



PROPERTY AND CASUALTY COMPANIES - ASSOCIATION EDITION

ANNUAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2019  
OF THE CONDITION AND AFFAIRS OF THE

Healthcare Underwriters Group, Inc.

|                                       |  |                 |  |       |                                    |            |
|---------------------------------------|--|-----------------|--|-------|------------------------------------|------------|
| NAIC Group Code                       | 1154<br>(Current)  | 1154<br>(Prior) | NAIC Company Code  | 12233 | Employer's ID Number               | 74-3129288 |
| Organized under the Laws of           | Ohio   |                 |  |       | State of Domicile or Port of Entry | OH         |
| Country of Domicile                   | United States  |                 |  |       |                                    |            |
| Incorporated/Organized                | 11/30/2004   |                 | Commenced Business   |       | 12/14/2004                         |            |
| Statutory Home Office                 | 155 East Broad Street, Suite 300<br>(Street and Number)                  |                 | Columbus, OH, US 43215-3608<br>(City or Town, State, Country and Zip Code) |       |                                    |            |
| Main Administrative Office            | One Financial Center, 13th Floor<br>(Street and Number)                  |                 |  |       |                                    |            |
|                                       | Boston, MA, US 02111-2621<br>(City or Town, State, Country and Zip Code) |                 | 617-330-1755<br>(Area Code) (Telephone Number)                             |       |                                    |            |
| Mail Address                          | One Financial Center, 13th Floor<br>(Street and Number or P.O. Box)      |                 | Boston, MA, US 02111-2621<br>(City or Town, State, Country and Zip Code)   |       |                                    |            |
| Primary Location of Books and Records | One Financial Center, 13th Floor<br>(Street and Number)                  |                 |  |       |                                    |            |
|                                       | Boston, MA, US 02111-2621<br>(City or Town, State, Country and Zip Code) |                 | 617-330-1755<br>(Area Code) (Telephone Number)                             |       |                                    |            |
| Internet Website Address              | www.hugroupinc.com   |                 |  |       |                                    |            |
| Statutory Statement Contact           | Michael Richard Gabree<br>(Name)   |                 | 617-428-9888<br>(Area Code) (Telephone Number)                             |       |                                    |            |
|                                       | mgabree@coverys.com<br>(E-mail Address)                                  |                 | 617-526-0384<br>(FAX Number)   |       |                                    |            |

OFFICERS

|  |                      |                             |                     |
|--|----------------------|-----------------------------|---------------------|
| Chief Executive Officer & President, Chair | Gregg Lee Hanson #   | Treasurer                   | Todd Colin Mills    |
| Vice Chair                                 | Joseph Gerard Murphy | General Counsel & Secretary | Erin Brennan Bagley |

OTHER

|  |   |
|--|---|
| Jose Raul Zorola, Chief Underwriting Officer | William Carl Ludwig, Vice President, Claims |
|--|---|

DIRECTORS OR TRUSTEES

|                  |                      |                       |
|------------------|----------------------|-----------------------|
| Gregg Lee Hanson | Joseph Gerard Murphy | Erin Brennan Bagley # |
| Todd Colin Mills | Jose Raul Zorola     |                       |

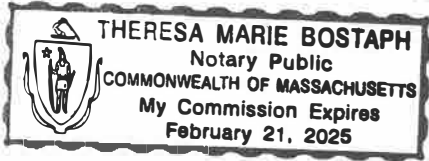
State of Massachusetts  
County of Suffolk  
SS:

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

|  |                                    |                               |
|--|------------------------------------|-------------------------------|
|  |                                    |                               |
| Gregg Lee Hanson<br>Chief Executive Officer & President, Chair | Joseph Gerard Murphy<br>Vice Chair | Todd Colin Mills<br>Treasurer |

Subscribed and sworn to before me this  
28th day of February, 2020

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



ASSETS

|  | Current Year |                    |                                      | Prior Year             |
|--|--------------|--------------------|--------------------------------------|------------------------|
|  | 1            | 2                  | 3                                    | 4                      |
|  | Assets       | Nonadmitted Assets | Net Admitted Assets<br>(Cols. 1 - 2) | Net Admitted<br>Assets |
| 1. Bonds (Schedule D) .....  | 18,462,936   |                    | 18,462,936                           | 19,666,173             |
| 2. Stocks (Schedule D):  |              |                    |                                      |                        |
| 2.1 Preferred stocks .....   |              |                    |                                      |                        |
| 2.2 Common stocks .....  |              |                    |                                      |                        |
| 3. Mortgage loans on real estate (Schedule B):                                     |              |                    |                                      |                        |
| 3.1 First liens .....  |              |                    |                                      |                        |
| 3.2 Other than first liens .....   |              |                    |                                      |                        |
| 4. Real estate (Schedule A):   |              |                    |                                      |                        |
| 4.1 Properties occupied by the company (less \$ .....                              |              |                    |                                      |                        |
| encumbrances) .....  |              |                    |                                      |                        |
| 4.2 Properties held for the production of income (less                             |              |                    |                                      |                        |
| \$ .....   |              |                    |                                      |                        |
| encumbrances) .....  |              |                    |                                      |                        |
| 4.3 Properties held for sale (less \$ .....  |              |                    |                                      |                        |
| encumbrances) .....  |              |                    |                                      |                        |
| 5. Cash (\$ .....  | 5,770,501    |                    |                                      |                        |
| , Schedule E - Part 1), cash equivalents   |              |                    |                                      |                        |
| (\$ .....  | 632,812      |                    |                                      |                        |
| , Schedule E - Part 2) and short-term  |              |                    |                                      |                        |
| investments (\$ .....  |              |                    |                                      |                        |
| , Schedule DA) .....   | 6,403,313    |                    | 6,403,313                            | 1,695,648              |
| 6. Contract loans (including \$ .....  |              |                    |                                      |                        |
| premium notes) .....   |              |                    |                                      |                        |
| 7. Derivatives (Schedule DB) .....   |              |                    |                                      |                        |
| 8. Other invested assets (Schedule BA) .....                                       |              |                    |                                      |                        |
| 9. Receivable for securities .....   |              |                    |                                      |                        |
| 10. Securities lending reinvested collateral assets (Schedule DL) .....            |              |                    |                                      |                        |
| 11. Aggregate write-ins for invested assets .....                                  |              |                    |                                      |                        |
| 12. Subtotals, cash and invested assets (Lines 1 to 11) .....                      | 24,866,249   |                    | 24,866,249                           | 21,361,821             |
| 13. Title plants less \$ .....   |              |                    |                                      |                        |
| charged off (for Title insurers  |              |                    |                                      |                        |
| only) .....  |              |                    |                                      |                        |
| 14. Investment income due and accrued .....  | 112,876      |                    | 112,876                              | 122,503                |
| 15. Premiums and considerations:   |              |                    |                                      |                        |
| 15.1 Uncollected premiums and agents' balances in the course of collection .....   | 437,080      | 2,981              | 434,100                              | 2,476,746              |
| 15.2 Deferred premiums and agents' balances and installments booked but            |              |                    |                                      |                        |
| deferred and not yet due (including \$ .....                                       |              |                    |                                      |                        |
| earned but unbilled premiums) .....  | 1,722,794    |                    | 1,722,794                            |                        |
| 15.3 Accrued retrospective premiums (\$ .....                                      |              |                    |                                      |                        |
| ) and  |              |                    |                                      |                        |
| contracts subject to redetermination (\$ .....                                     |              |                    |                                      |                        |
| ) .....  |              |                    |                                      |                        |
| 16. Reinsurance:   |              |                    |                                      |                        |
| 16.1 Amounts recoverable from reinsurers .....                                     | 2,848,491    |                    | 2,848,491                            | 6,871,224              |
| 16.2 Funds held by or deposited with reinsured companies .....                     |              |                    |                                      | 100,000                |
| 16.3 Other amounts receivable under reinsurance contracts .....                    |              |                    |                                      |                        |
| 17. Amounts receivable relating to uninsured plans .....                           |              |                    |                                      |                        |
| 18.1 Current federal and foreign income tax recoverable and interest thereon ..... | 49,820       |                    | 49,820                               | 127,309                |
| 18.2 Net deferred tax asset .....  |              |                    |                                      |                        |
| 19. Guaranty funds receivable or on deposit .....                                  |              |                    |                                      |                        |
| 20. Electronic data processing equipment and software .....                        | 10,677       | 2,905              | 7,772                                |                        |
| 21. Furniture and equipment, including health care delivery assets                 |              |                    |                                      |                        |
| (\$ .....  |              |                    |                                      |                        |
| ) .....  | 28,457       | 28,457             |                                      |                        |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates .....   |              |                    |                                      |                        |
| 23. Receivables from parent, subsidiaries and affiliates .....                     |              |                    |                                      |                        |
| 24. Health care (\$ .....  |              |                    |                                      |                        |
| ) and other amounts receivable .....   |              |                    |                                      |                        |
| 25. Aggregate write-ins for other than invested assets .....                       | 1,000        |                    | 1,000                                |                        |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and              |              |                    |                                      |                        |
| Protected Cell Accounts (Lines 12 to 25) .....                                     | 30,077,444   | 34,343             | 30,043,101                           | 31,059,603             |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell                 |              |                    |                                      |                        |
| Accounts .....   |              |                    |                                      |                        |
| 28. Total (Lines 26 and 27) .....  | 30,077,444   | 34,343             | 30,043,101                           | 31,059,603             |
| DETAILS OF WRITE-INS   |              |                    |                                      |                        |
| 1101. - .....  |              |                    |                                      |                        |
| 1102. ....   |              |                    |                                      |                        |
| 1103. ....   |              |                    |                                      |                        |
| 1198. Summary of remaining write-ins for Line 11 from overflow page .....          |              |                    |                                      |                        |
| 1199. Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above) .....                 |              |                    |                                      |                        |
| 2501. Amounts Receivable-Deductibles .....   | 1,000        |                    | 1,000                                |                        |
| 2502. ....   |              |                    |                                      |                        |
| 2503. ....   |              |                    |                                      |                        |
| 2598. Summary of remaining write-ins for Line 25 from overflow page .....          |              |                    |                                      |                        |
| 2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above) .....                 | 1,000        |                    | 1,000                                |                        |

LIABILITIES, SURPLUS AND OTHER FUNDS

|   | 1<br>Current Year | 2<br>Prior Year |
|---|-------------------|-----------------|
| 1. Losses (Part 2A, Line 35, Column 8) .....  |                   |                 |
| 2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6) .....   |                   |                 |
| 3. Loss adjustment expenses (Part 2A, Line 35, Column 9) .....  |                   |                 |
| 4. Commissions payable, contingent commissions and other similar charges .....  | 170,893           | 662,878         |
| 5. Other expenses (excluding taxes, licenses and fees) .....  | 251,707           | 121,640         |
| 6. Taxes, licenses and fees (excluding federal and foreign income taxes) .....  | 45,140            | 84,838          |
| 7.1 Current federal and foreign income taxes (including \$ .....(126) on realized capital gains (losses)) .....   |                   |                 |
| 7.2 Net deferred tax liability .....  | 83,941            | 174,700         |
| 8. Borrowed money \$ ..... and interest thereon \$ .....  |                   |                 |
| 9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ .....8,181,626 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) ..... |                   |                 |
| 10. Advance premium .....   | 338,969           | 390,108         |
| 11. Dividends declared and unpaid:  |                   |                 |
| 11.1 Stockholders .....   |                   |                 |
| 11.2 Policyholders .....  |                   |                 |
| 12. Ceded reinsurance premiums payable (net of ceding commissions) .....  | 4,417,558         | 6,213,815       |
| 13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 20) .....  |                   |                 |
| 14. Amounts withheld or retained by company for account of others .....   |                   |                 |
| 15. Remittances and items not allocated .....   |                   |                 |
| 16. Provision for reinsurance (including \$ ..... certified) (Schedule F, Part 3, Column 78) .....  |                   |                 |
| 17. Net adjustments in assets and liabilities due to foreign exchange rates .....   |                   |                 |
| 18. Drafts outstanding .....  |                   |                 |
| 19. Payable to parent, subsidiaries and affiliates .....  | 419,760           | 848,658         |
| 20. Derivatives .....   |                   |                 |
| 21. Payable for securities .....  |                   |                 |
| 22. Payable for securities lending .....  |                   |                 |
| 23. Liability for amounts held under uninsured plans .....  |                   |                 |
| 24. Capital notes \$ ..... and interest thereon \$ .....  |                   |                 |
| 25. Aggregate write-ins for liabilities .....   | 87,042            |                 |
| 26. Total liabilities excluding protected cell liabilities (Lines 1 through 25) .....   | 5,815,010         | 8,496,637       |
| 27. Protected cell liabilities .....  |                   |                 |
| 28. Total liabilities (Lines 26 and 27) .....   | 5,815,010         | 8,496,637       |
| 29. Aggregate write-ins for special surplus funds .....   |                   |                 |
| 30. Common capital stock .....  | 8,186,047         | 8,186,047       |
| 31. Preferred capital stock .....   |                   |                 |
| 32. Aggregate write-ins for other than special surplus funds .....  |                   |                 |
| 33. Surplus notes .....   |                   |                 |
| 34. Gross paid in and contributed surplus .....   | 15,454,672        | 14,445,686      |
| 35. Unassigned funds (surplus) .....  | 587,372           | (68,767)        |
| 36. Less treasury stock, at cost:   |                   |                 |
| 36.1 ..... shares common (value included in Line 30 \$ ..... ) .....  |                   |                 |
| 36.2 ..... shares preferred (value included in Line 31 \$ ..... ) .....   |                   |                 |
| 37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39) .....  | 24,228,091        | 22,562,966      |
| 38. TOTALS (Page 2, Line 28, Col. 3)  | 30,043,101        | 31,059,603      |
| DETAILS OF WRITE-INS  |                   |                 |
| 2501. Miscellaneous Liabilities .....   | 10,665            |                 |
| 2502. Assessment Payable .....  | 76,377            |                 |
| 2503. ....  |                   |                 |
| 2598. Summary of remaining write-ins for Line 25 from overflow page .....   |                   |                 |
| 2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)  | 87,042            |                 |
| 2901. - .....   |                   |                 |
| 2902. ....  |                   |                 |
| 2903. ....  |                   |                 |
| 2998. Summary of remaining write-ins for Line 29 from overflow page .....   |                   |                 |
| 2999. Totals (Lines 2901 thru 2903 plus 2998)(Line 29 above)  |                   |                 |
| 3201. - .....   |                   |                 |
| 3202. ....  |                   |                 |
| 3203. ....  |                   |                 |
| 3298. Summary of remaining write-ins for Line 32 from overflow page .....   |                   |                 |
| 3299. Totals (Lines 3201 thru 3203 plus 3298)(Line 32 above)  |                   |                 |

