



PROPERTY AND CASUALTY COMPANIES—ASSOCIATION EDITION

**ANNUAL STATEMENT**  
**For the Year Ended December 31, 2018**  
**OF THE CONDITION AND AFFAIRS OF THE**  
**HEALTHCARE UNDERWRITERS GROUP, INC.**

NAIC Group Code	01154 (Current Period)	01154 (Prior Period)	NAIC Company Code	12233	Employer's ID Number	74-3129288
Organized under the Laws of	Ohio		State of Domicile or Port of Entry	Ohio		
Country of Domicile	United States					
Incorporated/Organized	11/30/2004		Commenced Business	12/14/2004		
Statutory Home Office	155 East Broad Street, Suite 300 (Street and Number)			Columbus, OH, US 43215-3608 (City or Town, State, Country and Zip Code)		
Main Administrative Office	1250 South Pine Island Road, Suite 300 (Street and Number)		Plantation, FL, US 33324-4402 (City or Town, State, Country and Zip Code)	866-484-5715 (Area Code) (Telephone Number)		
Mail Address	1250 South Pine Island Road, Suite 300 (Street and Number or P.O. Box)			Plantation, FL, US 33324-4402 (City or Town, State, Country and Zip Code)		
Primary Location of Books and Records	1250 South Pine Island Road, Suite 300 (Street and Number)		Plantation, FL, US 33324-4402 (City or Town, State, Country and Zip Code)	866-484-5715 (Area Code) (Telephone Number)		
Internet Web Site Address			www.hugroupinc.com			
Statutory Statement Contact	Thomas William Mueller CPA, CGMA (Name)			866-484-5716 (Area Code) (Telephone Number) (Extension)		
	tmueller@hugroupinc.com (E-Mail Address)			877-895-0996 (Fax Number)		

**OFFICERS**

Name	Title	Name	Title
Joshua Marc Salman	CEO & President	Gregg Lee Hanson	Chair
Joseph Gerard Murphy	Vice Chair	Todd Colin Mills	Treasurer

**OTHER OFFICERS**

David Wayne Lester CPA, CGMA	VP & CFO, Assistant Treasurer	Erin Brennan Bagley JD	General Counsel & Secretary
Thomas William Mueller CPA, CGMA	VP & Controller, Assistant Secretary	Jose Raul Zorola	Chief Underwriting Officer
William Carl Ludwig JD	VP, Claims		

**DIRECTORS OR TRUSTEES**

Gregg Lee Hanson	Joseph Gerard Murphy	Todd Colin Mills	Jose Raul Zorola
Joshua Marc Salman			

State of ..... Ohio .....  
 County of ..... Franklin.....

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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.

Joshua Marc Salman  
CEO & President

David Wayne Lester, CPA, CGMA  
Assistant Treasurer, VP & CFO

Thomas William Mueller, CPA, CGMA  
Assistant Secretary, VP & Controller

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 \_\_\_\_\_

Subscribed and sworn to before me  
this \_\_\_\_\_ day of \_\_\_\_\_,

**ANNUAL STATEMENT FOR THE YEAR 2018 OF THE HEALTHCARE UNDERWRITERS GROUP, INC.**

**ASSETS**

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	19,666,173		19,666,173	8,329,156
2. Stocks (Schedule D):				
2.1 Preferred stocks .....	0		0	0
2.2 Common stocks .....	0		0	0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens .....			0	0
3.2 Other than first liens .....			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ ..... encumbrances).....			0	0
4.2 Properties held for the production of income (less \$ ..... encumbrances) .....			0	0
4.3 Properties held for sale (less \$ ..... encumbrances) .....			0	0
5. Cash (\$ ..... 945,623 , Schedule E-Part 1), cash equivalents (\$ ..... 720,022 , Schedule E-Part 2) and short-term investments (\$ ..... 30,003 , Schedule DA).....	1,695,648		1,695,648	74,225,482
6. Contract loans (including \$ ..... premium notes).....			0	0
7. Derivatives (Schedule DB).....	0		0	0
8. Other invested assets (Schedule BA).....	0		0	0
9. Receivables for securities .....			0	0
10. Securities lending reinvested collateral assets (Schedule DL).....			0	0
11. Aggregate write-ins for invested assets .....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	21,361,821	0	21,361,821	82,554,638
13. Title plants less \$ ..... charged off (for Title insurers only).....			0	0
14. Investment income due and accrued .....	122,503		122,503	66,701
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	2,476,746		2,476,746	2,782,668
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ ..... earned but unbilled premiums).....			0	0
15.3 Accrued retrospective premiums (\$ ..... ) and contracts subject to redetermination (\$ ..... ) .....			0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....	6,871,224		6,871,224	0
16.2 Funds held by or deposited with reinsured companies .....	100,000		100,000	100,000
16.3 Other amounts receivable under reinsurance contracts .....			0	0
17. Amounts receivable relating to uninsured plans .....			0	0
18.1 Current federal and foreign income tax recoverable and interest thereon .....	127,309		127,309	0
18.2 Net deferred tax asset.....			0	674,483
19. Guaranty funds receivable or on deposit .....			0	0
20. Electronic data processing equipment and software.....			0	0
21. Furniture and equipment, including health care delivery assets (\$ ..... ) .....			0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates .....			0	0
23. Receivables from parent, subsidiaries and affiliates .....			0	0
24. Health care (\$ ..... ) and other amounts receivable.....			0	0
25. Aggregate write-ins for other-than-invested assets .....	12,056	12,056	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	31,071,659	12,056	31,059,603	86,178,490
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	0
28. Total (Lines 26 and 27) .....	31,071,659	12,056	31,059,603	86,178,490
<b>DETAILS OF WRITE-INS</b>				
1101. ....				
1102. ....				
1103. ....				
1198. Summary of remaining write-ins for Line 11 from overflow page .....	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above) .....	0	0	0	0
2501. Other Prepaid Expense.....	12,056	12,056	0	0
2502. ....				
2503. ....				
2598. Summary of remaining write-ins for Line 25 from overflow page .....	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	12,056	12,056	0	0

**ANNUAL STATEMENT FOR THE YEAR 2018 OF THE HEALTHCARE UNDERWRITERS GROUP, INC.**

**LIABILITIES, SURPLUS AND OTHER FUNDS**

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8)	.0	15,910,492
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	.0	0
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)	.0	12,393,705
4. Commissions payable, contingent commissions and other similar charges	662,878	575,006
5. Other expenses (excluding taxes, licenses and fees)	121,640	189,419
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	84,838	77,892
7.1 Current federal and foreign income taxes (including \$ ..... on realized capital gains (losses))	.0	1,357
7.2 Net deferred tax liability	174,700	0
8. Borrowed money \$ ..... and interest thereon \$ .....	.0	0
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ ..... 9,476,286 and including warranty reserves of \$ ..... and accrued accident and health experience rating refunds including \$ ..... for medical loss ratio rebate per the Public Health Service Act)	.0	8,377,315
10. Advance premium	390,108	503,492
11. Dividends declared and unpaid:		
11.1 Stockholders	.0	0
11.2 Policyholders	.0	0
12. Ceded reinsurance premiums payable (net of ceding commissions)	6,213,815	728,414
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 20)	.0	0
14. Amounts withheld or retained by company for account of others	.0	0
15. Remittances and items not allocated	.0	0
16. Provision for reinsurance (including \$ ..... certified) (Schedule F, Part 3, Column 78)	.0	0
17. Net adjustments in assets and liabilities due to foreign exchange rates	.0	0
18. Drafts outstanding	.0	0
19. Payable to parent, subsidiaries and affiliates	848,658	54,314
20. Derivatives	.0	0
21. Payable for securities	.0	0
22. Payable for securities lending	.0	0
23. Liability for amounts held under uninsured plans	.0	0
24. Capital notes \$ ..... and interest thereon \$ .....	.0	0
25. Aggregate write-ins for liabilities	.0	0
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	8,496,637	38,811,406
27. Protected cell liabilities	.0	0
28. Total liabilities (Lines 26 and 27)	8,496,637	38,811,406
29. Aggregate write-ins for special surplus funds	.0	0
30. Common capital stock	8,186,047	8,186,047
31. Preferred capital stock	.0	0
32. Aggregate write-ins for other-than-special surplus funds	.0	0
33. Surplus notes	.0	0
34. Gross paid in and contributed surplus	14,445,686	31,680,780
35. Unassigned funds (surplus)	(68,767)	7,500,257
36. Less treasury stock, at cost:		
36.1 ..... shares common (value included in Line 30 \$ .....)	.0	0
36.2 ..... shares preferred (value included in Line 31 \$ .....)	.0	0
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39)	22,562,966	47,367,084
38. Totals (Page 2, Line 28, Col. 3)	31,059,603	86,178,490
<b>DETAILS OF WRITE-INS</b>		
2501.		
2502.		
2503.		
2598. Summary of remaining write-ins for Line 25 from overflow page	.0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	0	0
2901.		
2902.		
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page	.0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	0
3201.		
3202.		
3203.		
3298. Summary of remaining write-ins for Line 32 from overflow page	.0	0
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)	0	0

**ANNUAL STATEMENT FOR THE YEAR 2018 OF THE HEALTHCARE UNDERWRITERS GROUP, INC.**

**STATEMENT OF INCOME**

	1 Current Year	2 Prior Year
<b>UNDERWRITING INCOME</b>		
1. Premiums earned (Part 1, Line 35, Column 4) .....	4,106,691	15,943,108
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7) .....	1,273,825	3,805,029
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1) .....	1,661,028	6,669,159
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2) .....	1,789,302	8,311,403
5. Aggregate write-ins for underwriting deductions .....	0	0
6. Total underwriting deductions (Lines 2 through 5) .....	4,724,155	18,785,591
7. Net income of protected cells .....	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7) .....	(617,464)	(2,842,483)
<b>INVESTMENT INCOME</b>		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17) .....	1,497,272	1,874,251
10. Net realized capital gains (losses) less capital gains tax of \$ (113,432) (Exhibit of Capital Gains (Losses)) .....	(426,718)	852,790
11. Net investment gain (loss) (Lines 9 + 10) .....	1,070,554	2,727,041
<b>OTHER INCOME</b>		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$ charged off \$ ) .....	amount	0
13. Finance and service charges not included in premiums .....		0
14. Aggregate write-ins for miscellaneous income .....	19,731	14,616
15. Total other income (Lines 12 through 14) .....	19,731	14,616
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15) .....	472,821	(100,826)
17. Dividends to policyholders .....		0
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17) .....	472,821	(100,826)
19. Federal and foreign income taxes incurred .....	(580,612)	(438,306)
20. Net income (Line 18 minus Line 19) (to Line 22) .....	1,053,433	337,480
<b>CAPITAL AND SURPLUS ACCOUNT</b>		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2) .....	47,367,084	48,117,401
22. Net income (from Line 20) .....	1,053,433	337,480
23. Net transfers (to) from Protected Cell accounts .....		0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ .....		(974,142)
25. Change in net unrealized foreign exchange capital gain (loss) .....		0
26. Change in net deferred income tax .....	(854,956)	(224,847)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3) .....	(2,595)	111,191
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1) .....	0	0
29. Change in surplus notes .....		0
30. Surplus (contributed to) withdrawn from protected cells .....		0
31. Cumulative effect of changes in accounting principles .....		0
32. Capital changes:		
32.1 Paid in .....		0
32.2 Transferred from surplus (Stock Dividend) .....		0
32.3 Transferred to surplus .....		0
33. Surplus adjustments:		
33.1 Paid in .....	(17,235,094)	0
33.2 Transferred to capital (Stock Dividend) .....		0
33.3 Transferred from capital .....		0
34. Net remittances from or (to) Home Office .....		0
35. Dividends to stockholders .....	(7,764,906)	0
36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1) .....	0	0
37. Aggregate write-ins for gains and losses in surplus .....	0	0
38. Change in surplus as regards policyholders for the year (Lines 22 through 37) .....	(24,804,118)	(750,317)
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37) .....	22,562,966	47,367,084
<b>DETAILS OF WRITE-INS</b>		
0501. .....		
0502. .....		
0503. .....		
0598. Summary of remaining write-ins for Line 5 from overflow page .....	0	0
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above) .....	0	0
1401. Municipal Tax Collection Fee Income .....	19,731	14,616
1402. .....		
1403. .....		
1498. Summary of remaining write-ins for Line 14 from overflow page .....	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above) .....	19,731	14,616
3701. .....		0
3702. .....		
3703. .....		
3798. Summary of remaining write-ins for Line 37 from overflow page .....	0	0
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above) .....	0	0

