Assets ..... NONE**

**SCHEDULE E - PART 1 - CASH****Month End Depository Balances**

1 Depository		2 Code	3 Rate of Interest	4 Amount of Interest Received During Current Quarter	5 Amount of Interest Accrued at Current Statement Date	Book Balance at End of Each Month During Current Quarter			9 *
						6 First Month	7 Second Month	8 Third Month	
<b>open depositories</b>									
First Republic Bank .....	San Francisco, CA .....					14,609,706	16,731,076	12,624,249	X X X
Wells Fargo Bank .....	San Francisco, CA .....					280,074	1,381,750	584,770	X X X
0 .....	0 .....								X X X
0 .....	0 .....								X X X
0199998 Deposits in .....	0 depositories that do not exceed the allowable limit in any one depository (see Instructions) - open depositories .....	X X X	X X X			308,695	308,746	8,593	X X X
0199999 Totals - Open Depositories .....		X X X	X X X			15,198,475	18,421,572	13,217,612	X X X
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			15,198,475	18,421,572	13,217,612	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			15,198,475	18,421,572	13,217,612	X X X

## SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

1 Description	2 Code	3 Date Acquired	4 Rate of Interest	5 Maturity Date	6 Book/Adjusted Carrying Value	7 Amount of Interest Due & Accrued	8 Amount Received During Year
<b>Bonds - Industrial &amp; Miscellaneous (Unaffiliated) - Issuer Obligations</b>							
METLIFE SHORT TERM FDG LLC DIS 0% .....		09/30/2016 ...	0.000	10/20/2016 ...	4,998,938	53	
3299999 Subtotals - Bonds - Industrial & Miscellaneous (Unaffiliated) - Issuer Obligations .....					4,998,938	53	
3899999 Subtotals - Bonds - Industrial & Miscellaneous (Unaffiliated) .....					4,998,938	53	
7799999 Subtotals - Bonds - Total Bonds - Issuer Obligations .....					4,998,938	53	
7899999 Subtotals - Bonds - Total Bonds - Residential Mortgage-Backed Securities .....							
7999999 Subtotals - Bonds - Total Bonds - Commercial Mortgage-Backed Securities .....							
8099999 Subtotals - Bonds - Total Bonds - Other Loan-Backed and Structured Securities .....							
8399999 Subtotals - Bonds - Total Bonds .....					4,998,938	53	
8499999 Sweep Accounts .....							
8599999 Other Cash Equivalents .....							
8699999 Total - Cash Equivalents .....					4,998,938	53	

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