STATEMENT OF INCOME

|  | 1<br>Current Year | 2<br>Prior Year |
|--|-------------------|-----------------|
| UNDERWRITING INCOME  |                   |                 |
| 1. Premiums earned (Part 1, Line 35, Column 4).....  |                   | 4,106,691       |
| DEDUCTIONS:  |                   |                 |
| 2. Losses incurred (Part 2, Line 35, Column 7) .....   |                   | 1,273,825       |
| 3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1) .....   |                   | 1,661,028       |
| 4. Other underwriting expenses incurred (Part 3, Line 25, Column 2) .....  |                   | 1,789,302       |
| 5. Aggregate write-ins for underwriting deductions .....   |                   |                 |
| 6. Total underwriting deductions (Lines 2 through 5) .....   |                   | 4,724,155       |
| 7. Net income of protected cells .....   |                   |                 |
| 8. Net underwriting gain or (loss) (Line 1 minus Line 6 plus Line 7) .....   |                   | (617,464)       |
| INVESTMENT INCOME  |                   |                 |
| 9. Net investment income earned (Exhibit of Net Investment Income, Line 17) .....  | 537,625           | 1,497,272       |
| 10. Net realized capital gains or (losses) less capital gains tax of \$ .....49,529 (Exhibit of Capital<br>Gains (Losses) ) .....                                | 192,201           | (426,718)       |
| 11. Net investment gain (loss) (Lines 9 + 10) .....  | 729,826           | 1,070,554       |
| OTHER INCOME   |                   |                 |
| 12. Net gain (loss) from agents' or premium balances charged off (amount recovered<br>\$ .....0 amount charged off \$ .....0 ) .....                             |                   |                 |
| 13. Finance and service charges not included in premiums .....   |                   |                 |
| 14. Aggregate write-ins for miscellaneous income .....   | 12,665            | 19,731          |
| 15. Total other income (Lines 12 through 14) .....   | 12,665            | 19,731          |
| 16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes<br>(Lines 8 + 11 + 15) .....     | 742,491           | 472,821         |
| 17. Dividends to policyholders .....   |                   |                 |
| 18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes<br>(Line 16 minus Line 17) ..... | 742,491           | 472,821         |
| 19. Federal and foreign income taxes incurred .....  | 152,876           | (580,612)       |
| 20. Net income (Line 18 minus Line 19)(to Line 22) .....   | 589,615           | 1,053,433       |
| CAPITAL AND SURPLUS ACCOUNT  |                   |                 |
| 21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2) .....   | 22,562,966        | 47,367,084      |
| 22. Net income (from Line 20) .....  | 589,615           | 1,053,433       |
| 23. Net transfers (to) from Protected Cell accounts .....  |                   |                 |
| 24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ .....  |                   |                 |
| 25. Change in net unrealized foreign exchange capital gain (loss) .....  |                   |                 |
| 26. Change in net deferred income tax .....  | 88,812            | (854,956)       |
| 27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3) .....  | (22,288)          | (2,595)         |
| 28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1) .....   |                   |                 |
| 29. Change in surplus notes .....  |                   |                 |
| 30. Surplus (contributed to) withdrawn from protected cells .....  |                   |                 |
| 31. Cumulative effect of changes in accounting principles .....  |                   |                 |
| 32. Capital changes:   |                   |                 |
| 32.1 Paid in .....   |                   |                 |
| 32.2 Transferred from surplus (Stock Dividend) .....   |                   |                 |
| 32.3 Transferred to surplus .....  |                   |                 |
| 33. Surplus adjustments:   |                   |                 |
| 33.1 Paid in .....   | 1,008,986         | (17,235,094)    |
| 33.2 Transferred to capital (Stock Dividend) .....   |                   |                 |
| 33.3 Transferred from capital .....  |                   |                 |
| 34. Net remittances from or (to) Home Office .....   |                   |                 |
| 35. Dividends to stockholders .....  |                   | (7,764,906)     |
| 36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1) .....  |                   |                 |
| 37. Aggregate write-ins for gains and losses in surplus .....  |                   |                 |
| 38. Change in surplus as regards policyholders for the year (Lines 22 through 37) .....  | 1,665,125         | (24,804,118)    |
| 39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37)  | 24,228,091        | 22,562,966      |
| DETAILS OF WRITE-INS   |                   |                 |
| 0501. - .....  |                   |                 |
| 0502. ....   |                   |                 |
| 0503. ....   |                   |                 |
| 0598. Summary of remaining write-ins for Line 5 from overflow page .....   |                   |                 |
| 0599. Totals (Lines 0501 thru 0503 plus 0598)(Line 5 above)  |                   |                 |
| 1401. Miscellaneous Income .....   | 12,665            | 19,731          |
| 1402. ....   |                   |                 |
| 1403. ....   |                   |                 |
| 1498. Summary of remaining write-ins for Line 14 from overflow page .....  |                   |                 |
| 1499. Totals (Lines 1401 thru 1403 plus 1498)(Line 14 above)   | 12,665            | 19,731          |
| 3701. - .....  |                   |                 |
| 3702. ....   |                   |                 |
| 3703. ....   |                   |                 |
| 3798. Summary of remaining write-ins for Line 37 from overflow page .....  |                   |                 |
| 3799. Totals (Lines 3701 thru 3703 plus 3798)(Line 37 above)   |                   |                 |

CASH FLOW

|   | 1            | 2            |
|---|--------------|--------------|
|   | Current Year | Prior Year   |
| Cash from Operations  |              |              |
| 1. Premiums collected net of reinsurance .....  | (1,530,524)  | 1,407,315    |
| 2. Net investment income .....  | 584,604      | 1,488,125    |
| 3. Miscellaneous income .....   | 12,665       | 19,731       |
| 4. Total (Lines 1 through 3) .....  | (933,255)    | 2,915,171    |
| 5. Benefit and loss related payments .....  | (4,022,733)  | 24,055,541   |
| 6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....                    |              |              |
| 7. Commissions, expenses paid and aggregate write-ins for deductions .....                                      | 329,947      | 15,825,363   |
| 8. Dividends paid to policyholders .....  |              |              |
| 9. Federal and foreign income taxes paid (recovered) net of \$ .....49,655 tax on capital gains (losses) .....  | 77,334       | (565,378)    |
| 10. Total (Lines 5 through 9) .....   | (3,615,451)  | 39,315,526   |
| 11. Net cash from operations (Line 4 minus Line 10) .....   | 2,682,196    | (36,400,355) |
| Cash from Investments   |              |              |
| 12. Proceeds from investments sold, matured or repaid:  |              |              |
| 12.1 Bonds .....  | 8,781,020    | 75,452,726   |
| 12.2 Stocks .....   |              |              |
| 12.3 Mortgage loans .....   |              |              |
| 12.4 Real estate .....  |              |              |
| 12.5 Other invested assets .....  |              |              |
| 12.6 Net gains or (losses) on cash, cash equivalents and short-term investments .....                           |              | 133          |
| 12.7 Miscellaneous proceeds .....   |              | 1,219        |
| 12.8 Total investment proceeds (Lines 12.1 to 12.7) .....   | 8,781,020    | 75,454,078   |
| 13. Cost of investments acquired (long-term only):  |              |              |
| 13.1 Bonds .....  | 7,383,546    | 87,377,900   |
| 13.2 Stocks .....   |              |              |
| 13.3 Mortgage loans .....   |              |              |
| 13.4 Real estate .....  |              |              |
| 13.5 Other invested assets .....  |              |              |
| 13.6 Miscellaneous applications .....   |              |              |
| 13.7 Total investments acquired (Lines 13.1 to 13.6) .....  | 7,383,546    | 87,377,900   |
| 14. Net increase (decrease) in contract loans and premium notes .....   |              |              |
| 15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14) .....                                   | 1,397,474    | (11,923,822) |
| Cash from Financing and Miscellaneous Sources   |              |              |
| 16. Cash provided (applied):  |              |              |
| 16.1 Surplus notes, capital notes .....   |              |              |
| 16.2 Capital and paid in surplus, less treasury stock .....   | 1,008,986    | (17,235,094) |
| 16.3 Borrowed funds .....   |              |              |
| 16.4 Net deposits on deposit-type contracts and other insurance liabilities .....                               |              |              |
| 16.5 Dividends to stockholders .....  |              | 7,764,906    |
| 16.6 Other cash provided (applied) .....  | (380,992)    | 794,344      |
| 17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) ..... | 627,995      | (24,205,656) |
| RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS   |              |              |
| 18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....       | 4,707,665    | (72,529,833) |
| 19. Cash, cash equivalents and short-term investments:  |              |              |
| 19.1 Beginning of year .....  | 1,695,648    | 74,225,481   |
| 19.2 End of period (Line 18 plus Line 19.1) .....   | 6,403,313    | 1,695,648    |

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

|  |  |  |
|--|--|--|
|  |  |  |
|--|--|--|

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

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

(a) State here basis of computation used in each case Prorata based on days unearned .....

UNDERWRITING AND INVESTMENT EXHIBIT

| PART 1B - PREMIUMS WRITTEN  |                     |                     |                     |                   |                   |   |
|---|---------------------|---------------------|---------------------|-------------------|-------------------|---|
| Line of Business  | 1                   | Reinsurance Assumed |                     | Reinsurance Ceded |                   | 6                                       |
|   | Direct Business (a) | 2                   | 3                   | 4                 | 5                 | Net Premiums Written<br>Cols. 1+2+3-4-5 |
|   |                     | From Affiliates     | From Non-Affiliates | To Affiliates     | To Non-Affiliates |   |
| 1. Fire .....   |                     |                     |                     |                   |                   |   |
| 2. Allied lines .....   |                     |                     |                     |                   |                   |   |
| 3. Farmowners multiple peril .....  |                     |                     |                     |                   |                   |   |
| 4. Homeowners multiple peril .....  |                     |                     |                     |                   |                   |   |
| 5. Commercial multiple peril .....  |                     |                     |                     |                   |                   |   |
| 6. Mortgage guaranty .....  |                     |                     |                     |                   |                   |   |
| 8. Ocean marine .....   |                     |                     |                     |                   |                   |   |
| 9. Inland marine .....  |                     |                     |                     |                   |                   |   |
| 10. Financial guaranty .....  |                     |                     |                     |                   |                   |   |
| 11.1 Medical professional liability - occurrence .....                    | 568,118             |                     | (109,280)           | 458,838           |                   |   |
| 11.2 Medical professional liability - claims-made .....                   | 12,464,177          |                     | (10,898,157)        | 262,935           | 1,303,085         |   |
| 12. Earthquake .....  |                     |                     |                     |                   |                   |   |
| 13. Group accident and health .....                                       |                     |                     |                     |                   |                   |   |
| 14. Credit accident and health (group and individual) .....               |                     |                     |                     |                   |                   |   |
| 15. Other accident and health .....                                       |                     |                     |                     |                   |                   |   |
| 16. Workers' compensation .....   |                     |                     |                     |                   |                   |   |
| 17.1 Other liability - occurrence .....                                   |                     |                     |                     |                   |                   |   |
| 17.2 Other liability - claims-made .....                                  |                     |                     |                     |                   |                   |   |
| 17.3 Excess workers' compensation .....                                   |                     |                     |                     |                   |                   |   |
| 18.1 Products liability - occurrence .....                                |                     |                     |                     |                   |                   |   |
| 18.2 Products liability - claims-made .....                               |                     |                     |                     | (53,280)          | 53,280            |   |
| 19.1, 19.2 Private passenger auto liability .....                         |                     |                     |                     |                   |                   |   |
| 19.3, 19.4 Commercial auto liability .....                                |                     |                     |                     |                   |                   |   |
| 21. Auto physical damage .....  |                     |                     |                     |                   |                   |   |
| 22. Aircraft (all perils) .....   |                     |                     |                     |                   |                   |   |
| 23. Fidelity .....  |                     |                     |                     |                   |                   |   |
| 24. Surety .....  |                     |                     |                     |                   |                   |   |
| 26. Burglary and theft .....  |                     |                     |                     |                   |                   |   |
| 27. Boiler and machinery .....  |                     |                     |                     |                   |                   |   |
| 28. Credit .....  |                     |                     |                     |                   |                   |   |
| 29. International .....   |                     |                     |                     |                   |                   |   |
| 30. Warranty .....  |                     |                     |                     |                   |                   |   |
| 31. Reinsurance - nonproportional assumed property .....                  | XXX                 |                     |                     |                   |                   |   |
| 32. Reinsurance - nonproportional assumed liability .....                 | XXX                 |                     |                     |                   |                   |   |
| 33. Reinsurance - nonproportional assumed financial lines .....           | XXX                 |                     |                     |                   |                   |   |
| 34. Aggregate write-ins for other lines of business .....                 |                     |                     |                     |                   |                   |   |
| 35. TOTALS  | 13,032,295          |                     | (11,007,437)        | 668,493           | 1,356,365         |   |
| DETAILS OF WRITE-INS  |                     |                     |                     |                   |                   |   |
| 3401. ....  |                     |                     |                     |                   |                   |   |
| 3402. ....  |                     |                     |                     |                   |                   |   |
| 3403. ....  |                     |                     |                     |                   |                   |   |
| 3498. Summary of remaining write-ins for Line 34 from overflow page ..... |                     |                     |                     |                   |                   |   |
| 3499. Totals (Lines 3401 thru 3403 plus 3498)(Line 34 above)              |                     |                     |                     |                   |                   |   |

(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 reported on an annualized basis \$ .....



UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

| Line of Business  | Losses Paid Less Salvage |                             |                               |  | 5<br>Net Losses Unpaid<br>Current Year<br>(Part 2A , Col. 8) | 6<br>Net Losses Unpaid<br>Prior Year | 7<br>Losses Incurred<br>Current Year<br>(Cols. 4 + 5 - 6) | 8<br>Percentage of<br>Losses Incurred<br>(Col. 7, Part 2) to<br>Premiums Earned<br>(Col. 4, Part 1) |
|---|--------------------------|-----------------------------|-------------------------------|--|--|--------------------------------------|---|---|
|   | 1<br>Direct Business     | 2<br>Reinsurance<br>Assumed | 3<br>Reinsurance<br>Recovered | 4<br>Net Payments<br>(Cols. 1 + 2 -3 ) |  |                                      |   |   |
| 1. Fire .....   |                          |                             |                               |  |  |                                      |   |   |
| 2. Allied lines .....   |                          |                             |                               |  |  |                                      |   |   |
| 3. Farmowners multiple peril .....  |                          |                             |                               |  |  |                                      |   |   |
| 4. Homeowners multiple peril .....  |                          |                             |                               |  |  |                                      |   |   |
| 5. Commercial multiple peril .....  |                          |                             |                               |  |  |                                      |   |   |
| 6. Mortgage guaranty .....  |                          |                             |                               |  |  |                                      |   |   |
| 8. Ocean marine .....   |                          |                             |                               |  |  |                                      |   |   |
| 9. Inland marine .....  |                          |                             |                               |  |  |                                      |   |   |
| 10. Financial guaranty .....  |                          |                             |                               |  |  |                                      |   |   |
| 11.1 Medical professional liability - occurrence .....                    |                          |                             |                               |  |  |                                      |   |   |
| 11.2 Medical professional liability - claims-made .....                   | 3,971,702                | 816,955                     | 4,788,657                     |  |  |                                      |   |   |
| 12. Earthquake .....  |                          |                             |                               |  |  |                                      |   |   |
| 13. Group accident and health .....                                       |                          |                             |                               |  |  |                                      |   |   |
| 14. Credit accident and health (group and individual) .....               |                          |                             |                               |  |  |                                      |   |   |
| 15. Other accident and health .....                                       |                          |                             |                               |  |  |                                      |   |   |
| 16. Workers' compensation .....   |                          |                             |                               |  |  |                                      |   |   |
| 17.1 Other liability - occurrence .....                                   |                          |                             |                               |  |  |                                      |   |   |
| 17.2 Other liability - claims-made .....                                  |                          |                             |                               |  |  |                                      |   |   |
| 17.3 Excess workers' compensation .....                                   |                          |                             |                               |  |  |                                      |   |   |
| 18.1 Products liability - occurrence .....                                |                          |                             |                               |  |  |                                      |   |   |
| 18.2 Products liability - claims-made .....                               |                          |                             |                               |  |  |                                      |   |   |
| 19.1, 19.2 Private passenger auto liability .....                         |                          |                             |                               |  |  |                                      |   |   |
| 19.3, 19.4 Commercial auto liability .....                                |                          |                             |                               |  |  |                                      |   |   |
| 21. Auto physical damage .....  |                          |                             |                               |  |  |                                      |   |   |
| 22. Aircraft (all perils) .....   |                          |                             |                               |  |  |                                      |   |   |
| 23. Fidelity .....  |                          |                             |                               |  |  |                                      |   |   |
| 24. Surety .....  |                          |                             |                               |  |  |                                      |   |   |
| 26. Burglary and theft .....  |                          |                             |                               |  |  |                                      |   |   |
| 27. Boiler and machinery .....  |                          |                             |                               |  |  |                                      |   |   |
| 28. Credit .....  |                          |                             |                               |  |  |                                      |   |   |
| 29. International .....   |                          |                             |                               |  |  |                                      |   |   |
| 30. Warranty .....  |                          |                             |                               |  |  |                                      |   |   |
| 31. Reinsurance - nonproportional assumed property .....                  | XXX                      |                             |                               |  |  |                                      |   |   |
| 32. Reinsurance - nonproportional assumed liability .....                 | XXX                      |                             |                               |  |  |                                      |   |   |
| 33. Reinsurance - nonproportional assumed financial lines .....           | XXX                      |                             |                               |  |  |                                      |   |   |
| 34. Aggregate write-ins for other lines of business .....                 |                          |                             |                               |  |  |                                      |   |   |
| 35. TOTALS  | 3,971,702                | 816,955                     | 4,788,657                     |  |  |                                      |   |   |
| DETAILS OF WRITE-INS  |                          |                             |                               |  |  |                                      |   |   |
| 3401. ....  |                          |                             |                               |  |  |                                      |   |   |
| 3402. ....  |                          |                             |                               |  |  |                                      |   |   |
| 3403. ....  |                          |                             |                               |  |  |                                      |   |   |
| 3498. Summary of remaining write-ins for Line 34 from overflow page ..... |                          |                             |                               |  |  |                                      |   |   |
| 3499. Totals (Lines 3401 thru 3403 plus 3498)(Line 34 above)              |                          |                             |                               |  |  |                                      |   |   |

ANNUAL STATEMENT FOR THE YEAR 2019 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               | 2                   | 3                              | 4  | 5                         | 6                   | 7                 |   |                                     |
|   | Direct          | Reinsurance Assumed | Deduct Reinsurance Recoverable | Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3) | Direct                    | Reinsurance Assumed | Reinsurance Ceded | Net Losses Unpaid (Cols. 4 + 5 + 6 - 7) | Net Unpaid Loss Adjustment Expenses |
| 1. Fire .....   |                 |                     |                                |  |                           |                     |                   |   |                                     |
| 2. Allied lines .....   |                 |                     |                                |  |                           |                     |                   |   |                                     |
| 3. Farmowners multiple peril .....  |                 |                     |                                |  |                           |                     |                   |   |                                     |
| 4. Homeowners multiple peril .....  |                 |                     |                                |  |                           |                     |                   |   |                                     |
| 5. Commercial multiple peril .....  |                 |                     |                                |  |                           |                     |                   |   |                                     |
| 6. Mortgage guaranty .....  |                 |                     |                                |  |                           |                     |                   |   |                                     |
| 8. Ocean marine .....   |                 |                     |                                |  |                           |                     |                   |   |                                     |
| 9. Inland marine .....  |                 |                     |                                |  |                           |                     |                   |   |                                     |
| 10. Financial guaranty .....  |                 |                     |                                |  |                           |                     |                   |   |                                     |
| 11.1 Medical professional liability - occurrence .....                    | 700,000         |                     | 700,000                        |  | 148,061                   |                     | 148,061           |   |                                     |
| 11.2 Medical professional liability - claims-made .....                   | 10,518,000      |                     | 10,518,000                     |  | 5,021,259                 |                     | 5,021,259         |   |                                     |
| 12. Earthquake .....  |                 |                     |                                |  |                           |                     |                   |   |                                     |
| 13. Group accident and health .....                                       |                 |                     |                                |  |                           |                     |                   | (a)                                     |                                     |
| 14. Credit accident and health (group and individual) .....               |                 |                     |                                |  |                           |                     |                   |   |                                     |
| 15. Other accident and health .....                                       |                 |                     |                                |  |                           |                     |                   | (a)                                     |                                     |
| 16. Workers' compensation .....   |                 |                     |                                |  |                           |                     |                   |   |                                     |
| 17.1 Other liability - occurrence .....                                   |                 |                     |                                |  |                           |                     |                   |   |                                     |
| 17.2 Other liability - claims-made .....                                  |                 |                     |                                |  | 1,629                     |                     | 1,629             |   |                                     |
| 17.3 Excess workers' compensation .....                                   |                 |                     |                                |  |                           |                     |                   |   |                                     |
| 18.1 Products liability - occurrence .....                                |                 |                     |                                |  |                           |                     |                   |   |                                     |
| 18.2 Products liability - claims-made .....                               |                 |                     |                                |  |                           |                     |                   |   |                                     |
| 19.1, 19.2 Private passenger auto liability .....                         |                 |                     |                                |  |                           |                     |                   |   |                                     |
| 19.3, 19.4 Commercial auto liability .....                                |                 |                     |                                |  |                           |                     |                   |   |                                     |
| 21. Auto physical damage .....  |                 |                     |                                |  |                           |                     |                   |   |                                     |
| 22. Aircraft (all perils) .....   |                 |                     |                                |  |                           |                     |                   |   |                                     |
| 23. Fidelity .....  |                 |                     |                                |  |                           |                     |                   |   |                                     |
| 24. Surety .....  |                 |                     |                                |  |                           |                     |                   |   |                                     |
| 26. Burglary and theft .....  |                 |                     |                                |  |                           |                     |                   |   |                                     |
| 27. Boiler and machinery .....  |                 |                     |                                |  |                           |                     |                   |   |                                     |
| 28. Credit .....  |                 |                     |                                |  |                           |                     |                   |   |                                     |
| 29. International .....   |                 |                     |                                |  |                           |                     |                   |   |                                     |
| 30. Warranty .....  |                 |                     |                                |  |                           |                     |                   |   |                                     |
| 31. Reinsurance - nonproportional assumed property .....                  | XXX             |                     |                                |  | XXX                       |                     |                   |   |                                     |
| 32. Reinsurance - nonproportional assumed liability .....                 | XXX             |                     |                                |  | XXX                       |                     |                   |   |                                     |
| 33. Reinsurance - nonproportional assumed financial lines .....           | XXX             |                     |                                |  | XXX                       |                     |                   |   |                                     |
| 34. Aggregate write-ins for other lines of business .....                 |                 |                     |                                |  |                           |                     |                   |   |                                     |
| 35. TOTALS .....  | 11,218,000      |                     | 11,218,000                     |  | 5,170,949                 |                     | 5,170,949         |   |                                     |
| DETAILS OF WRITE-INS  |                 |                     |                                |  |                           |                     |                   |   |                                     |
| 3401. ....  |                 |                     |                                |  |                           |                     |                   |   |                                     |
| 3402. ....  |                 |                     |                                |  |                           |                     |                   |   |                                     |
| 3403. ....  |                 |                     |                                |  |                           |                     |                   |   |                                     |
| 3498. Summary of remaining write-ins for Line 34 from overflow page ..... |                 |                     |                                |  |                           |                     |                   |   |                                     |
| 3499. Totals (Lines 3401 thru 3403 plus 3498)(Line 34 above)              |                 |                     |                                |  |                           |                     |                   |   |                                     |

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

|   | 1                        | 2                           | 3                   | 4           |
|---|--------------------------|-----------------------------|---------------------|-------------|
|   | Loss Adjustment Expenses | Other Underwriting Expenses | Investment Expenses | Total       |
| 1. Claim adjustment services:   |                          |                             |                     |             |
| 1.1 Direct .....  | 7,704,030                |                             |                     | 7,704,030   |
| 1.2 Reinsurance assumed .....   | (1,621,092)              |                             |                     | (1,621,092) |
| 1.3 Reinsurance ceded .....   | 6,082,938                |                             |                     | 6,082,938   |
| 1.4 Net claim adjustment service (1.1 + 1.2 - 1.3) .....                                |                          |                             |                     |             |
| 2. Commission and brokerage:  |                          |                             |                     |             |
| 2.1 Direct excluding contingent .....   |                          | 1,188,793                   |                     | 1,188,793   |
| 2.2 Reinsurance assumed, excluding contingent .....                                     |                          | 976,056                     |                     | 976,056     |
| 2.3 Reinsurance ceded, excluding contingent .....                                       |                          | 2,164,849                   |                     | 2,164,849   |
| 2.4 Contingent - direct .....   |                          |                             |                     |             |
| 2.5 Contingent - reinsurance assumed .....  |                          |                             |                     |             |
| 2.6 Contingent - reinsurance ceded .....  |                          |                             |                     |             |
| 2.7 Policy and membership fees .....  |                          |                             |                     |             |
| 2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7) .....        |                          |                             |                     |             |
| 3. Allowances to managers and agents .....  |                          |                             |                     |             |
| 4. Advertising .....  |                          |                             |                     |             |
| 5. Boards, bureaus and associations .....   |                          |                             |                     |             |
| 6. Surveys and underwriting reports .....   |                          |                             |                     |             |
| 7. Audit of assureds' records .....   |                          |                             |                     |             |
| 8. Salary and related items:  |                          |                             |                     |             |
| 8.1 Salaries .....  |                          |                             |                     |             |
| 8.2 Payroll taxes .....   |                          |                             |                     |             |
| 9. Employee relations and welfare .....   |                          |                             |                     |             |
| 10. Insurance .....   |                          |                             |                     |             |
| 11. Directors' fees .....   |                          |                             |                     |             |
| 12. Travel and travel items .....   |                          |                             |                     |             |
| 13. Rent and rent items .....   |                          |                             |                     |             |
| 14. Equipment .....   |                          |                             |                     |             |
| 15. Cost or depreciation of EDP equipment and software .....                            |                          |                             |                     |             |
| 16. Printing and stationery .....   |                          |                             |                     |             |
| 17. Postage, telephone and telegraph, exchange and express .....                        |                          |                             |                     |             |
| 18. Legal and auditing .....  |                          |                             |                     |             |
| 19. Totals (Lines 3 to 18) .....  |                          |                             |                     |             |
| 20. Taxes, licenses and fees:   |                          |                             |                     |             |
| 20.1 State and local insurance taxes deducting guaranty association credits of \$ ..... |                          |                             |                     |             |
| 20.2 Insurance department licenses and fees .....                                       |                          |                             |                     |             |
| 20.3 Gross guaranty association assessments .....                                       |                          |                             |                     |             |
| 20.4 All other (excluding federal and foreign income and real estate) .....             |                          |                             |                     |             |
| 20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4) .....                   |                          |                             |                     |             |
| 21. Real estate expenses .....  |                          |                             |                     |             |
| 22. Real estate taxes .....   |                          |                             |                     |             |
| 23. Reimbursements by uninsured plans .....   |                          |                             |                     |             |
| 24. Aggregate write-ins for miscellaneous expenses .....                                |                          |                             | 11,963              | 11,963      |
| 25. Total expenses incurred .....   |                          |                             | 11,963 (a)          | 11,963      |
| 26. Less unpaid expenses - current year .....   |                          | 466,005                     | 1,735               | 467,740     |
| 27. Add unpaid expenses - prior year .....  |                          | 869,356                     |                     | 869,356     |
| 28. Amounts receivable relating to uninsured plans, prior year .....                    |                          |                             |                     |             |
| 29. Amounts receivable relating to uninsured plans, current year .....                  |                          |                             |                     |             |
| 30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)                                  |                          | 403,351                     | 10,228              | 413,579     |
| DETAILS OF WRITE-INS  |                          |                             |                     |             |
| 2401. Investment Advisory & Custodial Services .....                                    |                          |                             | 11,963              | 11,963      |
| 2402. ....  |                          |                             |                     |             |
| 2403. ....  |                          |                             |                     |             |
| 2498. Summary of remaining write-ins for Line 24 from overflow page .....               |                          |                             |                     |             |
| 2499. Totals (Lines 2401 thru 2403 plus 2498)(Line 24 above)                            |                          |                             | 11,963              | 11,963      |

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

EXHIBIT OF NET INVESTMENT INCOME

|                      |   | 1                     | 2                  |
|----------------------|---|-----------------------|--------------------|
|                      |   | Collected During Year | Earned During Year |
| 1.                   | U.S. Government bonds .....   | (a) .....87,039       | .....74,574        |
| 1.1                  | Bonds exempt from U.S. tax .....  | (a) .....69,004       | .....73,089        |
| 1.2                  | Other bonds (unaffiliated) .....  | (a) .....379,726      | .....378,732       |
| 1.3                  | Bonds of affiliates .....   | (a) .....             | .....              |
| 2.1                  | Preferred stocks (unaffiliated) .....                                     | (b) .....             | .....              |
| 2.11                 | Preferred stocks of affiliates .....                                      | (b) .....             | .....              |
| 2.2                  | Common stocks (unaffiliated) .....  | .....                 | .....              |
| 2.21                 | Common stocks of affiliates .....   | .....                 | .....              |
| 3.                   | Mortgage loans .....  | (c) .....             | .....              |
| 4.                   | Real estate .....   | (d) .....             | .....              |
| 5                    | Contract loans .....  | .....                 | .....              |
| 6                    | Cash, cash equivalents and short-term investments .....                   | (e) .....23,447       | .....23,192        |
| 7                    | Derivative instruments .....  | (f) .....             | .....              |
| 8.                   | Other invested assets .....   | .....                 | .....              |
| 9.                   | Aggregate write-ins for investment income .....                           | .....                 | .....              |
| 10.                  | Total gross investment income .....                                       | 559,216               | 549,588            |
| 11.                  | Investment expenses .....   |                       | (g) .....11,963    |
| 12.                  | Investment taxes, licenses and fees, excluding federal income taxes ..... |                       | (g) .....          |
| 13.                  | Interest expense .....  |                       | (h) .....          |
| 14.                  | Depreciation on real estate and other invested assets .....               |                       | (i) .....          |
| 15.                  | Aggregate write-ins for deductions from investment income .....           |                       | .....              |
| 16.                  | Total deductions (Lines 11 through 15) .....                              |                       | .....11,963        |
| 17.                  | Net investment income (Line 10 minus Line 16)                             |                       | 537,625            |
| DETAILS OF WRITE-INS |   |                       |                    |
| 0901.                | .....   |                       |                    |
| 0902.                | .....   |                       |                    |
| 0903.                | .....   |                       |                    |
| 0998.                | Summary of remaining write-ins for Line 9 from overflow page .....        |                       |                    |
| 0999.                | Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)                   |                       |                    |
| 1501.                | .....   |                       |                    |
| 1502.                | .....   |                       |                    |
| 1503.                | .....   |                       |                    |
| 1598.                | Summary of remaining write-ins for Line 15 from overflow page .....       |                       |                    |
| 1599.                | Totals (Lines 1501 thru 1503 plus 1598) (Line 15, above)                  |                       |                    |