**ANNUAL STATEMENT FOR THE YEAR 2018 OF THE HEALTHCARE UNDERWRITERS GROUP, INC.**

**CASH FLOW**

		1 Current Year	2 Prior Year
<b>Cash from Operations</b>			
1. Premiums collected net of reinsurance		1,407,315	15,367,099
2. Net investment income		1,488,125	2,377,457
3. Miscellaneous income		19,731	14,616
4. Total (Lines 1 through 3)		2,915,171	17,759,172
5. Benefit and loss related payments		24,055,541	3,260,460
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		0	0
7. Commissions, expenses paid and aggregate write-ins for deductions		15,825,363	14,921,565
8. Dividends paid to policyholders		0	0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)		(565,378)	18,199
10. Total (Lines 5 through 9)		39,315,526	18,200,224
11. Net cash from operations (Line 4 minus Line 10)		(36,400,355)	(441,052)
<b>Cash from Investments</b>			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds		75,452,726	78,000,532
12.2 Stocks		0	12,784,557
12.3 Mortgage loans		0	0
12.4 Real estate		0	0
12.5 Other invested assets		0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		133	0
12.7 Miscellaneous proceeds		1,219	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)		75,454,078	90,785,089
13. Cost of investments acquired (long-term only):			
13.1 Bonds		87,377,900	16,125,405
13.2 Stocks		0	3,123,024
13.3 Mortgage loans		0	0
13.4 Real estate		0	0
13.5 Other invested assets		0	0
13.6 Miscellaneous applications		0	1
13.7 Total investments acquired (Lines 13.1 to 13.6)		87,377,900	19,248,430
14. Net increase (decrease) in contract loans and premium notes		0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)		(11,923,822)	71,536,659
<b>Cash from Financing and Miscellaneous Sources</b>			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes		0	0
16.2 Capital and paid in surplus, less treasury stock		(17,235,094)	0
16.3 Borrowed funds		0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities		0	0
16.5 Dividends to stockholders		7,764,906	0
16.6 Other cash provided (applied)		794,344	(447,176)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)		(24,205,656)	(447,176)
<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)		(72,529,833)	70,648,431
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year		74,225,481	3,577,050
19.2 End of year (Line 18 plus Line 19.1)		1,695,648	74,225,481

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE HEALTHCARE UNDERWRITERS GROUP, INC.

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 1 - PREMIUMS EARNED**

Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums Dec. 31 Prior Year - per Col. 3, Last Year's Part 1	3 Unearned Premiums Dec. 31 Current Year - per Col. 5 Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire .....	0	0	0	0
2. Allied lines .....	0	0	0	0
3. Farmowners multiple peril .....	0	0	0	0
4. Homeowners multiple peril .....	0	0	0	0
5. Commercial multiple peril .....	0	0	0	0
6. Mortgage guaranty .....	0	0	0	0
8. Ocean marine .....	0	0	0	0
9. Inland marine .....	0	0	0	0
10. Financial guaranty .....	0	0	0	0
11.1 Medical professional liability-occurrence .....	209,419	0	0	209,419
11.2 Medical professional liability-claims-made .....	(4,480,043)	8,377,315	0	3,897,272
12. Earthquake .....	0	0	0	0
13. Group accident and health .....	0	0	0	0
14. Credit accident and health (group and individual) .....	0	0	0	0
15. Other accident and health .....	0	0	0	0
16. Workers' compensation .....	0	0	0	0
17.1 Other liability-occurrence .....	0	0	0	0
17.2 Other liability-claims-made .....	0	0	0	0
17.3 Excess workers' compensation .....	0	0	0	0
18.1 Products liability-occurrence .....	0	0	0	0
18.2 Products liability-claims-made .....	0	0	0	0
19.1,19.2 Private passenger auto liability .....	0	0	0	0
19.3,19.4 Commercial auto liability .....	0	0	0	0
21. Auto physical damage .....	0	0	0	0
22. Aircraft (all perils) .....	0	0	0	0
23. Fidelity .....	0	0	0	0
24. Surety .....	0	0	0	0
26. Burglary and theft .....	0	0	0	0
27. Boiler and machinery .....	0	0	0	0
28. Credit .....	0	0	0	0
29. International .....	0	0	0	0
30. Warranty .....	0	0	0	0
31. Reinsurance-nonproportional assumed property .....	0	0	0	0
32. Reinsurance-nonproportional assumed liability .....	0	0	0	0
33. Reinsurance-nonproportional assumed financial lines .....	0	0	0	0
34. Aggregate write-ins for other lines of business .....	0	0	0	0
35. TOTALS .....	(4,270,624)	8,377,315	0	4,106,691
<b>DETAILS OF WRITE-INS</b>				
3401. ....				
3402. ....				
3403. ....				
3498. Sum. of remaining write-ins for Line 34 from overflow page	0	0	0	0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)	0	0	0	0

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE HEALTHCARE UNDERWRITERS GROUP, INC.

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 1A - RECAPITULATION OF ALL PREMIUMS**

Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned but Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1. Fire .....					0
2. Allied lines .....					0
3. Farmowners multiple peril .....					0
4. Homeowners multiple peril .....					0
5. Commercial multiple peril .....					0
6. Mortgage guaranty .....					0
8. Ocean marine .....					0
9. Inland marine .....					0
10. Financial guaranty .....					0
11.1 Medical professional liability-occurrence .....					0
11.2 Medical professional liability-claims-made .....					0
12. Earthquake .....					0
13. Group accident and health .....					0
14. Credit accident and health (group and individual) .....					0
15. Other accident and health .....					0
16. Workers' compensation .....					0
17.1 Other liability-occurrence .....					0
17.2 Other liability-claims-made .....					0
17.3 Excess workers' compensation .....					0
18.1 Products liability-occurrence .....					0
18.2 Products liability-claims-made .....					0
19.1,19.2 Private passenger auto liability .....					0
19.3,19.4 Commercial auto liability .....					0
21. Auto physical damage .....					0
22. Aircraft (all perils) .....					0
23. Fidelity .....					0
24. Surety .....					0
26. Burglary and theft .....					0
27. Boiler and machinery .....					0
28. Credit .....					0
29. International .....					0
30. Warranty .....					0
31. Reinsurance-nonproportional assumed property .....					0
32. Reinsurance-nonproportional assumed liability .....					0
33. Reinsurance-nonproportional assumed financial lines .....					0
34. Aggregate write-ins for other lines of business .....	0	0	0	0	0
35. TOTALS .....	0	0	0	0	0
36. Accrued retrospective premiums based on experience .....					
37. Earned but unbilled premiums .....					
38. Balance (Sum of Lines 35 through 37) .....					0
<b>DETAILS OF WRITE-INS</b>					
3401. ....					
3402. ....					
3403. ....					
3498. Sum. of remaining write-ins for Line 34 from overflow page.....	.0	0	0	.0	0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above) .....	0	0	0	0	0

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

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE HEALTHCARE UNDERWRITERS GROUP, INC.

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 1B - PREMIUMS WRITTEN**

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire .....						0
2. Allied lines .....						0
3. Farmowners multiple peril .....						0
4. Homeowners multiple peril .....						0
5. Commercial multiple peril .....						0
6. Mortgage guaranty .....						0
8. Ocean marine .....						0
9. Inland marine .....						0
10. Financial guaranty .....						0
11.1 Medical professional liability-occurrence .....	646,851		171,070	.559,429	.49,073	209,419
11.2 Medical professional liability-claims-made .....	13,225,076	53,974	5,194,921	18,613,343	4,340,671	(4,480,043)
12. Earthquake .....						0
13. Group accident and health .....						0
14. Credit accident and health (group and individual) .....						0
15. Other accident and health .....						0
16. Workers' compensation .....						0
17.1 Other liability-occurrence .....						0
17.2 Other liability-claims-made .....						0
17.3 Excess workers' compensation .....						0
18.1 Products liability-occurrence .....						0
18.2 Products liability-claims-made .....						0
19.1, 19.2 Private passenger auto liability .....						0
19.3, 19.4 Commercial auto liability .....						0
21. Auto physical damage .....						0
22. Aircraft (all perils) .....						0
23. Fidelity .....						0
24. Surety .....						0
26. Burglary and theft .....						0
27. Boiler and machinery .....						0
28. Credit .....						0
29. International .....						0
30. Warranty .....						0
31. Reinsurance-nonproportional assumed property .....	XXX					0
32. Reinsurance-nonproportional assumed liability .....	XXX					0
33. Reinsurance-nonproportional assumed financial lines .....	XXX					0
34. Aggregate write-ins for other lines of business .....	0	0	0	0	0	0
35. TOTALS	13,871,927	53,974	5,365,991	19,172,772	4,389,744	(4,270,624)
<b>DETAILS OF WRITE-INS</b>						
3401. ....						
3402. ....						
3403. ....						
3498. Sum. of remaining write-ins for Line 34 from overflow page .....	0	0	0	0	0	0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above) .....	0	0	0	0	0	0

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

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

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

## ANNUAL STATEMENT FOR THE YEAR 2018 OF THE HEALTHCARE UNDERWRITERS GROUP, INC.

## UNDERWRITING AND INVESTMENT EXHIBIT

## PART 2 - LOSSES PAID AND INCURRED

Line of Business	Direct Business	Losses Paid Less Salvage			Net Losses Unpaid Current Year (Part 2A, Col. 8)	Net Losses Unpaid Prior Year	Losses Incurred Current Year (Cols. 4 + 5 - 6)	Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
		1 Reinsurance Assumed	2 Reinsurance Recovered	3 Net Payments (Cols. 1 + 2 - 3)				
1. Fire .....				0	0	0	0	0.0
2. Allied lines .....				0	0	0	0	0.0
3. Farmowners multiple peril .....				0	0	0	0	0.0
4. Homeowners multiple peril .....				0	0	0	0	0.0
5. Commercial multiple peril .....				0	0	0	0	0.0
6. Mortgage guaranty .....				0	0	0	0	0.0
8. Ocean marine .....				0	0	0	0	0.0
9. Inland marine .....				0	0	0	0	0.0
10. Financial guaranty .....				0	0	0	0	0.0
11.1 Medical professional liability-occurrence .....	600,000		(600,000)	1,200,000	0	900,409	299,591	143.1
11.2 Medical professional liability-claims-made .....	5,731,058	1,179,690	(9,073,569)	15,984,317	0	15,010,083	974,234	25.0
12. Earthquake .....				0	0	0	0	0.0
13. Group accident and health .....				0	0	0	0	0.0
14. Credit accident and health (group and individual) .....				0	0	0	0	0.0
15. Other accident and health .....				0	0	0	0	0.0
16. Workers' compensation .....				0	0	0	0	0.0
17.1 Other liability-occurrence .....				0	0	0	0	0.0
17.2 Other liability-claims-made .....				0	0	0	0	0.0
17.3 Excess workers' compensation .....				0	0	0	0	0.0
18.1 Products liability-occurrence .....				0	0	0	0	0.0
18.2 Products liability-claims-made .....				0	0	0	0	0.0
19.1,19.2 Private passenger auto liability .....				0	0	0	0	0.0
19.3,19.4 Commercial auto liability .....				0	0	0	0	0.0
21. Auto physical damage .....				0	0	0	0	0.0
22. Aircraft (all perils) .....				0	0	0	0	0.0
23. Fidelity .....				0	0	0	0	0.0
24. Surety .....				0	0	0	0	0.0
26. Burglary and theft .....				0	0	0	0	0.0
27. Boiler and machinery .....				0	0	0	0	0.0
28. Credit .....				0	0	0	0	0.0
29. International .....				0	0	0	0	0.0
30. Warranty .....				0	0	0	0	0.0
31. Reinsurance-nonproportional assumed property .....	XXX			0	0	0	0	0.0
32. Reinsurance-nonproportional assumed liability .....	XXX			0	0	0	0	0.0
33. Reinsurance-nonproportional assumed financial lines .....	XXX			0	0	0	0	0.0
34. Aggregate write-ins for other lines of business .....	0	0	0	0	0	0	0	0.0
35. TOTALS .....	6,331,058	1,179,690	(9,673,569)	17,184,317	0	15,910,492	1,273,825	31.0
<b>DETAILS OF WRITE-INS</b>								
3401. ....								
3402. ....								
3403. ....								
3498. Sum. of remaining write-ins for Line 34 from overflow page .....	0	0	0	0	0	0	0	0.0
3499. Totals (Lines 3401 through 3403 + 3498) (Line 34 above) .....	0	0	0	0	0	0	0	0.0