- (a) Includes \$ .....19,590 accrual of discount less \$ .....56,942 amortization of premium and less \$ .....15,636 paid for accrued interest on purchases.
- (b) Includes \$ ..... accrual of discount less \$ ..... amortization of premium and less \$ ..... paid for accrued dividends on purchases.
- (c) Includes \$ ..... accrual of discount less \$ ..... 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 \$ ..... accrual of discount less \$ .....(3) amortization of premium and less \$ ..... paid for accrued interest on purchases.
- (f) Includes \$ ..... accrual of discount less \$ ..... 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  | 2                             | 3  | 4  | 5   |
|----------------------|---|--|-------------------------------|--|--|---|
|                      |   | Realized Gain (Loss)<br>On Sales or Maturity | Other Realized<br>Adjustments | Total Realized Capital<br>Gain (Loss)<br>(Columns 1 + 2) | Change in<br>Unrealized Capital<br>Gain (Loss) | Change in Unrealized<br>Foreign Exchange<br>Capital Gain (Loss) |
| 1.                   | U.S. Government bonds .....   | (11,030)                                     |                               | (11,030)   |  |   |
| 1.1                  | Bonds exempt from U.S. tax .....                                      | 75,726                                       |                               | 75,726   |  |   |
| 1.2                  | Other bonds (unaffiliated) .....                                      | 166,893                                      |                               | 166,893  |  |   |
| 1.3                  | Bonds of affiliates .....   |  |                               |  |  |   |
| 2.1                  | Preferred stocks (unaffiliated) .....                                 |  |                               |  |  |   |
| 2.11                 | Preferred stocks of affiliates .....                                  |  |                               |  |  |   |
| 2.2                  | Common stocks (unaffiliated) .....                                    |  |                               |  |  |   |
| 2.21                 | Common stocks of affiliates .....                                     |  |                               |  |  |   |
| 3.                   | Mortgage loans .....  |  |                               |  |  |   |
| 4.                   | Real estate .....   |  |                               |  |  |   |
| 5.                   | Contract loans .....  |  |                               |  |  |   |
| 6.                   | Cash, cash equivalents and short-term investments .....               |  |                               |  |  |   |
| 7.                   | Derivative instruments .....  |  |                               |  |  |   |
| 8.                   | Other invested assets .....   |  |                               |  |  |   |
| 9.                   | Aggregate write-ins for capital gains (losses) .....                  | 10,141                                       |                               | 10,141   |  |   |
| 10.                  | Total capital gains (losses)  | 241,730                                      |                               | 241,730  |  |   |
| DETAILS OF WRITE-INS |   |  |                               |  |  |   |
| 0901.                | Other Gains .....   | 10,141                                       |                               | 10,141   |  |   |
| 0902.                | .....   |  |                               |  |  |   |
| 0903.                | .....   |  |                               |  |  |   |
| 0998.                | Summary of remaining write-ins for Line 9 from<br>overflow page ..... |  |                               |  |  |   |
| 0999.                | Totals (Lines 0901 thru 0903 plus 0998) (Line 9,<br>above)            | 10,141                                       |                               | 10,141   |  |   |

EXHIBIT OF NON-ADMITTED ASSETS

|   | 1  | 2                                      | 3  |
|---|--|--|--|
|   | Current Year Total<br>Nonadmitted Assets | Prior Year Total<br>Nonadmitted Assets | Change in Total<br>Nonadmitted Assets<br>(Col. 2 - Col. 1) |
| 1. Bonds (Schedule D) .....   |  |  |  |
| 2. Stocks (Schedule D):   |  |  |  |
| 2.1 Preferred stocks .....  |  |  |  |
| 2.2 Common stocks .....   |  |  |  |
| 3. Mortgage loans on real estate (Schedule B):  |  |  |  |
| 3.1 First liens .....   |  |  |  |
| 3.2 Other than first liens.....   |  |  |  |
| 4. Real estate (Schedule A):  |  |  |  |
| 4.1 Properties occupied by the company .....  |  |  |  |
| 4.2 Properties held for the production of income.....   |  |  |  |
| 4.3 Properties held for sale .....  |  |  |  |
| 5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments<br>(Schedule DA) ..... |  |  |  |
| 6. Contract loans .....   |  |  |  |
| 7. Derivatives (Schedule DB) .....  |  |  |  |
| 8. Other invested assets (Schedule BA) .....  |  |  |  |
| 9. Receivables for securities .....   |  |  |  |
| 10. Securities lending reinvested collateral assets (Schedule DL) .....   |  |  |  |
| 11. Aggregate write-ins for invested assets .....   |  |  |  |
| 12. Subtotals, cash and invested assets (Lines 1 to 11) .....   |  |  |  |
| 13. Title plants (for Title insurers only) .....  |  |  |  |
| 14. Investment income due and accrued .....   |  |  |  |
| 15. Premiums and considerations:  |  |  |  |
| 15.1 Uncollected premiums and agents' balances in the course of collection .....  | 2,981                                    |  | (2,981)  |
| 15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due .....                     |  |  |  |
| 15.3 Accrued retrospective premiums and contracts subject to redetermination .....                                      |  |  |  |
| 16. Reinsurance:  |  |  |  |
| 16.1 Amounts recoverable from reinsurers .....  |  |  |  |
| 16.2 Funds held by or deposited with reinsured companies .....  |  |  |  |
| 16.3 Other amounts receivable under reinsurance contracts .....   |  |  |  |
| 17. Amounts receivable relating to uninsured plans .....  |  |  |  |
| 18.1 Current federal and foreign income tax recoverable and interest thereon .....                                      |  |  |  |
| 18.2 Net deferred tax asset .....   |  |  |  |
| 19. Guaranty funds receivable or on deposit .....   |  |  |  |
| 20. Electronic data processing equipment and software .....   | 2,905                                    |  | (2,905)  |
| 21. Furniture and equipment, including health care delivery assets .....  | 28,457                                   |  | (28,457)   |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates .....  |  |  |  |
| 23. Receivables from parent, subsidiaries and affiliates .....  |  |  |  |
| 24. Health care and other amounts receivable .....  |  |  |  |
| 25. Aggregate write-ins for other than invested assets .....  |  | 12,055                                 | 12,055   |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts<br>(Lines 12 to 25) ..... | 34,343                                   | 12,055                                 | (22,288)   |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....                                       |  |  |  |
| 28. Total (Lines 26 and 27) .....   | 34,343                                   | 12,055                                 | (22,288)   |
| DETAILS OF WRITE-INS  |  |  |  |
| 1101. ....  |  |  |  |
| 1102. ....  |  |  |  |
| 1103. ....  |  |  |  |
| 1198. Summary of remaining write-ins for Line 11 from overflow page .....   |  |  |  |
| 1199. Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above)  |  |  |  |
| 2501. Other Prepaid Expenses .....  |  | 12,055                                 | 12,055   |
| 2502. ....  |  |  |  |
| 2503. ....  |  |  |  |
| 2598. Summary of remaining write-ins for Line 25 from overflow page .....   |  |  |  |
| 2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)  |  | 12,055                                 | 12,055   |

Annual Statement for the Year 2019 of the HEALTHCARE UNDERWRITERS GROUP, INC.

Notes to the Financial Statements

1. Summary of Significant Accounting Policies and Going Concern

A. Accounting Practices

The financial statements of Healthcare Underwriters Group, Inc. are presented on the basis of accounting practices prescribed or permitted by the Ohio Department of Insurance.

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. The National Association of Insurance Commissioners' (NAIC) *The Accounting Practices and Procedures Manual* (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:

|   | SSAP # | F/S Page | F/S Line # | 2019                 | 2018                 |
|---|--------|----------|------------|----------------------|----------------------|
| Net Income  |        |          |            |                      |                      |
| (1) State basis (Page 4, Line 20, Columns 1 & 2)                                | XXX    | XXX      | XXX        | \$ 589,615           | \$ 1,053,433         |
| (2) State prescribed practices that are an increase / (decrease) from NAIC SAP: |        |          |            |                      |                      |
| (3) State permitted practices that are an increase / (decrease) from NAIC SAP:  |        |          |            |                      |                      |
| (4) NAIC SAP (1-2-3=4)  | XXX    | XXX      | XXX        | <u>\$ 589,615</u>    | <u>\$ 1,053,433</u>  |
| Surplus   |        |          |            |                      |                      |
| (5) State basis (Page 3, Line 37, Columns 1 & 2)                                | XXX    | XXX      | XXX        | \$ 24,228,091        | \$ 22,562,966        |
| (6) State prescribed practices that are an increase / (decrease) from NAIC SAP: |        |          |            |                      |                      |
| (7) State permitted practices that are an increase / (decrease) from NAIC SAP:  |        |          |            |                      |                      |
| (8) NAIC SAP (5-6-7=8)  | XXX    | XXX      | XXX        | <u>\$ 24,228,091</u> | <u>\$ 22,562,966</u> |

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 are earned over the terms of the related insurance policies and reinsurance contracts. Unearned premium reserves are established to cover the un-expired portion of premiums written. Such reserves are computed by pro-rata methods for direct and are based on reports received from ceding companies for reinsurance.

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

Short-term investments are stated at amortized cost.

(2) Bonds, mandatory convertible securities, and SVO-identified investments per SSAP No. 26R

Bonds not backed by other loans are stated at amortized cost using the straight-line method.

(3) Common stocks - Not Applicable

(4) Preferred stocks - Not Applicable

(5) Mortgage loans - Not Applicable

(6) Loan-backed securities

Loan-backed securities are stated at either amortized cost or the lower of amortized cost or fair market value. The retrospective adjustment method is used to value all securities.

(7) Investments in subsidiaries, controlled and affiliated entities - Not Applicable

(8) Investments in joint ventures, partnerships and limited liability companies - Not Applicable

(9) Derivatives - Not Applicable

(10) Investment income as a factor in the premium deficiency calculation

The Company anticipates investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 53, Property-Casualty Contracts - Premiums.

(11) Liabilities for losses and loss adjustment expenses

Notes to the Financial Statements

1. Summary of Significant Accounting Policies and Going Concern (Continued)

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) Changes in capitalization policy

The Company’s capitalizes purchases over \$5,000.

(13) Pharmaceutical rebate receivables - Not Applicable

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 - Not Applicable

3. Business Combinations and Goodwill

A. Statutory Purchase Method - Not Applicable

B. Statutory Merger

(1) Name and Description of Entities

On July 1, 2019, Global Insurance Management Company, Inc. (GIMC) merged with and into Healthcare Underwriters Group, Inc. (HU), with HU as the surviving entity.

(2) Method of Accounting

The transaction was accounted for as a statutory merger in accordance with SSAP 3. The effect of the merger was given as if it occurred on January 1, 2019.

(3) Shares of Stock Issued in Transaction

Pursuant to the merger, the outstanding shares of HU, a stock insurance company, were distributed from GMIC to ProMutual Group, Inc. (PMGI) and all outstanding shares of the capital stock of GIMC were cancelled without consideration and retired and ceased to exist.

(4) As of June 30, 2019, HU had net premium of \$0, net income of \$213,344, and surplus of \$22,796,787. For the same period, GIMC had revenues of \$217,060, of which \$216,198 was management fees received from HU, net income of \$8,692, which also included the management fees received from HU, and equity of \$23,647,464.

(5) Adjustments Recorded to Surplus

GIMC did not previously prepare statutory statements. The adjustments to GIMC's June 30, 2019 surplus at the merger date were fixed assets in the amount of \$37,912 and prepaid expenses in the amount of \$5,552 being non admitted. There were no other adjustments recorded directly to surplus for GIMC.

C. Impairment Loss - Not Applicable

4. Discontinued Operations - Not Applicable

5. Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans - Not Applicable

B. Debt Restructuring - Not Applicable

C. Reverse Mortgages - Not Applicable

D. Loan-Backed Securities

(1) Prepayment assumptions

Fair values have been determined in accordance with SSAP No 27. Prepayment assumptions for mortgage-backed/loan-backed and structured securities were obtained from the external portfolio manager or internal estimates.

(2) Loan-backed and structured securities with a recognized other-than-temporary impairment (OTTI) - Not Applicable

(3) Securities held that were other-than-temporarily impaired due to the present value of cash flows expected to be collected was less than the amortized cost of securities - Not Applicable

(4) All impaired securities for which an OTTI has not been recognized in earnings as a realized loss

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:

|   | Amount       |
|---|--------------|
| a. The aggregate amount of unrealized losses:                             |              |
| 1. Less than 12 months  | \$ 11,383    |
| 2. 12 months or longer  | \$ 2,976     |
| b. The aggregate related fair value of securities with unrealized losses: |              |
| 1. Less than 12 months  | \$ 1,019,506 |
| 2. 12 months or longer  | \$ 301,363   |

(5) Support for concluding impairments are not other-than-temporary

Annual Statement for the Year 2019 of the HEALTHCARE UNDERWRITERS GROUP, INC.

Notes to the Financial Statements

5. Investments (Continued)

All loan-backed and structured securities in an unrealized loss position were reviewed to determine whether other-than-temporary impairments should be recognized. The Company asserts that it has the intent and ability to hold these securities long enough to allow the cost basis of these securities to be recovered. These conclusions are based on each security's NAIC designation, a NRSRO credit rating, severity of unrealized loss and cash flow forecasting results. It is possible that the Company could recognize OTTI in the future on some of the securities, if future events, information and the passage of time cause it to conclude that declines in value are other-than-temporary.

- E. Dollar Repurchase Agreements and/or Securities Lending Transactions - Not Applicable
- F. Repurchase Agreements Transactions Accounted for as Secured Borrowing - Not Applicable
- G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing - Not Applicable
- H. Repurchase Agreements Transactions Accounted for as a Sale - Not Applicable
- I. Reverse Repurchase Agreements Transactions Accounted for as a Sale - Not Applicable
- J. Real Estate - Not Applicable
- K. Low-Income Housing Tax Credits (LIHTC) - Not Applicable
- L. Restricted Assets

(1) Restricted assets (including pledged)

| Gross (Admitted & Nonadmitted) Restricted  |                             |  |  |   |               |                       |                               |                              |                                 |  |                                      |
|--|-----------------------------|--|--|---|---------------|-----------------------|-------------------------------|------------------------------|---------------------------------|--|--------------------------------------|
| Current Year   |                             |  |  |   |               |                       |                               | Current Year                 |                                 |  |                                      |
|  | (1)                         | (2)  | (3)  | (4)   | (5)           | (6)                   | (7)                           | (8)                          | (9)                             | (10)   | (11)                                 |
| Restricted Asset Category  | Total General Account (G/A) | G/A Supporting Protected Cell Account Activity | Total Protected Cell Account Restricted Assets | Protected Cell Account Assets Supporting G/A Activity | Total (1 + 3) | Total From Prior Year | Increase / (Decrease) (5 - 6) | Total Nonadmitted Restricted | Total Admitted Restricted (5-8) | Gross (Admitted & Nonadmitted) Restricted to Total Assets, % | Admitted to Total Admitted Assets, % |
| 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 .....  | 1,102,130                   | .....  | .....  | .....   | 1,102,130     | 1,177,221             | (75,091)                      | .....                        | 1,102,130                       | 3.664  | 3.668                                |
| 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)                  | .....                        | .....                           | .....  | .....                                |
| o. Total restricted assets   | \$ 1,102,130                | \$ .....                                       | \$ .....                                       | \$ .....  | \$ 1,102,130  | \$ 11,241,792         | \$ (10,139,662)               | \$ .....                     | \$ 1,102,130                    | 3.664%   | 3.668%                               |

(2) Detail of assets pledged as collateral not captured in other categories (contracts that share similar characteristics, such as reinsurance and derivatives, are reported in the aggregate) - Not Applicable

(3) Detail of other restricted assets (contracts that share similar characteristics, such as reinsurance and derivatives, are reported in the aggregate)

Reinsurance Trust Account



Annual Statement for the Year 2019 of the HEALTHCARE UNDERWRITERS GROUP, INC.

Notes to the Financial Statements

5. Investments (Continued)

| Description of Assets     | Gross (Admitted & Nonadmitted) Restricted |  |  |   |                  |                          |                                    | Percentage  |  |  |
|---------------------------|---|--|--|---|------------------|--------------------------|------------------------------------|---|--|--|
|                           | Current Year                              |  |  |   |                  |                          |                                    | (9)<br>Gross<br>(Admitted &<br>Nonadmitted)<br>Restricted to<br>Total Assets, % | (10)<br>Admitted<br>Restricted to<br>Total Admitted<br>Assets, % |  |
|                           | (1)                                       | (2)  | (3)  | (4)   | (5)              | (6)                      | (7)                                |   |  | (8)  |
|                           | Total General<br>Account (G/A)            | G/A<br>Supporting<br>Protected Cell<br>Account<br>Activity | Total<br>Protected Cell<br>Account<br>Restricted<br>Assets | Protected Cell<br>Account<br>Assets<br>Supporting<br>G/A Activity | Total<br>(1 + 3) | Total From<br>Prior Year | Increase/<br>(Decrease)<br>(5 - 6) |   |  | Total Current<br>Year Admitted<br>Restricted |
| Reinsurance Trust Account | \$  | \$   | \$   | \$  | \$               | \$ 10,064,571            | \$ (10,064,571)                    | \$  | %  | %  |
| Total                     | \$  | \$   | \$   | \$  | \$               | \$ 10,064,571            | \$ (10,064,571)                    | \$  | %  | %  |

(4) Collateral received and reflected as assets within the reporting entity's financial statements - Not Applicable

- M. Working Capital Finance Investments - Not Applicable
- N. Offsetting and Netting of Assets and Liabilities - Not Applicable
- O. 5GI Securities - Not Applicable
- P. Short Sales - Not Applicable
- Q. Prepayment Penalty and Acceleration Fees

|   | General Account | Protected Cell |
|---|-----------------|----------------|
| (1) Number of CUSIPs                      | 1               |                |
| (2) Aggregate Amount of Investment Income | \$ 602          | \$             |

6. Joint Ventures, Partnerships and Limited Liability Companies - Not Applicable

7. Investment Income

- No investment income due and accrued was excluded from surplus.
- A. Due and Accrued Income Excluded from Surplus
- B. Total Amount Excluded

8. Derivative Instruments - Not Applicable

9. Income Taxes

- A. Components of the Net Deferred Tax Asset/(Liability)

(1) Change between years by tax character

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

|  | 2019        |         |                 | 2018         |         |                 | Change             |                   |                 |
|--|-------------|---------|-----------------|--------------|---------|-----------------|--------------------|-------------------|-----------------|
|  | (1)         | (2)     | (3)             | (4)          | (5)     | (6)             | (7)                | (8)               | (9)             |
|  | Ordinary    | Capital | Total (Col 1+2) | Ordinary     | Capital | Total (Col 4+5) | Ordinary (Col 1-4) | Capital (Col 2-5) | Total (Col 7+8) |
| (a) Gross deferred tax assets  | \$ 67,403   | \$      | \$ 67,403       | \$ 13,032    | \$      | \$ 13,032       | \$ 54,371          | \$                | \$ 54,371       |
| (b) Statutory valuation allowance adjustments                              |             |         |                 |              |         |                 |                    |                   |                 |
| (c) Adjusted gross deferred tax assets (1a - 1b)                           | 67,403      |         | 67,403          | 13,032       |         | 13,032          | 54,371             |                   | 54,371          |
| (d) Deferred tax assets nonadmitted  |             |         |                 |              |         |                 |                    |                   |                 |
| (e) Subtotal net admitted deferred tax asset (1c - 1d)                     | \$ 67,403   | \$      | \$ 67,403       | \$ 13,032    | \$      | \$ 13,032       | \$ 54,371          | \$                | \$ 54,371       |
| (f) Deferred tax liabilities   | 151,344     |         | 151,344         | 187,732      |         | 187,732         | (36,388)           |                   | (36,388)        |
| (g) Net admitted deferred tax asset/(net deferred tax liability) (1e - 1f) | \$ (83,941) | \$      | \$ (83,941)     | \$ (174,700) | \$      | \$ (174,700)    | \$ 90,759          | \$                | \$ 90,759       |

Annual Statement for the Year 2019 of the HEALTHCARE UNDERWRITERS GROUP, INC.

Notes to the Financial Statements

9. Income Taxes (Continued)

(2) Admission calculation components SSAP No. 101

|  | 2019      |         |                    | 2018      |         |                    | Change                |                      |                    |
|--|-----------|---------|--------------------|-----------|---------|--------------------|-----------------------|----------------------|--------------------|
|  | (1)       | (2)     | (3)                | (4)       | (5)     | (6)                | (7)                   | (8)                  | (9)                |
|  | Ordinary  | Capital | Total<br>(Col 1+2) | Ordinary  | Capital | Total<br>(Col 4+5) | Ordinary<br>(Col 1-4) | Capital<br>(Col 2-5) | Total<br>(Col 7+8) |
| (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 (lesser of 2(b)1 and 2(b)2 below) | 56,122    |         | 56,122             | 745       |         | 745                | 55,377                |                      | 55,377             |
| 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     | 3,633,048          | XXX       | XXX     | 3,403,541          | XXX                   | XXX                  | 229,507            |
| (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   | 11,282    |         | 11,282             |           |         |                    | 11,282                |                      | 11,282             |
| (d) Deferred tax assets admitted as the result of application of SSAP No. 101.   |           |         |                    |           |         |                    |                       |                      |                    |
| Total 2(a) + 2(b) + 2(c))  | \$ 67,404 | \$      | \$ 67,404          | \$ 13,032 | \$      | \$ 13,032          | \$ 54,372             | \$                   | \$ 54,372          |

(3) Ratio used as basis of admissibility

|  | 2019          | 2018          |
|--|---------------|---------------|
| (a) Ratio percentage used to determine recovery period and threshold limitation amount                               | 33,229.700%   | 14,128.000%   |
| (b) Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above | \$ 24,228,091 | \$ 22,737,666 |

(4) Impact of tax-planning strategies

(a) Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character as a percentage

|  | 2019      |         | 2018      |         | Change                 |                       |
|--|-----------|---------|-----------|---------|------------------------|-----------------------|
|  | (1)       | (2)     | (3)       | (4)     | (5)                    | (6)                   |
|  | Ordinary  | Capital | Ordinary  | Capital | Ordinary<br>(Col. 1-3) | Capital<br>(Col. 2-4) |
| 1. Adjusted gross DTAs amount from Note 9A1(c)   | \$ 67,403 | \$      | \$ 13,032 | \$      | \$ 54,371              | \$                    |
| 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)  | \$ 67,403 | \$      | \$ 13,032 | \$      | \$ 54,371              | \$                    |
| 4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies | %         | %       | %         | %       | %                      | %                     |

(b) Use of reinsurance-related tax-planning strategies

Does the company's tax-planning strategies include the use of reinsurance? No

B. Regarding Deferred Tax Liabilities That Are Not Recognized - Not Applicable

C. Major Components of Current Income Taxes Incurred

| Current income taxes incurred consist of the following major components: | (1)        | (2)          | (3)          |
|--|------------|--------------|--------------|
|  | 2019       | 2018         | Change (1-2) |
| 1. Current Income Tax  |            |              |              |
| (a) Federal  | \$ 179,234 | \$ (697,658) | \$ 876,892   |
| (b) Foreign  |            |              |              |
| (c) Subtotal   | \$ 179,234 | \$ (697,658) | \$ 876,892   |
| (d) Federal income tax on net capital gains                              | 49,529     | 113,432      | (63,903)     |
| (e) Utilization of capital loss carry-forwards                           |            |              |              |
| (f) Other  |            | 3,614        | (3,614)      |
| (g) Federal and foreign income taxes incurred                            | \$ 228,763 | \$ (580,612) | \$ 809,375   |

Annual Statement for the Year 2019 of the HEALTHCARE UNDERWRITERS GROUP, INC.

Notes to the Financial Statements

9. Income Taxes (Continued)

|  | (1)         | (2)          | (3)          |
|--|-------------|--------------|--------------|
| Current income taxes incurred consist of the following major components: | 2019        | 2018         | Change (1-2) |
| 2. Deferred Tax Assets   |             |              |              |
| (a) Ordinary   |             |              |              |
| (1) Discounting of unpaid losses   | \$          | \$           | \$           |
| (2) Unearned premium reserve   | 7,518       |              | 7,518        |
| (3) Policyholder reserves  |             |              |              |
| (4) Investments  |             |              |              |
| (5) Deferred acquisition costs   |             |              |              |
| (6) Policyholder dividends accrual                                       |             |              |              |
| (7) Fixed assets   |             |              |              |
| (8) Compensation and benefits accrual                                    | 45,720      |              | 45,720       |
| (9) Pension accrual  |             |              |              |
| (10) Receivables - nonadmitted   | 7,212       | 2,532        | 4,680        |
| (11) Net operating loss carry-forward                                    |             |              |              |
| (12) Tax credit carry-forward  |             |              |              |
| (13) Other (including items less than 5% of total ordinary tax assets)*  | 6,953       | 10,500       | (3,547)      |
| (99) Subtotal  | \$ 67,403   | \$ 13,032    | \$ 54,371    |
| (b) Statutory valuation allowance adjustment                             |             |              |              |
| (c) Nonadmitted  |             |              |              |
| (d) Admitted ordinary deferred tax assets (2a99 - 2b - 2c)               | \$ 67,403   | \$ 13,032    | \$ 54,371    |
| (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)                               | \$ 67,403   | \$ 13,032    | \$ 54,371    |
| Current income taxes incurred consist of the following major components: | (1)         | (2)          | (3)          |
|  | 2019        | 2018         | Change (1-2) |
| 3. Deferred Tax Liabilities  |             |              |              |
| (a) Ordinary   |             |              |              |
| (1) Investments  | \$ 4,379    | \$ 2,905     | \$ 1,474     |
| (2) Fixed assets   | 7,671       |              | 7,671        |
| (3) Deferred and uncollected premium                                     |             |              |              |
| (4) Policyholder reserves  |             |              |              |
| (5) Other (including items <5% of total ordinary tax liabilities)†       | 139,294     | 184,827      | (45,533)     |
| (99) Subtotal  | \$ 151,344  | \$ 187,732   | \$ (36,388)  |
| (b) Capital  |             |              |              |
| (1) Investments  | \$          | \$           | \$           |
| (2) Real estate  |             |              |              |
| (3) Other (including items <5% of total capital tax liabilities)         |             |              |              |
| (99) Subtotal  | \$          | \$           | \$           |
| (c) Deferred tax liabilities (3a99 + 3b99)                               | \$ 151,344  | \$ 187,732   | \$ (36,388)  |
| 4. Net deferred tax assets/liabilities (2i - 3c)                         | \$ (83,941) | \$ (174,700) | \$ 90,759    |
|  | (1)         | (2)          | (3)          |
|  | 2019        | 2018         | Change (1-2) |
| * Items >5% of total ordinary tax assets included in Other               |             |              |              |
| Other Accrued Expenses   | 6,953       | 10,500       | (3,547)      |
| † Items >5% of total ordinary tax liabilities included in Other          |             |              |              |
| Loss Reserve Discount - TCJA   | 139,294     | 184,827      | (45,533)     |

D. Among the More Significant Book to Tax Adjustments

The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory income tax rate to the pretax income. The significant items causing this difference are as follows:

Annual Statement for the Year 2019 of the HEALTHCARE UNDERWRITERS GROUP, INC.

Notes to the Financial Statements

9. Income Taxes (Continued)

|   | 2019       | Effective Tax Rate |
|---|------------|--------------------|
| Provision computed at statutory rate    | \$ 164,013 | 21.000%            |
| Tax exempt interest, net                | (11,512)   | -1.474             |
| Non-deductible items                    | 730        | 0.093              |
| Change in nonadmitted assets            | (4,680)    | -0.599             |
| Other, including prior year adjustments | (10,547)   | -1.351             |
| Total                                   | \$ 138,004 | 17.670%            |

|   | 2019       | Effective Tax Rate |
|---|------------|--------------------|
| Federal and foreign income taxes incurred | \$ 228,763 | 29.290%            |
| Change in net deferred income taxes       | (90,759)   | -11.621            |
| Total statutory income taxes              | \$ 138,004 | 17.670%            |

|       | 2018 | Effective Tax Rate |
|-------|------|--------------------|
| Total | \$   | %                  |

|                              | 2018 | Effective Tax Rate |
|------------------------------|------|--------------------|
| Total statutory income taxes | \$   | %                  |

E. Operating Loss and Tax Credit Carryforwards

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

- (1) Unused loss carryforwards available - Not Applicable
- (2) Income tax expense available for recoupment

The following represents income tax expense for 2017 – 2019 that is available for recoupment in the event of future net losses:

|      | Ordinary | Capital | Total   |
|------|----------|---------|---------|
| 2017 | \$       | \$ -    | \$ -    |
| 2018 | -        | -       | -       |
| 2019 | 168,967  | 49,528  | 218,495 |

- (3) Deposits admitted under IRC Section 6603 - Not Applicable

F. Consolidated Federal Income Tax Return

- (1) Information regarding consolidated federal tax returns

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
- 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
- Med-IQ, Inc.
- Global Insurance Management Company, Inc.
- Healthcare Underwriters Group, Inc.

- (2) Method of allocation

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.

G. Federal or Foreign Income Tax Loss Contingencies - Not Applicable

Annual Statement for the Year 2019 of the HEALTHCARE UNDERWRITERS GROUP, INC.