## ANNUAL STATEMENT FOR THE YEAR 2018 OF THE HEALTHCARE UNDERWRITERS GROUP, INC.

## UNDERWRITING AND INVESTMENT EXHIBIT

## PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business	Reported Losses				Incurred But Not Reported			8	9
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable	4 Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire .....				0				0	0
2. Allied lines .....				0				0	0
3. Farmowners multiple peril .....				0				0	0
4. Homeowners multiple peril .....				0				0	0
5. Commercial multiple peril .....				0				0	0
6. Mortgage guaranty .....				0				0	0
8. Ocean marine .....				0				0	0
9. Inland marine .....				0				0	0
10. Financial guaranty .....				0				0	0
11.1 Medical professional liability-occurrence .....	450,000			450,000				0	0
11.2 Medical professional liability-claims-made .....	8,793,000		5,562,563	14,355,563				552,109	65,863
12. Earthquake .....				0				5,156,160	637,505
13. Group accident and health .....				0					(a) 0
14. Credit accident and health (group and individual) .....				0					0
15. Other accident and health .....				0					(a) 0
16. Workers' compensation .....				0					0
17.1 Other liability-occurrence .....				0					0
17.2 Other liability-claims-made .....				0					0
17.3 Excess workers' compensation .....				0					0
18.1 Products liability-occurrence .....				0					0
18.2 Products liability-claims-made .....				0					0
19.1,19.2 Private passenger auto liability .....				0					0
19.3,19.4 Commercial auto liability .....				0					0
21. Auto physical damage .....				0					0
22. Aircraft (all perils) .....				0					0
23. Fidelity .....				0					0
24. Surety .....				0					0
26. Burglary and theft .....				0					0
27. Boiler and machinery .....				0					0
28. Credit .....				0					0
29. International .....				0					0
30. Warranty .....				0					0
31. Reinsurance-nonproportional assumed property .....	XXX			0				XXX	0
32. Reinsurance-nonproportional assumed liability .....	XXX			0				XXX	0
33. Reinsurance-nonproportional assumed financial lines .....	XXX			0				XXX	0
34. Aggregate write-ins for other lines of business .....	0		0	0				0	0
35. TOTALS .....	9,243,000		5,562,563	14,805,563				5,708,269	703,368
<b>DETAILS OF WRITE-INS</b>									
3401. .....									
3402. .....									
3403. .....									
3498. Sum. of remaining write-ins for Line 34 from overflow page .....	0		0	0				0	0
3499. Totals (Lines 3401 through 3403 + 3498) (Line 34 above) .....	0		0	0				0	0

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

**ANNUAL STATEMENT FOR THE YEAR 2018 OF THE HEALTHCARE UNDERWRITERS GROUP, INC.**

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 3 - EXPENSES**

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct .....	5,220,383	0	0	5,220,383
1.2 Reinsurance assumed .....	2,601,218	0	0	2,601,218
1.3 Reinsurance ceded .....	6,300,266	0	0	6,300,266
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3) .....	1,521,335	0	0	1,521,335
2. Commission and brokerage:				
2.1 Direct, excluding contingent .....	0	1,262,168	0	1,262,168
2.2 Reinsurance assumed, excluding contingent .....	0	1,945,829	0	1,945,829
2.3 Reinsurance ceded, excluding contingent .....	0	2,331,959	0	2,331,959
2.4 Contingent-direct .....	0	0	0	0
2.5 Contingent-reinsurance assumed .....	0	0	0	0
2.6 Contingent-reinsurance ceded .....	0	0	0	0
2.7 Policy and membership fees .....	0	0	0	0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7) .....	0	876,038	0	876,038
3. Allowances to manager and agents .....	0	0	0	0
4. Advertising .....	0	1,215	0	1,215
5. Boards, bureaus and associations .....	0	21,200	0	21,200
6. Surveys and underwriting reports .....	0	31,468	0	31,468
7. Audit of assureds' records .....	0	0	0	0
8. Salary and related items:				
8.1 Salaries .....	108,833	497,435	28,766	635,034
8.2 Payroll taxes .....	12,804	58,522	3,384	74,710
9. Employee relations and welfare .....	6,402	29,261	1,692	37,355
10. Insurance .....	2,662	61,363	0	64,025
11. Directors' fees .....	0	0	0	0
12. Travel and travel items .....	441	14,012	0	14,453
13. Rent and rent items .....	5,013	48,204	0	53,217
14. Equipment .....	0	0	0	0
15. Cost or depreciation of EDP equipment and software .....	284	6,149	0	6,433
16. Printing and stationery .....	265	3,753	0	4,018
17. Postage, telephone and telegraph, exchange and express .....	1,290	12,313	0	13,603
18. Legal and auditing .....	1,699	43,933	51,949	97,581
19. Totals (Lines 3 to 18) .....	139,693	828,828	85,791	1,054,312
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ .....	0	47,143	0	47,143
20.2 Insurance department licenses and fees .....	0	18,523	0	18,523
20.3 Gross guaranty association assessments .....	0	0	0	0
20.4 All other (excluding federal and foreign income and real estate) .....	0	0	0	0
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4) .....	0	65,666	0	65,666
21. Real estate expenses .....	0	0	0	0
22. Real estate taxes .....	0	0	0	0
23. Reimbursements by uninsured plans .....	0	0	0	0
24. Aggregate write-ins for miscellaneous expenses .....	0	18,770	0	18,770
25. Total expenses incurred .....	1,661,028	1,789,302	85,791	(a) 3,536,121
26. Less unpaid expenses-current year .....	0	869,356	0	869,356
27. Add unpaid expenses-prior year .....	0	842,318	0	13,236,023
28. Amounts receivable relating to uninsured plans, prior year .....	0	0	0	0
29. Amounts receivable relating to uninsured plans, current year .....	0	0	0	0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29) .....	14,054,733	1,762,264	85,791	15,902,788
<b>DETAILS OF WRITE-INS</b>				
2401. Miscellaneous Expenses .....	0	18,770	0	18,770
2402. .....	0	0	0	0
2403. .....	0	0	0	0
2498. Summary of remaining write-ins for Line 24 from overflow page .....	0	0	0	0
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above) .....	0	18,770	0	18,770

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

## EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds .....	(a) 227,727	234,180
1.1 Bonds exempt from U.S. tax .....	(a) 145,748	168,995
1.2 Other bonds (unaffiliated) .....	(a) 943,591	996,801
1.3 Bonds of affiliates .....	(a) 0	0
2.1 Preferred stocks (unaffiliated) .....	(b) 0	0
2.11 Preferred stocks of affiliates .....	(b) 0	0
2.2 Common stocks (unaffiliated) .....	8,443	0
2.21 Common stocks of affiliates .....	0	0
3. Mortgage loans .....	(c) 0	0
4. Real estate .....	(d) 0	0
5. Contract loans .....	0	0
6. Cash, cash equivalents and short-term investments .....	(e) 201,814	183,087
7. Derivative instruments .....	(f) 0	0
8. Other invested assets .....	0	0
9. Aggregate write-ins for investment income .....	0	0
10. Total gross investment income .....	1,527,323	1,583,063
11. Investment expenses .....	(g) 85,791	0
12. Investment taxes, licenses and fees, excluding federal income taxes .....	(g) 0	0
13. Interest expense .....	(h) 0	0
14. Depreciation on real estate and other invested assets .....	(i) 0	0
15. Aggregate write-ins for deductions from investment income .....	0	0
16. Total deductions (Lines 11 through 15) .....	85,791	0
17. Net investment income (Line 10 minus Line 16) .....	1,497,272	0
<b>DETAILS OF WRITE-INS</b>		
0901. ....	0	0
0902. ....	0	0
0903. ....	0	0
0998. Summary of remaining write-ins for Line 9 from overflow page .....	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above) .....	0	0
1501. ....	0	0
1502. ....	0	0
1503. ....	0	0
1598. Summary of remaining write-ins for Line 15 from overflow page .....	0	0
1599. Totals (Lines 1501 through 1503 plus 1598) (Line 15 above) .....	0	0

(a) Includes \$ 41,557 accrual of discount less \$ 88,212 amortization of premium and less \$ 203,650 paid for accrued interest on purchases.  
 (b) Includes \$ accrual of discount less \$ 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 \$ paid for accrued interest on purchases.  
 (d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.  
 (e) Includes \$ 5 accrual of discount less \$ 840 amortization of premium and less \$ 3,567 paid for accrued interest on purchases.  
 (f) Includes \$ accrual of discount less \$ 0 amortization of premium.  
 (g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.  
 (h) Includes \$ interest on surplus notes and \$ interest on capital notes.  
 (i) Includes \$ depreciation on real estate and \$ 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 .....	(88,635)	0	(88,635)	0	0
1.1 Bonds exempt from U.S. tax .....	36,939	0	36,939	0	0
1.2 Other bonds (unaffiliated) .....	(489,805)	0	(489,805)	0	0
1.3 Bonds of affiliates .....	0	0	0	0	0
2.1 Preferred stocks (unaffiliated) .....	0	0	0	0	0
2.11 Preferred stocks of affiliates .....	0	0	0	0	0
2.2 Common stocks (unaffiliated) .....	0	0	0	0	0
2.21 Common stocks of affiliates .....	0	0	0	0	0
3. Mortgage loans .....	0	0	0	0	0
4. Real estate .....	0	0	0	0	0
5. Contract loans .....	0	0	0	0	0
6. Cash, cash equivalents and short-term investments .....	132	0	132	0	0
7. Derivative instruments .....	0	0	0	0	0
8. Other invested assets .....	0	0	0	0	0
9. Aggregate write-ins for capital gains (losses) .....	0	0	0	0	0
10. Total capital gains (losses) .....	(541,369)	0	(541,369)	0	0
<b>DETAILS OF WRITE-INS</b>			0	0	0
0901. ....	0	0	0	0	0
0902. ....	0	0	0	0	0
0903. ....	0	0	0	0	0
0998. Summary of remaining write-ins for Line 9 from overflow page .....	0	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above) .....	0	0	0	0	0

## EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks .....	0	0	0
2.2 Common stocks .....	0	0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens .....	0	0	0
3.2 Other than first liens .....	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company .....	0	0	0
4.2 Properties held for the production of income.....	0	0	0
4.3 Properties held for sale .....	0	0	0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....	0	0	0
6. Contract loans .....	0	0	0
7. Derivatives (Schedule DB).....	0	0	0
8. Other invested assets (Schedule BA) .....	0	0	0
9. Receivables for securities .....	0	0	0
10. Securities lending reinvested collateral assets (Schedule DL).....	0	0	0
11. Aggregate write-ins for invested assets .....	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	0	0	0
13. Title plants (for Title insurers only).....	0	0	0
14. Investment income due and accrued .....	0	0	0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....	0	0	0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	0	0	0
15.3 Accrued retrospective premiums and contracts subject to redetermination .....	0	0	0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers .....	0	0	0
16.2 Funds held by or deposited with reinsured companies .....	0	0	0
16.3 Other amounts receivable under reinsurance contracts .....	0	0	0
17. Amounts receivable relating to uninsured plans .....	0	0	0
18.1 Current federal and foreign income tax recoverable and interest thereon .....	0	0	0
18.2 Net deferred tax asset.....	0	5,773	5,773
19. Guaranty funds receivable or on deposit .....	0	0	0
20. Electronic data processing equipment and software.....	0	0	0
21. Furniture and equipment, including health care delivery assets.....	0	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates .....	0	0	0
23. Receivables from parent, subsidiaries and affiliates .....	0	0	0
24. Health care and other amounts receivable.....	0	0	0
25. Aggregate write-ins for other-than-invested assets .....	12,055	3,687	(8,368)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	12,055	9,460	(2,595)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
28. Total (Lines 26 and 27).....	12,055	9,460	(2,595)
<b>DETAILS OF WRITE-INS</b>			
1101. ....			
1102. ....			
1103. ....			
1198. Summary of remaining write-ins for Line 11 from overflow page .....	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above) .....	0	0	0
2501. Other Prepaid Expenses.....	12,055	3,687	(8,368)
2502. ....			
2503. ....			
2598. Summary of remaining write-ins for Line 25 from overflow page .....	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	12,055	3,687	(8,368)

## 1. Summary of Significant Accounting Policies

### A. Accounting Practices

The accompanying financial statements of Healthcare Underwriters Group, Inc. (HU or the Company) have been prepared in conformity with the National Association of Insurance Commissions' (NAIC) *Annual Statement Instructions and Accounting Practices & Procedures Manual* (NAIC SAP).

The Ohio Department of Insurance recognizes only statutory accounting practices prescribed or permitted by the state of Ohio for determining and reporting the financial condition and results of operations of an insurance company and for determining its solvency under Ohio insurance laws. NAIC SAP has been adopted as a component of prescribed or permitted practices by the state of Ohio. The Director of the Ohio Department of Insurance has the right to permit other specific practices that deviate from prescribed practices. The Company has no practices prescribed or permitted by the state of Ohio.