**Notes to the Financial Statements**

**9. Income Taxes (Continued)**

- H. Repatriation Transition Tax (RTT) - Not Applicable
- I. Alternative Minimum Tax (AMT) Credit - Not Applicable

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

A. Nature of Relationships

The Company is wholly owned by ProMutual Group, Inc., a holding company domiciled in the State of Massachusetts. ProMutual Group, Inc. is 100% owned by Medical Professional Mutual Insurance Company. Medical Professional Mutual Insurance Company, and its member companies collectively known as “Coverys,” is one of the leading providers of medical liability insurance in the United States, insuring physicians, surgeons, and dentists as well as a large number of hospitals, health centers and clinics.

B. Detail of Transactions Greater Than 0.5% of Admitted Assets

The Company has no non-insurance transactions greater than ½% of admitted assets.

C. Amount of Transactions & Effects of 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. There has been no change in the terms of this agreement.

The Company entered into a novation and assignment agreement effective July 1, 2019 for all business previously assumed under a quota share agreement with Nevada Mutual Insurance Company (NMIC). Under the terms of the novation agreement, the Company transferred liabilities and other insurance obligations totaling \$12,790,283 to its affiliate, Preferred Professional Insurance Company. These amounts were previously ceded by the Company under the terms of the quota share agreement with MPMIC as discussed above, and as a result of the novation, were properly recovered by the Company from MPMIC. There is no net financial impact to the Company as a result of this transaction.

D. Amounts Due To or From Related Parties

The Company reported \$844,953 due to Global Insurance Management Company, Inc. (GIMC) in 2018, related to the management services agreement.

The Company reported amounts due to its affiliates of \$416,577 and \$600 in 2019 and 2018, respectively, as shown below:

| Affiliate                   | 2019       | 2018   |
|-----------------------------|------------|--------|
| ProSelect Insurance Company | \$ 416,577 | \$ 600 |
| Totals                      | \$ 416,577 | \$ 600 |

The Company reported amounts due from its affiliates of \$3,183 and \$3,105 in 2019 and 2018, respectively, as shown below:

| Affiliate                                     | 2018       | 2017       |
|---|------------|------------|
| Medical Professional Mutual Insurance Company | \$ (3,183) | \$ (3,105) |
| Totals  | \$ (3,183) | \$ (3,105) |

- E. Guarantees or Contingencies - Not Applicable
- F. Management Service Contracts and Cost Sharing Arrangements

Effective January 1, 2019, the Company entered into a management services agreement with ProSelect Insurance Company, an affiliate. Under the terms of the agreement, ProSelect provides various services including, but not limited to: underwriting, policy issuance and administration, risk management, claims management and financial administration to the Company. Additionally, the Company pays ProSelect a pro-rata share of the group expenses, as terms of the agreement.

G. Nature of Relationships that Could Affect Operations

The Company 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 in Upstream Company - Not Applicable
- I. Detail of Investments in Affiliates Greater Than 10% of Admitted Assets - Not Applicable
- J. Write-Down for Impairments of Investments in Subsidiary Controlled or Affiliated Companies - Not Applicable
- K. Foreign Subsidiary Value Using CARVM - Not Applicable
- L. Downstream Holding Company Value Using Look-Through Method - Not Applicable
- M. All SCA Investments - Not Applicable
- N. Investment in Insurance SCAs - Not Applicable
- O. SCA and SSAP No. 48 Entity Loss Tracking - Not Applicable

**11. Debt - Not Applicable**

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

- A. Defined Benefit Plan - Not Applicable
- B. Investment Policies and Strategies of Plan Assets - Not Applicable
- C. Fair Value of Each Class of Plan Assets - Not Applicable

Notes to the Financial Statements

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans (Continued)

- D. Expected Long-Term Rate of Return for the Plan Assets - Not Applicable
- E. Defined Contribution Plans  
The Company participates in a 401k Employee Savings Plan (Coverys 401(k)) sponsored by Medical Professional Mutual Insurance Company (MPMIC), an affiliate. Substantially all Coverys Group employees are eligible to participate in the Coverys 401(k), under which MPMIC will make matching contributions of 100% of participant's contributions up to 6%, and may make discretionary contributions up to 4.5% of each participant's base compensation. The Company has no legal obligation for benefits under this plan but receives an allocation from MPMIC's subsidiary, ProSelect Insurance Company, in accordance with the management agreement that exists between the two affiliates. The Company's share of net expenses was \$43,821 and \$217,466 for 2019 and 2018, respectively.
- F. Multiemployer Plans - Not Applicable
- G. Consolidated/Holding Company Plans - Not Applicable
- H. Postemployment Benefits and Compensated Absences - Not Applicable
- I. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17) - Not Applicable

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

On July 1, 2019, GIMC merged with and into Healthcare Underwriters Group, Inc. (HU), with HU as the surviving entity. As a result of the merger, HUG's surplus was increased by a \$1,008,986.

- 1. Outstanding Shares  
The company has 8,186,047 shares of \$1 par value common stock authorized, issued and outstanding.
- 2. Dividend Rate of Preferred Stock - Not Applicable
- 3. Under Ohio Insurance Statutes, dividends can only be paid from net realized savings and realized earnings which are in excess of HUG's minimum required surplus as determined on a statutory basis. No dividends may be paid with providing notice to the Ohio Department of Insurance (ODI) and giving the ODI 30 days to disapprove such dividend. No dividends were paid during 2019.
- 4. Ordinary Dividends - Not Applicable
- 5. Company Profits Paid as Ordinary Dividends - Not Applicable
- 6. Surplus Restrictions - Not Applicable
- 7. Surplus Advances - Not Applicable
- 8. Stock Held for Special Purposes - Not Applicable
- 9. Changes in Special Surplus Funds - Not Applicable
- 10. Unassigned funds (surplus) - Not Applicable
- 11. Company-Issued Surplus Debentures or Similar Obligations - Not Applicable
- 12. Impact of Any Restatement Due to Prior Quasi-Reorganizations - Not Applicable
- 13. Effective Date(s) of Quasi-Reorganizations in the Prior 10 Years - Not Applicable

14. Liabilities, Contingencies and Assessments - Not Applicable

15. Leases

- A. Lessee Operating Lease
  - (1) Leasing arrangements  
As a result of the merger with GIMC, the Company became a leaseholder of office space in Louisville, Kentucky and Plantation, Florida under noncancelable operating lease agreements that expire in June 2020 and June 2021, respectively. Rent expense for 2019 was \$208,858.
  - (2) For leases having initial or remaining noncancelable lease terms in excess of one year
    - (a) Minimum aggregate rental commitments at year end

|          | Year Ending December 31 | Operating Leases |
|----------|-------------------------|------------------|
| 1. 2020  | \$                      | 116,965          |
| 2. 2021  |                         | 44,074           |
| 3. 2022  |                         |                  |
| 4. 2023  |                         |                  |
| 5. 2024  |                         |                  |
| 6. Total | \$                      | 161,039          |
    - (b) Sublease minimum rentals to be received - Not Applicable
    - (3) For sale-leaseback transactions - Not Applicable
- B. Lessor Leases - Not Applicable

16. Information About Financial Instruments With Off-Balance-Sheet Risk And Financial Instruments With Concentrations of Credit Risk - Not Applicable

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities - Not Applicable

Annual Statement for the Year 2019 of the HEALTHCARE UNDERWRITERS GROUP, INC.

Notes to the Financial Statements

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. Fair Value Measurement

The Company has categorized its assets and liabilities that are measured at fair value into three-level fair value hierarchy. The three-level fair value hierarchy is based on the degree of subjectivity inherent in the valuation method by which fair value was determined. The three levels are defined as follows.

Level 1 - Quoted Prices in Active Markets for Identical Assets and Liabilities: This category, for items measured at fair value on a recurring basis, includes exchange-traded preferred and common stocks. It also includes derivative liabilities for written call options on common stock which are also exchange traded. The estimated fair value of the equity securities and derivatives within this category are based on quoted prices in active markets and are thus classified as Level 1.

Level 2 - Significant Other Observable Inputs: This category for items measured at fair value on a recurring basis includes bonds, preferred stocks and common stocks which are not exchange-traded. The estimated fair values of some of these items were determined by independent pricing services using observable inputs. Others were based on quotes from markets which were not considered actively traded.

Level 3 - Significant Unobservable Inputs: The Company has no assets or liabilities measured at fair value in this category.

(1) Fair value measurements at reporting date

| Description for each class of asset or liability |                                 | Level 1         | Level 2         | Level 3         | Net Asset Value (NAV) | Total           |
|--|---------------------------------|-----------------|-----------------|-----------------|-----------------------|-----------------|
| a.   | Assets at fair value            |                 |                 |                 |                       |                 |
|  | Bonds .....                     | \$ .....        | \$ .....        | \$ .....        | \$ .....              | \$ .....        |
|  | .....                           | .....           | .....           | .....           | .....                 | .....           |
|  | Cash Equivalent .....           | .....           | .....           | .....           | .....                 | .....           |
|  | .....                           | .....           | .....           | .....           | .....                 | .....           |
|  | Total assets at fair value/NAV  | <u>\$ .....</u> | <u>\$ .....</u> | <u>\$ .....</u> | <u>\$ .....</u>       | <u>\$ .....</u> |
| b.   | Liabilities at fair value       |                 |                 |                 |                       |                 |
|  | Total liabilities at fair value | <u>\$ .....</u> | <u>\$ .....</u> | <u>\$ .....</u> | <u>\$ .....</u>       | <u>\$ .....</u> |

(2) Fair value measurements in Level 3 of the fair value hierarchy - Not Applicable

(3) Policy on transfers into and out of Level 3 - Not Applicable

(4) Inputs and techniques used for Level 2 and Level 3 fair values - Not Applicable

(5) Derivatives - Not Applicable

B. Other Fair Value Disclosures - Not Applicable

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

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  | Net Asset Value (NAV) | Not Practicable (Carrying Value) |
|--|----------------------|--------------------|-----------------|--------------------|----------|-----------------------|----------------------------------|
| Bonds .....  | \$..... 19,060,173   | \$..... 18,462,936 | \$ .....        | \$..... 19,060,173 | \$ ..... | \$ .....              | \$ .....                         |
| Cash, cash equivalents and<br>Cash, cash equivalents and<br>short-term investments ..... | ..... 6,403,313      | .....              | ..... 6,403,313 | .....              | .....    | .....                 | .....                            |

D. Not Practicable to Estimate Fair Value - Not Applicable

E. Nature and Risk of Investments Reported at NAV - Not Applicable

21. Other Items

- A. Special Disability Trust Fund Disclosure, Florida Statutes 625.091
1. The Company took no credit in loss reserves for anticipated recoveries from the Special Disability Trust Fund for the years ending December 31, 2019 and 2018.
2. The Company received no payments from the Special Disability Trust Fund during the year ending December 31, 2019.
3. The Company had no assessments by the Special Disability Trust Fund during the year ending December 31, 2019.

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

22. Events Subsequent

The Company has not experienced any significant Type I or Type II subsequent events requiring adjustment or disclosure.

Subsequent events have been considered through February 28, 2020 for the statutory statement issued on February 28, 2020.

23. Reinsurance

The Company entered into a novation and assignment agreement effective July 1, 2019 for all business previously assumed under a quota share agreement with Nevada Mutual Insurance Company (NMIC). Under the terms of the novation agreement, the Company transferred liabilities and other insurance obligations totaling \$12,790,283 to its affiliate, Preferred Professional Insurance Company. These amounts were previously ceded by the Company under the terms of the quota share agreement with MPMIC as discussed above, and as a result of the novation, were properly recovered by the Company from MPMIC. There is no net financial impact to the Company as a result of this transaction.



Annual Statement for the Year 2019 of the HEALTHCARE UNDERWRITERS GROUP, INC.

Notes to the Financial Statements

23. Reinsurance (Continued)

Ceded reinsurance premiums payable related to insured events of prior years were increased by \$1,093,260 during 2019 as a result of re-estimation on unpaid reinsured claims. Management determined to increase ceded reinsurance premiums payable based on management's judgement and evaluation of its actuarially determined loss reserves. Due to the intercompany quota share arrangement, there is no net financial impact to the Company.

A. Unsecured Reinsurance Recoverables

| NAIC Group Code | Federal ID# | Name of Reinsurer                             | Amount        |
|-----------------|-------------|---|---------------|
|                 | 04-2595783  | Medical Professional Mutual Insurance Company | \$ 36,299,751 |

B. Reinsurance Recoverable in Dispute - Not Applicable

C. Reinsurance Assumed and Ceded

- (1) Maximum amount of return commission that would have been due reinsurers if all of the company's reinsurance was canceled or if the company's insurance assumed was canceled

No return commission would be due reinsurers if the Company's reinsurance was canceled.

|                                    | Assumed Reinsurance |                   | Ceded Reinsurance |                   | Net             |                   |
|------------------------------------|---------------------|-------------------|-------------------|-------------------|-----------------|-------------------|
|                                    | Premium Reserve     | Commission Equity | Premium Reserve   | Commission Equity | Premium Reserve | Commission Equity |
| a. Affiliates                      | \$                  | \$                | \$ 8,130,530      | \$ 34,190,899     | \$ (8,130,530)  | \$ (34,190,899)   |
| b. All other                       | -                   | -                 | 51,096            | 100               | (51,096)        | (100)             |
| c. Total                           | \$ -                | \$ -              | \$ 8,181,626      | \$ 34,190,999     | \$ (8,181,626)  | \$ (34,190,999)   |
| d. Direct unearned premium reserve |                     |                   | \$ 8,181,626      |                   |                 |                   |

- (2) The additional or return commission, predicated on loss experience or on any other form of profit sharing arrangements in this statement as a result of existing contractual arrangements is accrued as follows:

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) Risks attributed to each of the company's protected cells

The Company does not use protected cells as an alternative to traditional reinsurance.

D. Uncollectible Reinsurance - Not Applicable

E. Commutation of Ceded Reinsurance - Not Applicable

F. Retroactive Reinsurance - Not Applicable

G. Reinsurance Accounted for as a Deposit - Not Applicable

H. Disclosures for the Transfer of Property and Casualty Run-Off Agreements - Not Applicable

I. Certified Reinsurer Rating Downgraded or Status Subject to Revocation - Not Applicable

J. Reinsurance Agreements Qualifying for Reinsurer Aggregation - Not Applicable

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination - Not Applicable

25. Changes in Incurred Losses and Loss Adjustment Expenses

A. Reasons for Changes in the Provision for Incurred Loss and Loss Adjustment Expenses Attributable to Insured Events of Prior Years

There is no development on the net incurred loss and loss adjustment expenses due to the 100% quota share agreement with MPMC.

B. Significant Changes in Methodologies and Assumptions Used in Calculating the Liability for Unpaid Losses and Loss Adjustment Expenses - Not Applicable

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 - Not Applicable

31. High Deductibles

A. Reserve Credit Recorded on Unpaid Claims and Amount Billed and Recoverable on Paid Claims for High Deductibles

- (1) Counter party exposure recorded on unpaid claims and billed recoverables on paid claims

| Annual Statement Line of Business (ASL) |  | (3)                                      | (4)                                 | (5)                                | (6)  |
|---|--|--|-------------------------------------|------------------------------------|--|
| (1)                                     | (2)  | Gross (of High Deductible) Loss Reserves | Reserve Credit for High Deductibles | Billed Recoverables on Paid Claims | Total High Deductibles and Billed Recoverables (Col 4 + Col 5) |
| ASL #                                   | ASL Description                              |  |                                     |                                    |  |
| 11.2                                    | Medical Professional Liability - Claims Made | \$ -                                     | \$ -                                | \$ 1,000                           | \$ 1,000   |
| Total                                   |  | \$ -                                     | \$ -                                | \$ 1,000                           | \$ 1,000   |



Annual Statement for the Year 2019 of the HEALTHCARE UNDERWRITERS GROUP, INC.

Notes to the Financial Statements

31. High Deductibles (Continued)

(2) Unsecured amounts of high deductibles

|    |   |    |          |
|----|---|----|----------|
| a. | Total high deductibles and billed recoverables on paid claims<br>(should equal total line for Column 6 for A(1) above)  | \$ | 1,000    |
| b. | Collateral on balance sheet (must be equal to or greater than zero)   |    |          |
| c. | Collateral off balance sheet (must be equal to or greater than zero)  |    |          |
| d. | Total unsecured deductibles and billed recoverables on paid claims d=a-(b+c)<br>(must be equal to or greater than zero) |    | 1,000    |
| e. | Percentage unsecured  |    | 100.000% |

(3) High Deductible Recoverables Amounts on Paid Claims - None

(4) The deductible amounts for the highest ten unsecured high deductible policies

| Counterparty Ranking | Top Ten Unsecured High<br>Deductible Amounts |
|----------------------|--|
| Counterparty 1       | \$ 1,000                                     |
| Counterparty 2       |  |
| Counterparty 3       |  |
| Counterparty 4       |  |
| Counterparty 5       |  |
| Counterparty 6       |  |
| Counterparty 7       |  |
| Counterparty 8       |  |
| Counterparty 9       |  |
| Counterparty 10      |  |

B. Unsecured High Deductible Recoverables for Individual Obligors Part of a Group Under the Same Management or Control Which Are Greater Than 1% of Capital and Surplus - None

32. Discounting of Liabilities by Withdrawal Characteristics For Unpaid Losses or Unpaid Loss Adjustment Expenses - Not Applicable

33. Asbestos/Environmental Reserves - Not Applicable

34. Subscriber Savings Accounts - Not Applicable

35. Multiple Peril Crop Insurance - Not Applicable

36. Financial Guaranty Insurance - Not Applicable

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES  
GENERAL

1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? .....  
If yes, complete Schedule Y, Parts 1, 1A and 2

Yes [ X ] No [ ]

1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? .....

Yes [ 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. ....

12/31/2018

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? .....  
4.12 renewals? .....

Yes [ ] No [ X ]  
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? .....  
4.22 renewals? .....

Yes [ ] No [ X ]  
Yes [ ] No [ X ]

5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? .....  
If yes, complete and file the merger history data file with the NAIC.

Yes [ X ] No [ ]

5.2

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

|                     |                        |                        |
|---------------------|------------------------|------------------------|
| 1<br>Name of Entity | 2<br>NAIC Company Code | 3<br>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; ..... %  
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 or government, manager or attorney in fact).

|                  |                     |
|------------------|---------------------|
| 1<br>Nationality | 2<br>Type of Entity |
|                  |                     |

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

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

9.

What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?

PricewaterhouseCoopers, LLP 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?

Celso Moreira, FCAS, MAAA, Vice President & Reserving Actuary, Medical Professional Mutual Insurance Company, One Financial Center, Boston, MA 02111

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

12.13

Total book/adjusted carrying value

\$

12.2

If, yes provide explanation:

13.

FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

13.1

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

13.2

Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes [ ] No [ ]

13.3

Have there been any changes made to any of the trust indentures during the year?

Yes [ ] No [ ]

13.4

If answer to (13.3) is yes, has the domiciliary or entry state approved the changes?

Yes [ ] No [ ] N/A [ ]

14.1

Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

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).

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?
- 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.
- Yes [ ] No [ X ]

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

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof?
17. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof?
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 with the official duties of such person?
- Yes [ X ] No [ ]
- Yes [ X ] No [ ]
- 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)?
- 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?
- 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?
- 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?
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:
- Yes [ ] No [ X ]
- \$
- \$
- \$
- \$
- \$
- \$
- \$
- \$
- \$
- \$
- \$
- \$
- Yes [ ] No [ X ]
- Yes [ ] No [ X ]
- \$
- \$

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)
- 24.02 If no, give full and complete information relating thereto  
State Deposit Requirements
- 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?
- 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?
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?
- 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 [ X ]
- Yes [ ] No [ ] N/A [ X ]
- \$
- \$
- Yes [ ] No [ ] N/A [ X ]
- Yes [ ] No [ ] N/A [ X ]
- Yes [ ] No [ ] N/A [ X ]

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE Healthcare Underwriters Group Inc.

GENERAL INTERROGATORIES

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

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

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03).

Yes [ X ] 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, 102, 130 |
|      |  | 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   | \$ |             |

25.3 For category (25.26) provide the following:

| 1<br>Nature of Restriction | 2<br>Description | 3<br>Amount |
|----------------------------|------------------|-------------|
|                            |                  |             |

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

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

If no, attach a description with this statement.

LINES 26.3 through 26.5: FOR LIFE/FRATERNAL REPORTING ENTITIES ONLY:

26.3 Does the reporting entity utilize derivatives to hedge variable annuity guarantees subject to fluctuations as a result of interest rate sensitivity? Yes [ ] No [ ]

26.4 If the response to 26.3 is YES, does the reporting entity utilize:

|  |                |
|--|----------------|
| 26.41 Special accounting provision of SSAP No. 108 | Yes [ ] No [ ] |
| 26.42 Permitted accounting practice                | Yes [ ] No [ ] |
| 26.43 Other accounting guidance                    | Yes [ ] No [ ] |

26.5 By responding YES to 26.41 regarding utilizing the special accounting provisions of SSAP No. 108, the reporting entity attests to the following:

- The reporting entity has obtained explicit approval from the domiciliary state.
- Hedging strategy subject to the special accounting provisions is consistent with the requirements of VM-21.
- Actuarial certification has been obtained which indicates that the hedging strategy is incorporated within the establishment of VM-21 reserves and provides the impact of the hedging strategy within the Actuarial Guideline Conditional Tail Expectation Amount.
- Financial Officer Certification has been obtained which indicates that the hedging strategy meets the definition of a Clearly Defined Hedging Strategy within VM-21 and that the Clearly Defined Hedging Strategy is the hedging strategy being used by the company in its actual day-to-day risk mitigation efforts.

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

27.2 If yes, state the amount thereof at December 31 of the current year. \$

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

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

| 1<br>Name of Custodian(s)  | 2<br>Custodian's Address                    |
|----------------------------|---|
| THE NORTHERN TRUST COMPANY | 50 SOUTH LASALLE STREET, CHICAGO, IL 606075 |
| PNC BANK                   | 1900 E. 9th STREET, CLEVELAND, OH 44114     |

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE Healthcare Underwriters Group Inc.

GENERAL INTERROGATORIES

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<br>Name(s) | 2<br>Location(s) | 3<br>Complete Explanation(s) |
|--------------|------------------|------------------------------|
|              |                  |                              |

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

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

| 1<br>Old Custodian | 2<br>New Custodian | 3<br>Date of Change | 4<br>Reason |
|--------------------|--------------------|---------------------|-------------|
|                    |                    |                     |             |

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

| 1<br>Name of Firm or Individual         | 2<br>Affiliation |
|---|------------------|
| NEW ENGLAND ASSET MANAGEMENT, INC. .... | U.....           |
| PNC CAPITAL ASSET ADVISORS, LLC .....   | 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 invested 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 invested 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<br>Central Registration<br>Depository Number | 2<br>Name of Firm or Individual         | 3<br>Legal Entity Identifier (LEI) | 4<br>Registered With          | 5<br>Investment<br>Management<br>Agreement<br>(IMA) Filed |
|--|---|------------------------------------|-------------------------------|---|
| 105900 .....                                   | NEW ENGLAND ASSET MANAGEMENT, INC. .... | KUR85E5PS4GQFZTFC130 .....         | SEC FILE NUMBER: 801-22445 .. | DS.....   |
| 151829 .....                                   | PNC CAPITAL ADVISORS, LLC .....         | 549300WVB7V48QCY3U49 .....         | SEC FILE NUMBER: 801-70684 .. | 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<br>CUSIP #    | 2<br>Name of Mutual Fund | 3<br>Book/Adjusted<br>Carrying Value |
|-----------------|--------------------------|--------------------------------------|
| 29.2999 - Total |                          |                                      |

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

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

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE Healthcare Underwriters Group Inc.

GENERAL INTERROGATORIES

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                             | 2          | 3  |
|-----------------------------|-------------------------------|------------|--|
|                             | Statement (Admitted)<br>Value | Fair Value | Excess of Statement<br>over Fair Value (-), or<br>Fair Value over<br>Statement (+) |
| 30.1 Bonds .....            | 18,462,936                    | 19,060,173 | 597,237  |
| 30.2 Preferred stocks ..... |                               |            |  |
| 30.3 Totals                 | 18,462,936                    | 19,060,173 | 597,237  |

30.4 Describe the sources or methods utilized in determining the fair values:  
PRIMARY: CUSTODIAN BANK; ALTERNATIVE: 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 [ X ] No [ ]

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 [ X ] No [ ]

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

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

32.2 If no, list exceptions:  
.....

33. By self-designating 5GI securities, the reporting entity is certifying the following elements of each self-designated 5GI security:  
a. Documentation necessary to permit a full credit analysis of the security does not exist or an NAIC CRP credit rating for an FE or PL security is not available.  
b. Issuer or obligor is current on all contracted interest and principal payments.  
c. The insurer has an actual expectation of ultimate payment of all contracted interest and principal.  
Has the reporting entity self-designated 5GI securities? ..... Yes [ ] No [ X ]

34. By self-designating PLGI securities, the reporting entity is certifying the following elements of each self-designated PLGI security:  
a. The security was purchased prior to January 1, 2018.  
b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.  
c. The NAIC Designation was derived from the credit rating assigned by an NAIC CRP in its legal capacity as a NRSRO which is shown on a current private letter rating held by the insurer and available for examination by state insurance regulators.  
d. The reporting entity is not permitted to share this credit rating of the PL security with the SVO.  
Has the reporting entity self-designated PLGI securities? ..... Yes [ ] No [ X ]

35. By assigning FE to a Schedule BA non-registered private fund, the reporting entity is certifying the following elements of each self-designated FE fund:  
a. The shares were purchased prior to January 1, 2019.  
b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.  
c. The security had a public credit rating(s) with annual surveillance assigned by an NAIC CRP in its legal capacity as an NRSRO prior to January 1, 2019.  
d. The fund only or predominantly holds bonds in its portfolio.  
e. The current reported NAIC Designation was derived from the public credit rating(s) with annual surveillance assigned by an NAIC CRP in its legal capacity as an NRSRO.  
f. The public credit rating(s) with annual surveillance assigned by an NAIC CRP has not lapsed.  
Has the reporting entity assigned FE to Schedule BA non-registered private funds that complied with the above criteria? ..... Yes [ ] No [ X ]

OTHER

36.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? .....\$ .....162

36.2 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<br>Name                             | 2<br>Amount Paid |
|---------------------------------------|------------------|
| CSC Corporation Service Company ..... | 162              |
| .....                                 |                  |

GENERAL INTERROGATORIES

37.1 Amount of payments for legal expenses, if any? .....\$ .....31,665

37.2 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<br>Name                            | 2<br>Amount Paid |
|--------------------------------------|------------------|
| Drinker , Biddle and Reath LLP ..... | 31,665           |
| .....                                | .....            |

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

38.2 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<br>Name | 2<br>Amount Paid |
|-----------|------------------|
| .....     | .....            |
| .....     | .....            |



GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

1.1

Does the reporting entity have any direct Medicare Supplement Insurance in force? .....

Yes [ ] No [ X ]

1.2

If yes, indicate premium earned on U. S. business only. ....

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

1.3

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

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

1.31

Reason for excluding .....

.....

1.4

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

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

1.5

Indicate total incurred claims on all Medicare Supplement Insurance. ....

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

1.6

Individual policies:

Most current three years:

1.61

Total premium earned .....

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

1.62

Total incurred claims .....

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

1.63

Number of covered lives .....

.....

All years prior to most current three years

1.64

Total premium earned .....

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

1.65

Total incurred claims .....

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

1.66

Number of covered lives .....

.....

1.7

Group policies:

Most current three years:

1.71

Total premium earned .....

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

1.72

Total incurred claims .....

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

1.73

Number of covered lives .....

.....

All years prior to most current three years

1.74

Total premium earned .....

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

1.75

Total incurred claims .....

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

1.76

Number of covered lives .....

.....

2.

Health Test:

1

Current Year

2

Prior Year

2.1

Premium Numerator .....

.....

.....

2.2

Premium Denominator .....

.....

4,106,691

2.3

Premium Ratio (2.1/2.2) .....

0.000

.....

0.000

2.4

Reserve Numerator .....

.....

.....

2.5

Reserve Denominator .....

.....

.....

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 [ ]

5.22

As a direct expense of the exchange.....

Yes [ ] No [ ] N/A [ ]

5.3

What expenses of the Exchange are not paid out of the compensation of the Attorney-in-fact? .....

.....

5.4

Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred? .....

Yes [ ] No [ ]

5.5

If yes, give full information .....

.....

16

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND 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 underwrite 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.  
The Company's primary line of business is medical malpractice, and does not underwrite property risks. Thus, no calculation is made of a probably maximum loss.

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 underwrite catastrophic type risks.

6.4

Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence?

Yes ☐ No ☒

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 uninsured catastrophic loss.  
Not applicable as the Company does not underwrite catastrophic type risks.

7.1

Has this 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 ratio cap, an aggregate limit or any similar provisions)?

Yes ☐ No ☒

7.2

If yes, indicate the number of reinsurance contracts containing such provisions:

7.3

If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)?

Yes ☐ No ☐

8.1

Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured?

Yes ☐ No ☒

8.2

If yes, give full information

9.1

Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:  
(a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;  
(b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;  
(c) Aggregate stop loss reinsurance coverage;  
(d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;  
(e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or  
(f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity.

Yes ☐ No ☒

9.2

Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:  
(a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or  
(b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract.

Yes ☐ No ☒

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 37 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:  
(a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or  
(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP?

Yes ☐ No ☒

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.

Yes ☐ No ☒

Yes ☐ No ☒

Yes ☐ No ☒

10.

If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done?

Yes ☐ No ☐ N/A ☒

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND 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 which 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 the current year:

12.61 Letters of credit

\$

12.62 Collateral and other funds

\$

13.1

Largest net aggregate amount insured in any one risk (excluding workers' compensation):

\$

13.2

Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision?

Yes [ ] No [ X ]

13.3

State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount.

5

14.1

Is the company a cedant in a multiple cedant reinsurance contract?