A reconciliation of the Company's net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the state of Ohio is shown below:

	State of Domicile	2018	2017
<b>NET INCOME</b>			
(1) State basis (Page 4, Line 20, Columns 1 & 2)	OH	1,053,433	337,481
(2) State Prescribed Practices that increase/(decrease) NAIC SAP:		0	0
(3) State Permitted Practices that increase/(decrease) NAIC SAP:		0	0
(4) NAIC SAP (1-2-3=4)	OH	1,053,433	337,481
<b>SURPLUS</b>			
(5) State basis (Page 3, Line 37, Columns 1 & 2)	OH	22,562,966	47,367,084
(6) State Prescribed Practices that increase/(decrease) NAIC SAP:		0	0
(7) State Permitted Practices that increase/(decrease) NAIC SAP:		0	0
(8) NAIC SAP (5-6-7=8)	OH	22,562,966	47,367,084

### 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

Premiums written directly, net of premiums ceded pursuant to reinsurance agreements, are earned ratably over the terms of the underlying policies. Premiums written, net of reinsurance ceded, relating to the unexpired portion of policies in-force at the balance sheet date are recorded as unearned premiums. Unearned premiums include a provision for death, disability and retirement reserves, which is accrued based on management's estimate of future earned free tail policies. Premiums collected in advance of the effective date of the policy are recorded as advance premiums. Policy acquisition costs are charged to current operations as incurred.

Expenses incurred in connection with acquiring new insurance business, including such acquisition costs as sales commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.

In addition, the Company uses the following accounting policies:

- (1) Short-term investments are stated at amortized cost.
- (2) Bonds not backed by other loans are stated at amortized cost using the straight-line method.
- (3) The Company currently holds no common stocks. Previously, common stocks were stated at market.
- (4) The Company has no investments in preferred stocks.
- (5) The Company has no mortgage loans on real estate.
- (6) Loan-backed securities, consisting entirely of U.S. Government residential mortgage-backed securities, are stated at amortized cost using the straight-line method.
- (7) The Company has no investments in subsidiaries, controlled and affiliated companies.
- (8) The Company has no investments in joint ventures, partnerships and limited liability companies.
- (9) The Company has no derivatives.
- (10) The Company anticipates investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 53, Property-Casualty Contracts - Premiums.
- (11) Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience and actuarial input, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and, while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed and any adjustments are reflected in the period determined.
- (12) The Company's capitalizes purchases over \$5,000.
- (13) The Company has no pharmaceutical rebate receivables.

### D. Going Concern

After considering relevant conditions and events in the aggregate, management has concluded that there is no substantial doubt regarding the Company's ability to continue as a going concern.

## 2. Accounting Changes and Corrections of Errors

There were no accounting changes and corrections of errors during 2018.

### 3. Business Combinations and Goodwill

The Company is wholly owned by a holding company, Global Insurance Management Company, Inc. (GIMC), and is incorporated in the state of Delaware. GIMC was purchased by ProMutual Group, Inc., a Massachusetts corporation (ProMutual) effective December 1, 2017. ProMutual is a parent company to several underwriting companies that collectively are authorized to write insurance business in all fifty U.S. states and do business as Coverys. ProMutual is a subsidiary of Medical Professional Mutual Insurance Company, a mutual insurance company domiciled in Massachusetts.

### 4. Discontinued Operations

There are no discontinued operations.

### 5. Investments

- A. The Company has no mortgage loans.
- B. The Company has no restructured debt.
- C. The Company has no reverse mortgages.
- D. Loan-Backed Securities
  - (1) The Company's loan-backed securities consist entirely of U.S. Government residential mortgage-backed securities. Any prepayment assumptions are provided by the external portfolio managers.
  - (2) None of the Company's loan-backed securities have a recognized other-than-temporary impairment.
  - (3) There were no loan-backed securities impaired during 2018.
  - (4) All impaired securities (fair value is less than amortized cost) for which an other-than-temporary impairment has not been recognized in earnings as a realized loss:

Description	Amount
a. The aggregate amount of unrealized losses:	
1. Less than 12 Months	84,583
2. 12 Months or Longer	390
b. The aggregate related fair value of securities with unrealized losses:	
1. Less than 12 Months	3,560,387
2. 12 months or Longer	249,579

- E. The Company has no dollar repurchase agreements or securities lending transactions.
- F. The Company has no repurchase agreements transactions accounted for as secured borrowing.
- G. The Company has no reverse repurchase agreements transactions accounted for as secured borrowing.
- H. The Company has no repurchase transactions accounted for as a sale.
- I. The Company has no reverse repurchase agreements transactions accounted for as a sale.
- J. The Company has no investments in real estate.
- K. The Company has no investments in low-income housing tax credits.
- L. Restricted Assets

#### (1) Restricted Assets (Including Pledged)

Restricted Asset Category	Gross (Admitted & Nonadmitted) Restricted					Current Year					
	Current Year					6	7	8	9	Percentage	
	1	2	3	4	5					10	11
Restricted Asset Category	Total General Account (G/A)	G/A Supporting Protected Cell Account Activity (a)	Total Protected Cell Account Restricted Assets	Protected Cell Account Assets Supporting G/A Activity (b)	Total (1 plus 3)	Total From Prior Year	Increase/ (Decrease) (5 minus 6)	Total Nonadmitted Restricted (5 minus 8)	Total Admitted Restricted (5 minus 8)	Gross (Admitted & Nonadmitted) Restricted to Total Assets (c)	Admitted Restricted to Total Admitted Assets (d)
(a) Subject to contractual obligation for which liability is not shown										%	%
(b) Collateral held under security lending agreements										%	%
(c) Subject to repurchase agreements										%	%
(d) Subject to reverse repurchase agreements										%	%
(e) Subject to dollar repurchase agreements										%	%
(f) Subject to dollar reverse repurchase agreements										%	%
(g) Placed under option contracts										%	%
(h) Letter stock or securities restricted as to sale – excluding FHLB capital stock										%	%
(i) FHLB capital stock										%	%
(j) On deposit with states	1,177,221				1,177,221	1,162,302	14,919		1,177,221	3.790%	3.790%
(k) On deposit with other regulatory bodies										%	%
(l) Pledged as collateral to FHLB (including assets backing funding agreements)										%	%
(m) Pledged as collateral not captured in other categories										%	%
(n) Other restricted assets	10,064,571				10,064,571	7,511,090	2,553,481		10,064,571	32.404%	32.404%
(o) Total Restricted Assets	11,241,792				11,241,792	8,673,392	2,568,400		11,241,792	36.194%	36.194%

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

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

#### (2) Detail of Asset Pledged as Collateral Not Captured in Other Categories – None

#### (3) Detail of Other Restricted Assets – Reinsurance Trust Account.

#### (4) Collateral Received and Reflected as Assets Within the Reporting Entity's Financial Statements – None

- M. The Company has no working capital finance investments.

- N. The Company has no offsetting and netting of assets and liabilities.

- O. The Company has no structured notes.

## 5. Investments (continued)

- P. The Company has no 5\* securities.
- Q. The Company had no short sales.
- R. The Company has no prepayment penalties and acceleration fees.

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

The Company has no investments in joint ventures, partnerships or limited liability companies.

## 7. Investment Income

No investment income due and accrued was excluded from surplus.

## 8. Derivative Instruments

The Company has no derivative investments.

## 9. Income Taxes

A. The components of the net deferred tax asset/(liability) at December 31 are as follows:

1.	Description	12/31/2018			12/31/2017			Change		
		(1) Ordinary	(2) Capital	(3) (Col. 1 + 2) Total	(4) Ordinary	(5) Capital	(6) (Col. 4 + 5) Total	(7) (Col. 1 – 4) Ordinary	(8) (Col. 2 – 5) Capital	(9) (Col. 7 + 8) Total
	(a) Gross Deferred Tax Assets	13,032	---	13,032	701,905	---	701,905	(688,873)	---	(688,873)
	(b) Statutory Valuation Allowance Adjustments	---	---	---	---	---	---	---	---	---
	(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	13,032	---	13,032	701,905	---	701,905	(688,873)	---	(688,873)
	(d) Deferred Tax Assets Nonadmitted	---	---	---	5,773	---	5,773	(5,773)	---	(5,773)
	(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	13,032	---	13,032	696,132	---	696,132	(683,100)	---	(683,100)
	(f) Deferred Tax Liabilities	187,732	---	187,732	20,288	1,361	21,649	167,444	(1,361)	166,083
	(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	(174,700)	---	(174,700)	675,844	(1,361)	674,483	(850,544)	1,361	(849,183)

2.	Admission Calculation Components SSAP No. 101	12/31/2018			12/31/2017			Change		
		(1) Ordinary	(2) Capital	(3) (Col. 1 + 2) Total	(4) Ordinary	(5) Capital	(6) (Col. 4 + 5) Total	(7) (Col. 1 – 4) Ordinary	(8) (Col. 2 – 5) Capital	(9) (Col. 7 + 8) Total
	(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks	12,287	---	12,287	---	---	---	12,287	---	12,287
	(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) Above) After Application of the Threshold Limitation (The Lesser of 2(b)1 and 2(b)2 below)	745	---	745	---	---	---	745	---	745
	1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date	745	---	745	---	---	---	745	---	745
	2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold	XXX	XXX	745	XXX	XXX	---	XXX	XXX	745
	(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	---	---	---	---	1,361	1,361	---	(1,361)	(1,361)
	(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101	13,032	---	13,032	---	1,361	1,361	13,032	(1,361)	11,671

3.	Description	2018		2017	
	(a) Ratio Percentage Used To Determine Recovery Period And Threshold Limitation Amount.			14,128	1,423
	(b) Amount Of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation in 2(b)2 Above.			22,737,666	47,836,138

4.	Impact of Tax-Planning Strategies	12/31/2018		12/31/2017		Change	
		(1) Ordinary	(2) Capital	(3) Ordinary	(4) Capital	(5) (Col. 1 – 3) Ordinary	(6) (Col. 2 - 4) Capital
	(a) Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character as a percentage						
	1. Adjusted gross DTAs amount from Note 9A1(c)	13,032	---	701,905	---	(688,873)	---
	2. Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies	---	---	---	---	---	---
	3. Net Admitted Adjusted Gross DTAs amount from Note 9A1(e)	13,032	---	696,132	---	(688,873)	---
	4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies	---	---	---	---	---	---

(b) 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.

## 9. Income Taxes (continued)

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

	Description	(1) 12/31/2018	(2) 12/31/2017	(3) (Col. 1 – 2) Change
1. Current Income Tax				
(a) Federal		(697,658)	0	(697,658)
(b) Foreign				
(c) Subtotal		(697,658)	0	(697,658)
(d) Federal income tax on net capital losses (gains)		113,432	(439,316)	552,748
(e) Utilization of capital loss carry-forwards		---	---	---
(f) Other		3,614	1,010	2,604
(g) Federal and foreign income taxes incurred		(580,612)	(438,306)	(142,306)
2. Deferred Tax Assets:				
(a) Ordinary				
(1) Discounting of unpaid losses		---	266,472	(266,472)
(2) Unearned premium reserve		---	351,847	(335,462)
(3) Prepaid management fees		---	---	---
(4) Advance premiums		---	21,147	(21,147)
(5) Net operating loss carry-forward		---	25,797	(25,797)
(6) Other (including items < 5% of total ordinary tax assets)		13,032	36,642	(23,610)
(99) Subtotal		13,032	701,905	(688,873)
(b) Statutory valuation allowance adjustment		---	---	---
(c) Nonadmitted		---	5,773	(5,773)
(d) Admitted ordinary deferred tax assets (2a99 – 2b – 2c)		13,032	696,132	(683,100)
(e) Capital:				
(1) Investments		---	---	---
(2) Net capital loss carry-forward		---	---	---
(3) Real estate		---	---	---
(4) Other (including items < 5% of total capital tax assets)		---	---	---
(99) Subtotal		---	---	---
(f) Statutory valuation allowance adjustment		---	---	---
(g) Nonadmitted		---	---	---
(h) Admitted capital deferred tax assets (2e99 – 2f – 2g)		---	---	---
(i) Admitted deferred tax assets (2d + 2h)		13,032	696,132	(683,100)
3. Deferred Tax Liabilities:				
(a) Ordinary				
(1) Loss reserve discounting		184,827	---	184,827
(2) Other (including items < 5% of total ordinary tax liabilities)		2,905	20,288	(17,383)
(99) Subtotal		187,732	20,288	167,444
(b) Capital:				
(1) Investments		---	---	---
(2) Real estate		---	---	---
(3) Other (including items < 5% of total capital tax liabilities)		---	1,361	(1,361)
(99) Subtotal		---	1,361	(1,361)
(c) Deferred tax liabilities (3a99 + 3b99)		187,732	21,649	166,083
4. Net deferred tax assets/liabilities (2i – 3c)		(174,700)	674,483	(849,183)

D. Not applicable.

E. Loss and tax credit carryforwards, incurred taxes available for recoupment and deposits admitted under Section 6603 of the Internal Revenue Service Code.

(1) At December 31, 2018 the Company had no operating loss or tax credit carry-forwards to offset future taxable income or taxes.  
 (2) The following represents income tax expense for 2016 – 2018 that is available for recoupment in the event of future net losses:

Year	Ordinary	Capital	Total
2016	(87,986)	87,986	0
2017	(439,316)	439,316	0
2018	113,432	(113,432)	0

(3) The Company has no deposits admitted under Section 6603 of the Internal Revenue Service Code.

## 9. Income Taxes (continued)

### F. Consolidated Federal Income Tax Return

(4) The Company's federal income tax return is consolidated with the following entities:

- Medical Professional Mutual Insurance Company
- Preferred Professional Insurance Company
- ProSelect Insurance Company
- MHA Insurance Company
- Washington Casualty Company
- Coverys Specialty Insurance Company
- ProMutual Solutions Insurance Company
- ProMutual Group, Inc.
- Physicians Consultants, Inc.
- ProMutual Insurance Agency, Inc.
- Coverys Insurance Services, Inc.
- Coverys Community Healthcare Foundation, Inc.
- Coverys Research and Development Corporation
- The Risk Management & Patient Safety Institute
- ELM Exchange, Inc.
- Med-IQ, LLC
- MRM Group, LLC
- Global Insurance Management Company, Inc.
- Healthcare Underwriters Group, Inc.

(5) The method of allocation between the companies is subject to written agreement, approved by the Board of Directors.

The Member Companies federal income tax liability shall be calculated using Basic Method 1 as set forth in Treasury Regulations paragraph 1.1552-1(a)(1). Each Member Company shall pay to Common Parent its income tax liability as calculated using this Basic Method 1. If a Member Company generates for the year any Tax Benefits which may not be fully utilized by the Member Company to reduce its separate tax liability for the current taxable year, Common Parent shall provide to any such Member Company a payment equal to the amount of such Tax Benefits which can be utilized by the Affiliated Group. Payments between and among Member Companies of the Affiliated Group under this Agreement shall be made within thirty days of the receipt of the final calculations.

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

### A. Nature of Relationships

The Company is wholly owned by GIMC, which is a wholly owned subsidiary of ProMutual effective December 1, 2017. ProMutual is a subsidiary of Medical Professional Mutual Insurance Company.

### B. Detail of Transactions Greater than 1/2% of Admitted Assets

The Company has no non-insurance transactions greater than 1/2% of admitted assets.

### C. Change in Terms of Intercompany Arrangements

Effective April 1, 2018, the Company entered into a 100% quota share agreement with Medical Professional Mutual Insurance Company (MPMIC), where HU cedes all net premiums, losses, loss adjustment and underwriting expenses to MPMIC. Additionally, the Company has a 100% quota share reinsurance agreement with Preferred Professional Insurance Company (PPIC). Under this agreement, PPIC cedes 100% of its net liabilities and premiums under certain insurance business written by the Company.

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

The Company reported \$844,953 and \$54,314 due to GIMC in the current and prior year, respectively, related to the management services agreement. Additionally, the Company reported amounts due of \$3,105 and \$0 to ProMutual Group, Inc. and \$600 and \$0 to ProSelect Insurance Company in the current and prior year, respectively.

### E. Guarantees or Undertakings for Related Parties

The Company has no material guarantees or contingencies for related parties.

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

The day-to-day operations of the Company have been managed by its parent company, Global Insurance Management Company, Inc. under a multiple year administrative services agreement whereby the Company reimburses GIMC for its actual costs incurred. During 2018 and 2017, the Company paid \$3,872,143 and \$4,980,241, respectively, in administrative service fees to GIMC.

Effective January 1, 2018, the administrative services agreement was amended to include ProSelect Insurance Company (ProSelect), an affiliate. Under terms of the new agreement, ProSelect provides services including, but not limited to: corporate administration, including human resources, payroll and employee benefits to the Company.

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

The Company is wholly owned by GIMC, which is wholly owned by ProMutual which is the parent company to several underwriting companies that collectively are authorized to write insurance business in all fifty U.S. states and do business as Coverys. ProMutual is a subsidiary of Medical Professional Mutual Insurance Company.

### H. Amount Deducted for Investment Upstream Company

The Company has no investment in an upstream company.

**10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties (continued)****I. Detail of Investment in Affiliates Greater than 10% of Admitted Assets**

The Company has no investment in affiliates whose carrying value is equal to or exceeds 10% of the admitted assets of the Company.

**J. Write-downs for Impairment of Investments in Affiliates**

The Company did not recognize any impairment write down for its investments in subsidiary, controlled or affiliated companies during the statement periods.

**K. Foreign Insurance Subsidiary Valued Using CARVM**

The Company does not directly invest in a foreign insurance subsidiary.

**L. Downstream Holding Company Valued Using Look-Through Method**

The Company has no downstream holding companies.

**M. All SCA Investments**

The Company has no SCA investments.

**N. Investment in Insurance SCAs**

The Company has no investments in insurance SCAs.

**11. Debt**

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**

(1) The Company was organized as a non-assessable mutual company with no capital stock and converted to a stock insurance company effective August 25, 2014. GIMC holds 8,186,047 shares of common stock in HU.

(2) The Company has no preferred stock outstanding.

(3), (4) & (5) Under Ohio insurance statutes, dividends can only be paid from net realized savings and net realized earnings which are in excess of the Company's minimum required surplus as determined on a statutory basis. No dividend may be paid without providing notice to the Ohio Department of Insurance (ODI) and giving the ODI 30 days to disapprove such dividend. An extraordinary dividend/distribution in the amount of \$25,000,000 was declared by the Company on June 28, 2018 and paid on August 16, 2018 to its sole shareholder, GIMC, after providing the ODI appropriate notice. In accordance with SSAP 72, Surplus and Quasi-Reorganizations, unassigned funds of \$7,764,906 as of June 30, 2018 were reduced to zero with the remainder of the dividend, \$17,235,094, shown as a reduction in capital. No dividends were paid during 2017.

(6) There were no restrictions placed on the Company's surplus, including for whom the surplus is being held.

(7) There were no advances to surplus not repaid.

(8) There are no shares of stock held for special purposes.

(9) The Company has no changes in the balances of any special surplus funds from the prior year.

(10) Unassigned funds (surplus) is not represented or reduced by unrealized gains and losses, separate account business, asset valuation reserves or provision for reinsurance.

(11) Surplus Notes - None.

(12) & (13) Quasi-reorganizations - Not applicable.

**14. Liabilities, Contingencies and Assessments**

(A) Contingent Commitments - The Company had no material contingent liabilities during 2018.

(B) Assessments - The Company had no assessments that had a material financial effect during 2018.

(C) Gain Contingencies - The Company had no gain contingencies during 2018.

(D) Claims related extra contractual obligation and bad faith losses stemming from lawsuits. – The Company made no payments during 2018.

(E) Product warranties – The Company has no product warranties.

(F) Joint and Several Liabilities – The Company has no joint and several liabilities.

(G) All Other contingencies -The Company had no other contingencies during 2018.

**15. Leases**

The Company has no leases.

**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. The Company's estimates of fair value for financial assets and financial liabilities are based on the framework established in the Fair Value Measurements and Disclosures accounting guidance. The framework is based on the inputs used in valuation and requires that observable inputs be used in the valuations when available. The disclosure of fair value estimates in the fair value accounting guidance includes a hierarchy based on whether significant valuation inputs are observable. In determining the level of the hierarchy in which the estimate is disclosed, the highest priority is given to unadjusted quoted prices in active markets and the lowest priority to unobservable inputs that reflect HU's significant market assumptions. The only assets and liabilities measured and reported at fair value are common stocks. The three levels of the hierarchy are as follows:

Level 1 – Quoted prices in active markets for identical securities.

Level 2 – Quoted prices in active markets for similar securities.

Level 3 – Inputs to the valuation methodology are unobservable for the asset or liability and are significant to the fair value measurement.

(1) Fair Value Measurements at Reporting Date

Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Total
a. Assets at fair value				
Bonds				
U.S. Government	---	---	---	---
Industrial and misc	---	---	---	---
Hybrid securities	---	---	---	---
Parent, Subsidiaries and Affiliates	---	---	---	---
Total Bonds	---	---	---	---
	---	---	---	---
	---	---	---	---
Total assets at fair value				
b. Liabilities at fair value				
Derivative liabilities	---	---	---	---
Total liabilities at fair value	---	---	---	---

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

Not Applicable

B. Combination of fair value information disclosed under SSAP No. 100, Fair Value Measurements, with the fair value information disclosed under other accounting pronouncements.

Not Applicable

C. Aggregate fair value for all financial instruments and the level within the fair value hierarchy in which the fair value measurements in their entirety fall.

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Bonds	19,510,577	19,666,173	---	19,510,577	---	---
Common Stock	---	---	---	---	---	---
Cash, Cash Equivalents and Short-Term Investments	1,695,648	1,695,648	1,695,648	---	---	---

D. Not Practicable to Estimate Fair Value

Not Applicable

**21. Other Items**

None

**22. Events Subsequent**

Subsequent events have been considered through February 26, 2019 for the 2018 Annual Statement. There have been no material recognized or nonrecognized subsequent events.

### **23. Reinsurance**

Effective October 1, 2016, losses and allocated loss adjustment expenses (LAE) on such losses were reinsured under a primary excess of loss reinsurance contract whereby HU reinsurance all risks in excess of its initial \$500,000 retention (losses and allocated LAE) up to \$1,000,000. HU retains 25% of these excess losses. Prior to October 1, 2016, HU did not retain a percentage of these excess losses. HU's recovery of losses from reinsurers under this contract was limited to 325% of the maximum reinsurance premiums paid or payable per reinsurance contract period.

Prior to April 1, 2015, losses and a pro-rata share of allocated loss adjustment expenses (LAE) on such losses were reinsured under a primary excess of loss reinsurance contract whereby HU reinsurance all risks in excess of its initial \$250,000 retention (losses only) up to \$1,000,000. HU retained a percentage of these excess losses: 20% for Florida losses and 10% for Kentucky and Ohio losses, respectively. HU's recovery of losses from reinsurers under this contract was limited to 325% of the maximum reinsurance premiums paid or payable per reinsurance contract period.

The ultimate reinsurance premiums paid by HU on the primary excess of loss contract are based on 100% (102.5% prior to April 1, 2015) of cumulative ceded losses and LAE paid and reserved under the contract plus a percentage of written premiums, subject to certain minimum and maximum limitations. HU recognizes ceded premiums based on its estimate of ultimate reinsurance premiums to be paid. Estimates of ultimate reinsurance premiums to be paid are continually reviewed by management and updated with any resulting adjustment reflected in current operating results.

Losses in excess of \$1,000,000 up to \$2,000,000 are reinsured under a fixed-cost reinsurance contract at December 31, 2018 and 2017 respectively. HU's fixed-cost reinsurance contract contains a provision for ceding commissions. HU retains 25% of these excess losses. Prior to October 1, 2016, HU did not retain a percentage of these excess losses.

Effective April 1, 2015, HU entered into a quota share reinsurance treaty with another carrier whereby HU assumed 75% of its medical professional liability policies' unearned premiums and related losses at April 1, 2015 and on policies' premiums and losses incepting on and after April 1, 2015. The quota share percentage changed from 75% to 90% effective January 1, 2017. At December 31, 2018, the Company held securities and a short-term investment with a fair market value of \$9,917,485 and a book carrying value of \$10,064,571 in a separate trust account as collateral pertaining to this quota share reinsurance treaty.

Effective October 15, 2017, the Company entered into a 100% quota share reinsurance agreement with Preferred Professional Insurance Company (PPIC). Under this agreement, PPIC cedes 100% of its net liabilities and premiums under certain insurance business written by the Company.

Effective April 1, 2018, the Company entered into a 100% quota share agreement with Medical Professional Mutual Insurance Company (MPMIC), where HU cedes all net premiums, losses, loss adjustment and underwriting expenses to MP MIC.

Ceded reinsurance premiums payable related to insured events of prior years were increased by \$2,702,140 during 2018 as a result of re-estimation on unpaid reinsured claims primarily for the loss years 2014 through 2017. Management determined to increase ceded reinsurance premiums payable based on management's judgment and evaluation of the payable based in part on advice received from its independent consulting actuary.

- A. Unsecured Reinsurance Recoverables – None
- B. Reinsurance Recoverable in Dispute - None
- C. Reinsurance Assumed and Ceded
  - (1) No return commission would be due reinsurers if the Company's reinsurance was canceled.
  - (2) There is no additional or return commission in this annual statement predicated on loss experience or on any other form of profit sharing arrangements as a result of existing contractual arrangements.
  - (3) The Company does not use protected cells as an alternative to traditional reinsurance.
- D. Uncollectible Reinsurance - None
- E. Commutation of Ceded Reinsurance - None
- F. Retroactive Reinsurance - None
- G. Reinsurance Accounted for as a Deposit – None
- H. Disclosures for the Transfer of Property and Casualty Run-Off Agreements - None
- I. Certified Reinsurer Rating Downgraded or Status Subject to Revocation – None
- J. Reinsurance Agreements Qualifying for Reinsurer Aggregation - None

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

Not applicable

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

Net reserves for losses and loss adjustment expenses as of December 31, 2018 related to insured events of prior years increased \$3,215,911 as a result of re-estimation of unpaid claims primarily for the loss years 2014 through 2017 because the Company has increased its estimates of claims severity (i.e. the average size of a claim) related to those years. Based on recent internal and industry claims data, management believes claims severity for those earlier years will be more than was actuarially projected and that claims severity is increasing at a rate faster than was estimated when reserves for those years were established. No return premiums have been accrued as a result of the prior-year effects.

**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**

1. Liability carried for premium deficiency reserves
2. Date of the most recent evaluation of this liability

0

12/31/2018

3. Was anticipated investment income utilized in the calculation? (Yes / No)

Yes

**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

**37. Special Disability Trust Fund Disclosure, Florida Statutes 625.091**

- a. The Company took no credit in loss reserves for anticipated recoveries from the Special Disability Trust Fund for the prior calendar year and the year-to-date ending December 31, 2018.
- b. The Company received no payments from the Special Disability Trust Fund during the prior calendar year and for the year-to-date ending December 31, 2018.
- c. The Company had no assessments by the Special Disability Trust Fund during the calendar year and for the year-to-date ending December 31, 2018.

**38. Agents' Balances Certification, Florida Statute 625.012(5) – The Company had no premiums due or collected from a controlled or controlling person.**

## GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES

## GENERAL

1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [ X ] No [ ]

If yes, complete Schedule Y, Parts 1, 1A and 2.

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

1.3 State Regulating? Ohio.....

1.4 Is the reporting entity publicly traded or a member of a publicly traded group? Yes [ ] No [ X ]

1.5 If the response to 1.4 is yes, provide the CIK (Central Index Key) code issued by the SEC for the entity/group. ....

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

2.2 If yes, date of change: .....

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. ....11/30/2013

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. ....11/30/2013

3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). ....01/30/2014

3.4 By what department or departments? Ohio Department of Insurance.....

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

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

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

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

4.12 renewals? Yes [ ] No [ X ]

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

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

4.22 renewals? Yes [ ] No [ X ]

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

If yes, complete and file the merger history data file with the NAIC.

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 [ X ]

6.2 If yes, give full information .....

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

7.2 If yes,

7.21 State the percentage of foreign control .....0.0 %

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

1 Nationality	2 Type of Entity
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....

**ANNUAL STATEMENT FOR THE YEAR 2018 OF THE HEALTHCARE UNDERWRITERS GROUP, INC.**

**GENERAL INTERROGATORIES**

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 NO.	4 OCC NO.	5 FDIC NO.	6 SEC NO.

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
Pricewaterhouse Coopers, LLP 101 Seaport Boulevard, Boston, MA 02210.....

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

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

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

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

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

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

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?  
Orin Linden, Ph.D, FCAS, MAAA, ARM, actuary with MJB Actuarial Solutions, LLC, 1601 North Flamingo Rd., Suite 2, Pembroke Pines, FL 33028.....

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

12.11 Name of real estate holding company \_\_\_\_\_

12.12 Number of parcels involved .....0

12.13 Total book/adjusted carrying value \$.....

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 [ X ]

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

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

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

c. Compliance with applicable governmental laws, rules and regulations;

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

e. Accountability for adherence to the code.

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

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

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

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

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

# ANNUAL STATEMENT FOR THE YEAR 2018 OF THE HEALTHCARE UNDERWRITERS GROUP, INC.

## GENERAL INTERROGATORIES

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

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

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

### 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 committee thereof? Yes [ X ] No [ ]

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

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

### FINANCIAL

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

20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans): 20.11 To directors or other officers \$.....  
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 \$.....

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)

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 [ ] NA [ 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 [ ] NA [ X ]

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

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

24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2	\$.....0
24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2	\$.....0
24.103 Total payable for securities lending reported on the liability page	\$.....0

**ANNUAL STATEMENT FOR THE YEAR 2018 OF THE HEALTHCARE UNDERWRITERS GROUP, INC.**

**GENERAL INTERROGATORIES**

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 [  ]

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 Placed under option agreements	\$.....
25.26 Letter stock or securities restricted as to sale – excluding FHLB Capital Stock	\$.....
25.27 FHLB Capital Stock	\$.....
25.28 On deposit with states	\$..... 1,177,221
25.29 On deposit with other regulatory bodies	\$.....
25.30 Pledged as collateral – excluding collateral pledged to an FHLB	\$.....
25.31 Pledged as collateral to FHLB – including assets backing funding agreements	\$.....
25.32 Other	\$..... 10,064,571

25.3 For category (25.26) provide the following:

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

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes [  ] No [  ]

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
The Northern Trust Company.....	50 South LaSalle Street, Chicago, IL 60675.....
PNC Bank.....	1900 E. 9th Street, Cleveland, OH 44114.....

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
---	The Northern Trust Company.....	01/01/2018	New custodian.....

**ANNUAL STATEMENT FOR THE YEAR 2018 OF THE HEALTHCARE UNDERWRITERS GROUP, INC.**

**GENERAL INTERROGATORIES**

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

1 Name of Firm or Individual	2 Affiliation
PNC Capital Advisors, LLC.....	U.....
New England Asset Management, Inc.....	U.....

28.0597 For those firms/individuals listed in the table for Question 28.05, do any firms/individuals unaffiliated with the reporting entity (i.e., designated with a “U”) manage more than 10% of the reporting entity’s assets?

Yes [ X ] No [ ]

28.0598 For firms/individuals unaffiliated with the reporting entity (i.e., designated with a “U”) listed in the table for Question 28.05, does the total assets under management aggregate to more than 50% of the reporting entity’s assets?

Yes [ X ] No [ ]

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

1 Central Registration Depository Number	2 Name of Firm or Individual	3 Legal Entity Identifier (LEI)	4 Registered With	5 Investment Management Agreement (IMA) Filed
105900.....	New England Asset Management, Inc.....	KUR85E5PS4GQFZFC130.....	Securities Exchange Commission.....	DS.....
151829.....	PNC Capital Advisors, LLC.....	549300WVB7V48QCY3U49.....	Securities Exchange Commission.....	DS.....

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D - Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])?

Yes [ ] No [ X ]

29.2 If yes, complete the following schedule:

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

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

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

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.....	19,696,175	19,851,848	155,673
30.2 Preferred Stocks.....	0	0	0
30.3 Totals.....	19,696,175	19,851,848	155,673

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

Primary: Custodian Bank; Alternate: Intercontinental Exchange/Asset Manager.....

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

Yes [ ] No [ X ]

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source?

Yes [ ] No [ ]

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

32.1 Have all the filing requirements of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* been followed?

Yes [ X ] No [ ]

32.2 If no, list exceptions:

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE HEALTHCARE UNDERWRITERS GROUP, INC.

**GENERAL INTERROGATORIES**

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

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

Has the reporting entity self-designated 5GI securities?

Yes [ ] No [ X ]

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

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

Has the reporting entity self-designated PLGI securities?

Yes [ ] No [ ]

**OTHER**

35.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$ ..... 21,200

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

1 Name	2 Amount Paid
AM Best Co.....	\$.....21,200

36.1 Amount of payments for legal expenses, if any? \$ ..... 1,022

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

1 Name	2 Amount Paid
Radey Law Firm.....	\$.....960

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

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

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

**ANNUAL STATEMENT FOR THE YEAR 2018 OF THE HEALTHCARE UNDERWRITERS GROUP, INC.**

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

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

1.2 If yes, indicate premium earned on U. S. business only. ..... \$ ..... 0

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

1.31 Reason for excluding

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

1.5 Indicate total incurred claims on all Medicare Supplement insurance. ..... \$ ..... 0

1.6 Individual policies:

Most current three years:

1.61 Total premium earned ..... \$ ..... 0

1.62 Total incurred claims ..... \$ ..... 0

1.63 Number of covered lives ..... 0

All years prior to most current three years:

1.64 Total premium earned ..... \$ ..... 0

1.65 Total incurred claims ..... \$ ..... 0

1.66 Number of covered lives ..... 0

1.7 Group policies:

Most current three years:

1.71 Total premium earned ..... \$ ..... 0

1.72 Total incurred claims ..... \$ ..... 0

1.73 Number of covered lives ..... 0

All years prior to most current three years:

1.74 Total premium earned ..... \$ ..... 0

1.75 Total incurred claims ..... \$ ..... 0

1.76 Number of covered lives ..... 0

2. Health Test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator	\$ ..... 0	\$ ..... 0
2.2 Premium Denominator	\$ ..... 4,106,691	\$ ..... 15,943,108
2.3 Premium Ratio (2.1/2.2)	.....0.000	.....0.000
2.4 Reserve Numerator	\$ ..... 0	\$ ..... 0
2.5 Reserve Denominator	\$ ..... 0	\$ ..... 36,681,512
2.6 Reserve Ratio (2.4/2.5)	.....0.000	.....0.000

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 [ ]

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

4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? ..... %

4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. ..... \$ .....

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 [ ]

5.5 If yes, give full information

## GENERAL INTERROGATORIES

### PART 2 - PROPERTY & CASUALTY INTERROGATORIES

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

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:.....  
Not applicable.....

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 does not issue workers' compensation policies.....

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?.....

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  
Not applicable.....

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)?.....

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)?.....

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?.....

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 noncancelable 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.....

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.....

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?.....

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

9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:  
(a) The entity does not utilize reinsurance; or  
(b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or  
(c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement.....

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 [ X ]

Yes [ ] No [ X ]

Yes [ ] No [ ]

Yes [ ] No [ X ]

Yes [X] No [ ] N/A [ ]

**ANNUAL STATEMENT FOR THE YEAR 2018 OF THE HEALTHCARE UNDERWRITERS GROUP, INC.**

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

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):..... \$..... 875,000  
 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..... 1

14.1 Is the reporting entity a cedant in a multiple cedant reinsurance contract?..... Yes [ ] No [ X ]  
 14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:  
 .....  
 14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts?..... Yes [ ] No [ ]  
 14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements?..... Yes [ ] No [ ]  
 14.5 If the answer to 14.4 is no, please explain:  
 .....  
 15.1 Has the reporting entity guaranteed any financed premium accounts?..... Yes [ ] No [ X ]  
 15.2 If yes, give full information  
 .....  
 16.1 Does the reporting entity write any warranty business?..... Yes [ ] No [ X ]  
 If yes, disclose the following information for each of the following types of warranty coverage:

	1 Direct Losses Incurred	2 Direct Losses Unpaid	3 Direct Written Premium	4 Direct Premium Unearned	5 Direct Premium Earned
16.11 Home .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....
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 is exempt from the statutory provision for unauthorized reinsurance? ..... Yes [ ] No [ X ]

Incurred but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from the statutory provision for unauthorized reinsurance. Provide the following information for this exemption:

	Gross amount of unauthorized reinsurance in Schedule F – Part 3 exempt from the statutory provision for unauthorized reinsurance..... \$.....
17.11	\$.....
17.12	\$.....
17.13	\$.....
17.14	\$.....
17.15	\$.....
17.16	\$.....
17.17	\$.....

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. ..... \$.....

19. Is the reporting entity licensed or chartered, registered, qualified, eligible or writing business in at least two states? ..... Yes [ X ] No [ ]

19.1 If no, does the reporting entity assume reinsurance business that covers risks residing in at least one state other than the state of domicile of the reporting entity? ..... Yes [ ] No [ ]

**ANNUAL STATEMENT FOR THE YEAR 2018 OF THE HEALTHCARE UNDERWRITERS GROUP, INC.**

**FIVE-YEAR HISTORICAL DATA**

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

	1 2018	2 2017	3 2016	4 2015	5 2014
<b>Gross Premiums Written</b> (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4) .....	19,291,892	17,809,812	17,407,656	19,526,381	14,670,784
2. Property lines (Lines 1, 2, 9, 12, 21 & 26) .....	0	0	0	0	0
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) .....	0	0	0	0	0
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) .....	0	0	0	0	0
5. Nonproportional reinsurance lines (Lines 31, 32 & 33) .....	0	0	0	0	0
6. Total (Line 35) .....	19,291,892	17,809,812	17,407,656	19,526,381	14,670,784
<b>Net Premiums Written</b> (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4) .....	(4,270,624)	16,402,208	16,005,306	17,139,361	11,404,452
8. Property lines (Lines 1, 2, 9, 12, 21 & 26) .....	0	0	0	0	0
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) .....	0	0	0	0	0
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) .....	0	0	0	0	0
11. Nonproportional reinsurance lines (Lines 31, 32 & 33) .....	0	0	0	0	0
12. Total (Line 35) .....	(4,270,624)	16,402,208	16,005,306	17,139,361	11,404,452
<b>Statement of Income</b> (Page 4)					
13. Net underwriting gain (loss) (Line 8) .....	(617,464)	(2,842,483)	(198,747)	505,715	(3,100,019)
14. Net investment gain (loss) (Line 11) .....	1,070,554	2,727,041	2,155,601	1,954,550	1,963,850
15. Total other income (Line 15) .....	19,731	14,616	21,336	24,338	25,057
16. Dividends to policyholders (Line 17) .....	0	0	0	0	0
17. Federal and foreign income taxes incurred (Line 19) .....	(580,612)	(438,306)	(69,441)	(169,925)	272,297
18. Net income (Line 20) .....	1,053,433	337,481	2,047,631	2,654,528	(1,383,409)
<b>Balance Sheet Lines</b> (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3) .....	31,059,603	86,178,490	86,720,066	90,361,581	91,563,529
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1) .....	2,476,746	2,782,668	1,962,977	2,209,566	0
20.2 Deferred and not yet due (Line 15.2) .....	0	0	0	0	0
20.3 Accrued retrospective premiums (Line 15.3) .....	0	0	0	0	0
21. Total liabilities excluding protected cell business (Page 3, Line 26) .....	8,496,637	38,811,406	38,602,665	43,650,601	45,965,440
22. Losses (Page 3, Line 1) .....	0	15,910,492	15,423,101	18,811,921	19,903,181
23. Loss adjustment expenses (Page 3, Line 3) .....	0	12,393,705	12,419,049	12,366,955	13,824,365
24. Unearned premiums (Page 3, Line 9) .....	0	8,377,315	7,918,215	8,429,135	6,708,116
25. Capital paid up (Page 3, Lines 30 & 31) .....	8,186,047	8,186,047	8,186,047	8,186,047	8,186,047
26. Surplus as regards policyholders (Page 3, Line 37) .....	22,562,966	47,367,084	48,117,401	46,710,980	45,598,089
<b>Cash Flow</b> (Page 5)					
27. Net cash from operations (Line 11) .....	(36,400,355)	(441,051)	(2,481,192)	(2,144,665)	(4,793,082)
<b>Risk-Based Capital Analysis</b>					
28. Total adjusted capital .....	22,562,966	47,367,084	48,117,401	46,710,980	45,598,089
29. Authorized control level risk-based capital .....	134,208	3,924,817	3,361,067	3,664,252	3,614,231
<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) .....	92.1	10.1	85.6	87.1	85.9
31. Stocks (Lines 2.1 & 2.2) .....	0.0	0.0	10.1	9.5	9.3
32. Mortgage loans on real estate (Lines 3.1 and 3.2) .....	0.0	0.0	0.0	0.0	0.0
33. Real estate (Lines 4.1, 4.2 & 4.3) .....	0.0	0.0	0.0	0.0	0.0
34. Cash, cash equivalents and short-term investments (Line 5) .....	7.9	89.9	4.3	3.4	4.8
35. Contract loans (Line 6) .....	0.0	0.0	0.0	0.0	0.0
36. Derivatives (Line 7) .....	0.0	0.0	0.0	0.0	0.0
37. Other invested assets (Line 8) .....	0.0	0.0	0.0	0.0	0.0
38. Receivables for securities (Line 9) .....	0.0	0.0	0.0	0.0	0.0
39. Securities lending reinvested collateral assets (Line 10) .....	0.0	0.0	0.0	0.0	0.0
40. Aggregate write-ins for invested assets (Line 11) .....	0.0	0.0	0.0	0.0	0.0
41. Cash, cash equivalents and invested assets (Line 12) .....	100.0	100.0	100.0	100.0	100.0
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
42. Affiliated bonds, (Sch. D, Summary, Line 12, Col. 1) .....	0	0	0	0	0
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1) .....	0	0	0	0	0
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1) .....	0	0	0	0	0
45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10) .....	0	0	0	0	0
46. Affiliated mortgage loans on real estate .....					
47. All other affiliated .....	0	0	0	0	0
48. Total of above Lines 42 to 47 .....	0	0	0	0	0
49. Total Investment in parent included in Lines 42 to 47 above .....					
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0) .....	0.0	0.0	0.0	0.0	0.0

**ANNUAL STATEMENT FOR THE YEAR 2018 OF THE HEALTHCARE UNDERWRITERS GROUP, INC.**

**FIVE-YEAR HISTORICAL DATA**

**(Continued)**

	1 2018	2 2017	3 2016	4 2015	5 2014
<b>Capital and Surplus Accounts (Page 4)</b>					
51. Net unrealized capital gains (losses) (Line 24) .....	0	(974,142)	576,646	(135,870)	495,970
52. Dividends to stockholders (Line 35) .....	(7,764,906)	0	0	0	0
53. Change in surplus as regards policyholders for the year (Line 38) .....	(24,804,118)	(750,317)	1,406,421	1,112,891	(1,980,592)
<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) .....	7,510,748	4,999,275	5,160,877	4,316,650	6,803,500
55. Property lines (Lines 1, 2, 9, 12, 21 & 26) .....	0	0	0	0	0
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) .....	0	0	0	0	0
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) .....	0	0	0	0	0
58. Nonproportional reinsurance lines (Lines 31, 32 & 33) .....	0	0	0	0	0
59. Total (Line 35) .....	7,510,748	4,999,275	5,160,877	4,316,650	6,803,500
<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) .....	17,184,317	3,317,638	4,344,127	2,830,650	5,126,374
61. Property lines (Lines 1, 2, 9, 12, 21 & 26) .....	0	0	0	0	0
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) .....	0	0	0	0	0
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) .....	0	0	0	0	0
64. Nonproportional reinsurance lines (Lines 31, 32 & 33) .....	0	0	0	0	0
65. Total (Line 35) .....	17,184,317	3,317,638	4,344,127	2,830,650	5,126,374
<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) .....	31.0	23.9	5.8	11.3	20.3
68. Loss expenses incurred (Line 3) .....	40.4	41.8	55.5	34.9	55.5
69. Other underwriting expenses incurred (Line 4) .....	43.6	52.1	39.9	50.6	51.1
70. Net underwriting gain (loss) (Line 8) .....	(15.0)	(17.8)	(1.2)	3.3	(26.9)
<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) .....	(41.4)	50.6	41.1	45.4	51.5
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0) .....	71.5	65.7	61.3	46.1	75.8
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 37, Col. 1 x 100.0) .....	(18.9)	34.6	33.3	36.7	25.0
<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) .....	.1	(929)	(2,420)	(4,597)	(685)
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) .....	0.0	(1.9)	(5.2)	(10.1)	(1.4)
<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) .....	(928)	(1,595)	(5,528)	(3,744)	(5,238)
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) .....	(1.9)	(3.4)	(12.1)	(7.9)	(11.0)

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

Yes  No

If no, please explain

**ANNUAL STATEMENT FOR THE YEAR 2018 OF THE HEALTHCARE UNDERWRITERS GROUP, INC.**

**SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES**  
**SCHEDULE P - PART 1 - SUMMARY**

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12 Number of Claims Reported Direct and Assumed	
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)		
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded				
1. Prior	XXX	XXX	XXX	120	0	114	0	13	0	0	247	XXX	
2. 2009	23,804	3,382	20,422	8,712	2,426	9,577	749	1,466	0	0	16,580	XXX	
3. 2010	21,522	2,277	19,245	7,104	1,816	8,486	468	1,228	0	0	14,534	XXX	
4. 2011	20,731	1,381	19,350	3,854	536	6,203	272	1,278	0	0	10,527	XXX	
5. 2012	17,784	2,249	15,535	2,429	109	5,112	233	821	0	0	8,020	XXX	
6. 2013	17,123	1,623	15,500	6,317	1,129	8,465	771	921	0	0	13,803	XXX	
7. 2014	14,835	3,294	11,541	3,309	463	4,459	(175)	520	(96)	0	8,096	XXX	
8. 2015	17,890	2,472	15,418	3,313	(857)	5,464	(251)	408	(164)	0	10,457	XXX	
9. 2016	17,826	1,310	16,516	1,951	(2,752)	3,876	(1,286)	327	(289)	0	10,481	XXX	
10. 2017	17,376	1,433	15,943	1,763	(4,145)	2,646	(2,177)	191	(418)	0	11,340	XXX	
11. 2018	18,783	14,676	4,107	751	(522)	755	(768)	97	(44)	0	2,937	XXX	
12. Totals	XXX	XXX	XXX	39,623	(1,797)	55,157	(2,164)	7,270	(1,011)	0	107,022	XXX	

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21	22			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded	Direct and Assumed	Ceded			
1.	0	0	0	0	0	0	0	0	0	0	0	0	XXX
2.	0	0	0	0	0	0	0	0	0	0	0	0	XXX
3.	11	.11	0	0	0	0	24	24	.3	.3	0	0	XXX
4.	.450	.450	0	0	0	0	158	158	.43	.43	0	0	XXX
5.	.177	.177	0	0	0	0	136	136	.22	.22	0	0	XXX
6.	.449	.449	101	101	0	0	.94	.94	.34	.34	0	0	XXX
7.	.490	.490	.243	.243	0	0	.688	.688	.101	.101	0	0	XXX
8.	1,982	1,982	192	192	0	0	.839	.839	.161	.161	0	0	XXX
9.	3,060	3,060	1,170	1,170	0	0	2,104	2,104	.369	.369	0	0	XXX
10.	4,248	4,248	1,491	1,491	0	0	2,981	2,981	.446	.446	0	0	XXX
11.	3,939	3,939	3,215	3,215	0	0	4,851	4,851	.541	.541	0	0	XXX
12.	14,806	14,806	6,412	6,412	0	0	11,875	11,875	1,720	1,720	0	0	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	0	0
2.	19,755	3,175	16,580	.83.0	.93.9	.81.2	0	0		0	0
3.	16,856	2,322	14,534	.78.3	.102.0	.75.5	0	0		0	0
4.	11,986	1,459	10,527	.57.8	.105.6	.54.4	0	0		0	0
5.	.8,697	.677	.8,020	.48.9	.30.1	.51.6	0	0		0	0
6.	16,381	2,578	13,803	.95.7	.158.8	.89.1	0	0		0	0
7.	.9,810	1,714	.8,096	.66.1	.52.0	.70.1	0	0		0	0
8.	12,359	1,902	10,457	.69.1	.76.9	.67.8	0	0		0	0
9.	12,857	2,376	10,481	.72.1	.181.4	.63.5	0	0		0	0
10.	13,766	2,426	11,340	.79.2	.169.3	.71.1	0	0		0	0
11.	14,149	11,212	2,937	.75.3	.76.4	.71.5	0	0		0	0
12.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	0	0

Note: Parts 2 and 4 are gross of all discounting, including tabular discounting. Part 1 is gross of only nontabular discounting, which is reported in Columns 32 and 33 of Part 1. The tabular discount, if any, is reported in the Notes to Financial Statements, which will reconcile Part 1 with Parts 2 and 4.

**ANNUAL STATEMENT FOR THE YEAR 2018 OF THE HEALTHCARE UNDERWRITERS GROUP, INC.**

**SCHEDULE P - PART 2 - SUMMARY**

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)											DEVELOPMENT	
	1 2009	2 2010	3 2011	4 2012	5 2013	6 2014	7 2015	8 2016	9 2017	10 2018	One Year	Two Year	
1. Prior	23,903	19,827	17,272	14,819	15,276	14,783	14,545	14,220	14,379	14,378	(1)	158	
2. 2009	14,586	16,046	16,166	15,030	14,148	15,561	15,216	15,033	15,115	15,114	(1)	81	
3. 2010	XXX	14,952	14,417	14,173	14,688	13,891	13,135	13,146	13,306	13,306	.0	160	
4. 2011	XXX	XXX	13,001	11,568	8,568	9,650	9,554	9,469	9,248	9,249	.1	(220)	
5. 2012	XXX	XXX	XXX	12,025	9,546	8,492	7,635	7,383	7,199	7,199	.0	(184)	
6. 2013	XXX	XXX	XXX	XXX	14,825	13,989	13,222	12,945	12,883	12,882	(1)	(63)	
7. 2014	XXX	XXX	XXX	XXX	XXX	8,455	6,917	7,097	7,478	7,480	.2	383	
8. 2015	XXX	XXX	XXX	XXX	XXX	XXX	10,862	9,373	9,883	9,885	.2	512	
9. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	11,620	9,866	9,865	(1)	(1,755)	
10. 2017	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	10,731	10,731	.0	XXX	
11. 2018	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,796	XXX	XXX	
											12. Totals	1	(928)

**SCHEDULE P - PART 3 - SUMMARY**

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11 Number of Claims Closed With Loss Payment	12 Number of Claims Closed Without Loss Payment
	1 2009	2 2010	3 2011	4 2012	5 2013	6 2014	7 2015	8 2016	9 2017	10 2018		
1. Prior	000	5,347	9,259	11,085	12,223	13,426	13,824	14,144	14,144	14,378	XXX	XXX
2. 2009	790	4,610	8,619	10,139	11,544	13,261	14,038	14,646	14,792	15,114	XXX	XXX
3. 2010	XXX	751	4,616	8,324	10,259	11,618	12,069	12,856	13,069	13,306	XXX	XXX
4. 2011	XXX	XXX	592	2,853	4,143	5,988	6,669	7,900	8,638	9,249	XXX	XXX
5. 2012	XXX	XXX	XXX	671	2,289	4,030	5,230	6,161	6,818	7,199	XXX	XXX
6. 2013	XXX	XXX	XXX	XXX	890	4,687	7,407	10,425	11,291	12,882	XXX	XXX
7. 2014	XXX	XXX	XXX	XXX	XXX	621	2,186	4,082	5,312	7,480	XXX	XXX
8. 2015	XXX	XXX	XXX	XXX	XXX	XXX	673	3,183	5,632	9,885	XXX	XXX
9. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	872	3,041	9,865	XXX	XXX
10. 2017	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	670	10,731	XXX	XXX
11. 2018	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,796	XXX	XXX

**SCHEDULE P - PART 4 - SUMMARY**

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										10 2018
	1 2009	2 2010	3 2011	4 2012	5 2013	6 2014	7 2015	8 2016	9 2017	10 2018	
1. Prior	15,220	8,160	4,238	1,194	701	251	.67	10	0	0	0
2. 2009	5,303	5,145	3,218	2,523	827	272	175	23	0	0	0
3. 2010	XXX	7,768	5,311	2,550	1,658	1,001	165	16	1	0	0
4. 2011	XXX	XXX	8,580	6,515	2,384	1,522	747	43	5	0	0
5. 2012	XXX	XXX	XXX	6,794	3,709	2,220	887	137	6	0	0
6. 2013	XXX	XXX	XXX	XXX	7,621	4,923	2,206	401	500	0	0
7. 2014	XXX	XXX	XXX	XXX	XXX	4,500	2,644	1,538	546	0	0
8. 2015	XXX	XXX	XXX	XXX	XXX	XXX	5,295	2,497	1,434	0	0
9. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	4,693	2,564	0	0
10. 2017	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	3,310	0	0
11. 2018	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0

**ANNUAL STATEMENT FOR THE YEAR 2018 OF THE HEALTHCARE UNDERWRITERS GROUP, INC.**

**SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN**

**Allocated By States And Territories**

States, etc.	1 Active Status (a)	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama	AL	N	0	0	0	0	0	0	0
2. Alaska	AK	N	0	0	0	0	0	0	0
3. Arizona	AZ	N	0	0	0	0	0	0	0
4. Arkansas	AR	N	0	0	0	0	0	0	0
5. California	CA	N	0	0	0	0	0	0	0
6. Colorado	CO	N	0	0	0	0	0	0	0
7. Connecticut	CT	N	0	0	0	0	0	0	0
8. Delaware	DE	N	0	0	0	0	0	0	0
9. Dist. Columbia	DC	N	0	0	0	0	0	0	0
10. Florida	FL	L	7,611,210	6,564,757	0	3,967,999	4,150,903	7,111,995	0
11. Georgia	GA	N	0	0	0	0	0	0	0
12. Hawaii	HI	N	0	0	0	0	0	0	0
13. Idaho	ID	N	0	0	0	0	0	0	0
14. Illinois	IL	N	0	0	0	0	0	0	0
15. Indiana	IN	L	.156,202	.142,910	0	0	20,614	.36,104	0
16. Iowa	IA	N	0	0	0	0	0	0	0
17. Kansas	KS	N	0	0	0	0	0	0	0
18. Kentucky	KY	L	2,299,078	2,185,710	0	1,503,059	1,850,481	4,211,908	0
19. Louisiana	LA	N	0	0	0	0	0	0	0
20. Maine	ME	N	0	0	0	0	0	0	0
21. Maryland	MD	N	0	0	0	0	0	0	0
22. Massachusetts	MA	N	0	0	0	0	0	0	0
23. Michigan	MI	N	0	0	0	0	0	0	0
24. Minnesota	MN	N	0	0	0	0	0	0	0
25. Mississippi	MS	N	0	0	0	0	0	0	0
26. Missouri	MO	N	0	0	0	0	0	0	0
27. Montana	MT	N	0	0	0	0	0	0	0
28. Nebraska	NE	N	0	0	0	0	0	0	0
29. Nevada	NV	N	0	0	0	0	0	0	0
30. New Hampshire	NH	N	0	0	0	0	0	0	0
31. New Jersey	NJ	N	0	0	0	0	0	0	0
32. New Mexico	NM	N	0	0	0	0	0	0	0
33. New York	NY	N	0	0	0	0	0	0	0
34. No. Carolina	NC	N	0	0	0	0	0	0	0
35. No. Dakota	ND	N	0	0	0	0	0	0	0
36. Ohio	OH	L	3,591,279	3,646,371	0	860,000	2,171,544	3,534,617	0
37. Oklahoma	OK	N	0	0	0	0	0	0	0
38. Oregon	OR	N	0	0	0	0	0	0	0
39. Pennsylvania	PA	N	0	0	0	0	0	0	0
40. Rhode Island	RI	N	0	0	0	0	0	0	0
41. So. Carolina	SC	N	0	0	0	0	0	0	0
42. So. Dakota	SD	N	0	0	0	0	0	0	0
43. Tennessee	TN	N	0	0	0	0	0	0	0
44. Texas	TX	L	.214,158	.158,092	0	0	.39,600	.56,644	0
45. Utah	UT	N	0	0	0	0	0	0	0
46. Vermont	VT	N	0	0	0	0	0	0	0
47. Virginia	VA	N	0	0	0	0	0	0	0
48. Washington	WA	N	0	0	0	0	0	0	0
49. West Virginia	WV	N	0	0	0	0	0	0	0
50. Wisconsin	WI	N	0	0	0	0	0	0	0
51. Wyoming	WY	N	0	0	0	0	0	0	0
52. American Samoa	AS	N	0	0	0	0	0	0	0
53. Guam	GU	N	0	0	0	0	0	0	0
54. Puerto Rico	PR	N	0	0	0	0	0	0	0
55. U.S. Virgin Islands	VI	N	0	0	0	0	0	0	0
56. Northern Mariana Islands	MP	N	0	0	0	0	0	0	0
57. Canada	CAN	N	0	0	0	0	0	0	0
58. Aggregate other alien	OT	XXX	0	0	0	0	0	0	0
59. Totals	XXX		13,871,927	12,697,840	0	6,331,058	8,233,142	14,951,268	0
<b>DETAILS OF WRITE-INS</b>									
58001.		XXX							
58002.		XXX							
58003.		XXX							
58998. Sum. of remaining write-ins for Line 58 from overflow page.		XXX	0	0	0	0	0	0	0
58999. Totals (Lines 58001 through 58003 + 58998) (Line 58 above)		XXX	0	0	0	0	0	0	0

(a) Active Status Counts

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

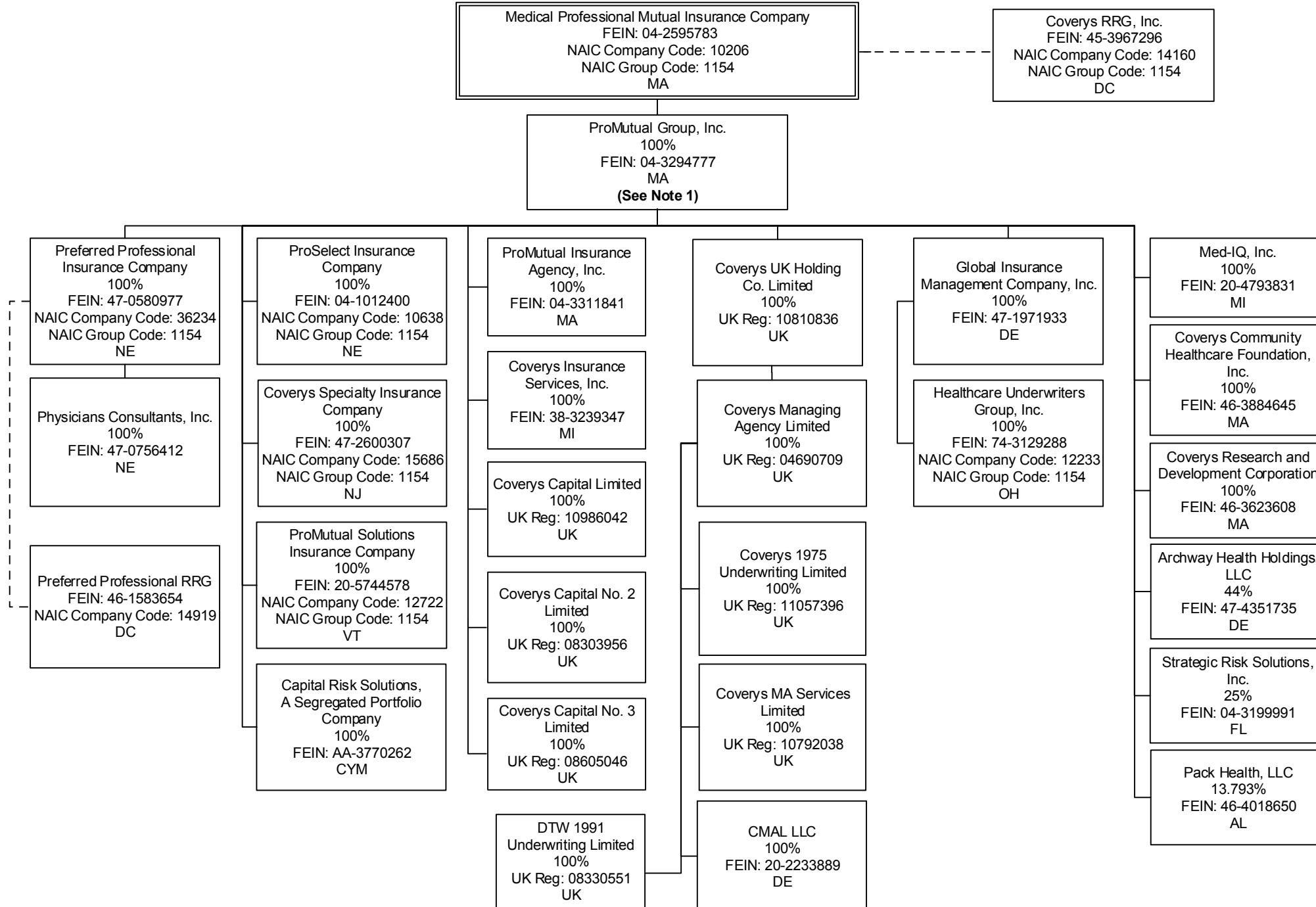
(b) Explanation of basis of allocation of premiums by states, etc.

Location of insured

STATEMENT AS OF DECEMBER 31, 2018 OF THE Healthcare Underwriters Group, Inc.

SCHEDULE Y

PART 1 – ORGANIZATIONAL CHART



**Notes**

1) Effective December 29, 2017, ProMutual Group, Inc. made an investment in Knowledge Diffusion Inc., DE; FEIN: 46-0710111 which provides the right to receive a variable number of shares to be determined at a future date.

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