Yes [ X ] No [ ]

14.2

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

14.3

If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts?

Yes [ ] No [ X ]

14.4

If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements?

Yes [ X ] No [ ]

14.5

If the answer to 14.4 is no, please explain:

15.1

Has the reporting entity guaranteed any financed premium accounts?

Yes [ ] No [ X ]

15.2

If yes, give full information

16.1

Does the reporting entity write any warranty business?

Yes [ ] No [ X ]

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

|                  | 1<br>Direct Losses<br>Incurred | 2<br>Direct Losses<br>Unpaid | 3<br>Direct Written<br>Premium | 4<br>Direct Premium<br>Unearned | 5<br>Direct Premium<br>Earned |
|------------------|--------------------------------|------------------------------|--------------------------------|---------------------------------|-------------------------------|
| 16.11 Home       |                                |                              |                                |                                 |                               |
| 16.12 Products   |                                |                              |                                |                                 |                               |
| 16.13 Automobile |                                |                              |                                |                                 |                               |
| 16.14 Other*     |                                |                              |                                |                                 |                               |

\* Disclose type of coverage:

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND 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 [ ☒ ]

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

17.11

Gross amount of unauthorized reinsurance in Schedule F - Part 3 exempt from the statutory provision for unauthorized reinsurance .....

\$ .....

17.12

Unfunded portion of Interrogatory 17.11 .....

\$ .....

17.13

Paid losses and loss adjustment expenses portion of Interrogatory 17.11.....

\$ .....

17.14

Case reserves portion of Interrogatory 17.11 .....

\$ .....

17.15

Incurred but not reported portion of Interrogatory 17.11 .....

\$ .....

17.16

Unearned premium portion of Interrogatory 17.11 .....

\$ .....

17.17

Contingent commission portion of Interrogatory 17.11 .....

\$ .....

18.1

Do you act as a custodian for health savings accounts? .....

Yes [ ☐ ] No [ ☒ ]

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 [ ☒ ]

18.4

If yes, please provide the balance of 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 [ ☒ ] No [ ☐ ]

19.1

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

Yes [ ☐ ] No [ ☐ ]

FIVE-YEAR HISTORICAL DATA

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

|   | 1<br>2019  | 2<br>2018    | 3<br>2017   | 4<br>2016   | 5<br>2015   |
|---|------------|--------------|-------------|-------------|-------------|
| <b>Gross Premiums Written (Page 8, Part 1B Cols. 1, 2 &amp; 3)</b>  |            |              |             |             |             |
| 1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)  | 2,024,858  | 19,291,892   | 17,809,812  | 17,407,656  | 19,526,381  |
| 2. Property lines (Lines 1, 2, 9, 12, 21 & 26)  |            |              |             |             |             |
| 3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)  |            |              |             |             |             |
| 4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)   |            |              |             |             |             |
| 5. Nonproportional reinsurance lines (Lines 31, 32 & 33)  |            |              |             |             |             |
| 6. Total (Line 35)  | 2,024,858  | 19,291,892   | 17,809,812  | 17,407,656  | 19,526,381  |
| <b>Net Premiums Written (Page 8, Part 1B, Col. 6)</b>   |            |              |             |             |             |
| 7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)  |            | (4,270,624)  | 16,402,208  | 16,005,306  | 17,139,361  |
| 8. Property lines (Lines 1, 2, 9, 12, 21 & 26)  |            |              |             |             |             |
| 9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)  |            |              |             |             |             |
| 10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)  |            |              |             |             |             |
| 11. Nonproportional reinsurance lines (Lines 31, 32 & 33)   |            |              |             |             |             |
| 12. Total (Line 35)   |            | (4,270,624)  | 16,402,208  | 16,005,306  | 17,139,361  |
| <b>Statement of Income (Page 4)</b>   |            |              |             |             |             |
| 13. Net underwriting gain (loss) (Line 8)   |            | (617,464)    | (2,842,483) | (198,747)   | 505,715     |
| 14. Net investment gain or (loss) (Line 11)   | 729,826    | 1,070,554    | 2,727,041   | 2,155,601   | 1,954,550   |
| 15. Total other income (Line 15)  | 12,665     | 19,731       | 14,616      | 21,336      | 24,338      |
| 16. Dividends to policyholders (Line 17)  |            |              |             |             |             |
| 17. Federal and foreign income taxes incurred (Line 19)   | 152,876    | (580,612)    | (438,306)   | (69,441)    | (169,925)   |
| 18. Net income (Line 20)  | 589,615    | 1,053,433    | 337,480     | 2,047,631   | 2,654,528   |
| <b>Balance Sheet Lines (Pages 2 and 3)</b>  |            |              |             |             |             |
| 19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)   | 30,043,101 | 31,059,603   | 86,178,490  | 86,720,066  | 90,361,581  |
| 20. Premiums and considerations (Page 2, Col. 3)  |            |              |             |             |             |
| 20.1 In course of collection (Line 15.1)  | 434,100    | 2,476,746    | 2,782,668   | 1,962,977   | 2,209,566   |
| 20.2 Deferred and not yet due (Line 15.2)   | 1,722,794  |              |             |             |             |
| 20.3 Accrued retrospective premiums (Line 15.3)   |            |              |             |             |             |
| 21. Total liabilities excluding protected cell business (Page 3, Line 26)   | 5,815,010  | 8,496,637    | 38,811,406  | 38,602,665  | 43,650,601  |
| 22. Losses (Page 3, Line 1)   |            |              | 15,910,492  | 15,423,101  | 18,811,921  |
| 23. Loss adjustment expenses (Page 3, Line 3)   |            |              | 12,393,705  | 12,419,049  | 12,366,955  |
| 24. Unearned premiums (Page 3, Line 9)  |            |              | 8,377,315   | 7,918,215   | 8,429,135   |
| 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)  | 24,228,091 | 22,562,966   | 47,367,084  | 48,117,401  | 46,710,980  |
| <b>Cash Flow (Page 5)</b>   |            |              |             |             |             |
| 27. Net cash from operations (Line 11)  | 2,682,196  | (36,400,355) | (441,051)   | (2,481,192) | (2,144,665) |
| <b>Risk-Based Capital Analysis</b>  |            |              |             |             |             |
| 28. Total adjusted capital  | 24,228,090 | 22,562,966   | 47,367,084  | 48,117,401  | 46,710,980  |
| 29. Authorized control level risk-based capital   | 72,911     | 134,208      | 3,924,817   | 3,361,067   | 3,664,252   |
| <b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Line divided by Page 2, Line 12, Col. 3) x100.0</b>                      |            |              |             |             |             |
| 30. Bonds (Line 1)  | 74.2       | 92.1         | 10.1        | 85.6        | 87.1        |
| 31. Stocks (Lines 2.1 & 2.2)  |            |              |             | 10.1        | 9.5         |
| 32. Mortgage loans on real estate (Lines 3.1 and 3.2)   |            |              |             |             |             |
| 33. Real estate (Lines 4.1, 4.2 & 4.3)  |            |              |             |             |             |
| 34. Cash, cash equivalents and short-term investments (Line 5)  | 25.8       | 7.9          | 89.9        | 4.3         | 3.4         |
| 35. Contract loans (Line 6)   |            |              |             |             |             |
| 36. Derivatives (Line 7)  |            |              |             |             |             |
| 37. Other invested assets (Line 8)  |            |              |             |             |             |
| 38. Receivables for securities (Line 9)   |            |              |             |             |             |
| 39. Securities lending reinvested collateral assets (Line 10)   |            |              |             |             |             |
| 40. Aggregate write-ins for invested assets (Line 11)   |            |              |             |             |             |
| 41. Cash, cash equivalents and invested assets (Line 12)  | 100.0      | 100.0        | 100.0       | 100.0       | 100.0       |
| <b>Investments in Parent, Subsidiaries and Affiliates</b>   |            |              |             |             |             |
| 42. Affiliated bonds (Schedule D, Summary, Line 12, Col. 1)   |            |              |             |             |             |
| 43. Affiliated preferred stocks (Schedule D, Summary, Line 18, Col. 1)  |            |              |             |             |             |
| 44. Affiliated common stocks (Schedule D, Summary, Line 24, Col. 1)   |            |              |             |             |             |
| 45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)   |            |              |             |             |             |
| 46. Affiliated mortgage loans on real estate  |            |              |             |             |             |
| 47. All other affiliated  |            |              |             |             |             |
| 48. Total of above Lines 42 to 47   |            |              |             |             |             |
| 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) |            |              |             |             |             |

FIVE-YEAR HISTORICAL DATA

(Continued)

|  | 1<br>2019 | 2<br>2018    | 3<br>2017 | 4<br>2016 | 5<br>2015 |
|--|-----------|--------------|-----------|-----------|-----------|
| <b>Capital and Surplus Accounts (Page 4)</b>   |           |              |           |           |           |
| 51. Net unrealized capital gains (losses) (Line 24) .....  |           |              | (974,142) | 576,646   | (135,870) |
| 52. Dividends to stockholders (Line 35) .....  |           | (7,764,906)  |           |           |           |
| 53. Change in surplus as regards policyholders for the year (Line 38) .....  | 1,665,125 | (24,804,118) | (750,317) | 1,406,421 | 1,112,891 |
| <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) .....  | 4,788,657 | 7,510,748    | 4,999,275 | 5,160,877 | 4,316,650 |
| 55. Property lines (Lines 1, 2, 9, 12, 21 & 26) .....  |           |              |           |           |           |
| 56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) .....  |           |              |           |           |           |
| 57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) .....   |           |              |           |           |           |
| 58. Nonproportional reinsurance lines (Lines 31, 32 & 33) .....  |           |              |           |           |           |
| 59. Total (Line 35) .....  | 4,788,657 | 7,510,748    | 4,999,275 | 5,160,877 | 4,316,650 |
| <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 |
| 61. Property lines (Lines 1, 2, 9, 12, 21 & 26) .....  |           |              |           |           |           |
| 62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) .....  |           |              |           |           |           |
| 63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) .....   |           |              |           |           |           |
| 64. Nonproportional reinsurance lines (Lines 31, 32 & 33) .....  |           |              |           |           |           |
| 65. Total (Line 35) .....  |           | 17,184,317   | 3,317,638 | 4,344,127 | 2,830,650 |
| <b>Operating Percentages (Page 4) (Line divided by Page 4, Line 1) x 100.0</b>   |           |              |           |           |           |
| 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      |
| 68. Loss expenses incurred (Line 3) .....  |           | 40.4         | 41.8      | 55.5      | 34.9      |
| 69. Other underwriting expenses incurred (Line 4) .....  |           | 43.6         | 52.1      | 39.9      | 50.6      |
| 70. Net underwriting gain (loss) (Line 8) .....  |           | (15.0)       | (17.8)    | (1.2)     | 3.3       |
| <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      |
| 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      |
| 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      |
| <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) .....   | (9)       | 1            | (929)     | (2,420)   | (4,597)   |
| 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       | 0.0          | (1.9)     | (5.2)     | (10.1)    |
| <b>Two Year Loss Development (\$000 omitted)</b>   |           |              |           |           |           |
| 76. Development in estimated losses and loss expenses incurred two years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Col. 12) .....                       | (8)       | (928)        | (1,595)   | (5,528)   | (3,744)   |
| 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) ..... | 0.0       | (1.9)        | (3.4)     | (12.1)    | (7.9)     |

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 2019 OF THE Healthcare Underwriters Group Inc.

**SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES**

**SCHEDULE P - PART 1 - SUMMARY**

(\$000 OMITTED)

| Years in Which<br>Premiums Were<br>Earned and<br>Losses Were<br>Incurred | Premiums Earned                |                |                      | Loss and Loss Expense Payments |                |  |                |                                 |                |  |  | 12   |
|--|--------------------------------|----------------|----------------------|--------------------------------|----------------|--|----------------|---------------------------------|----------------|--|--|--|
|  | 1<br><br>Direct and<br>Assumed | 2<br><br>Ceded | 3<br><br>Net (1 - 2) | Loss Payments                  |                | Defense and Cost<br>Containment Payments |                | Adjusting and Other<br>Payments |                | 10<br><br>Salvage and<br>Subrogation<br>Received | 11<br><br>Total Net<br>Paid Cols<br>(4 - 5 + 6 - 7<br>+ 8 - 9) | Number of<br>Claims<br>Reported<br>Direct and<br>Assumed |
|  |                                |                |                      | 4<br><br>Direct and<br>Assumed | 5<br><br>Ceded | 6<br><br>Direct and<br>Assumed           | 7<br><br>Ceded | 8<br><br>Direct and<br>Assumed  | 9<br><br>Ceded |  |  |  |
|  |                                |                |                      |                                |                |  |                |                                 |                |  |  |  |
| 1. Prior.....  | XXX                            | XXX            | XXX                  |                                |                |  |                |                                 |                |  |  | XXX  |
| 2. 2010.....   | 21,522                         | 2,277          | 19,245               | 7,104                          | 1,816          | 8,487                                    | 471            | 1,227                           | 2              |  | 14,529   | XXX  |
| 3. 2011.....   | 20,731                         | 1,381          | 19,350               | 3,854                          | 537            | 6,278                                    | 347            | 1,321                           | 43             |  | 10,526   | XXX  |
| 4. 2012.....   | 17,784                         | 2,249          | 15,535               | 2,428                          | 109            | 5,200                                    | 323            | 844                             | 22             |  | 8,018  | XXX  |
| 5. 2013.....   | 17,123                         | 1,623          | 15,500               | 6,677                          | 1,490          | 8,669                                    | 977            | 957                             | 34             |  | 13,802   | XXX  |
| 6. 2014.....   | 14,835                         | 3,294          | 11,541               | 3,534                          | 688            | 4,889                                    | 256            | 620                             | 5              |  | 8,094  | XXX  |
| 7. 2015.....   | 17,890                         | 2,472          | 15,418               | 3,748                          | (421)          | 6,089                                    | 373            | 490                             | (83)           |  | 10,458   | XXX  |
| 8. 2016.....   | 17,826                         | 1,310          | 16,516               | 3,096                          | (1,606)        | 4,546                                    | (617)          | 449                             | (166)          |  | 10,480   | XXX  |
| 9. 2017.....   | 17,376                         | 1,433          | 15,943               | 3,103                          | (2,805)        | 4,129                                    | (695)          | 303                             | (307)          |  | 11,342   | XXX  |
| 10. 2018.....  | 18,783                         | 14,676         | 4,107                | 1,655                          | 381            | 2,409                                    | 887            | 205                             | 65             |  | 2,936  | XXX  |
| 11. 2019.....  | 3,319                          | 3,319          |                      | 379                            | 379            | 562                                      | 562            | 95                              | 95             |  |  | XXX  |
| 12. Totals   | XXX                            | XXX            | XXX                  | 35,578                         | 568            | 51,258                                   | 2,884          | 6,511                           | (290)          |  | 90,185   | XXX  |

|               | Losses Unpaid      |        |                    |       | Defense and Cost Containment Unpaid |       |                    |        | Adjusting and Other Unpaid |       | 23 | 24 | 25  |
|---------------|--------------------|--------|--------------------|-------|-------------------------------------|-------|--------------------|--------|----------------------------|-------|----|----|-----|
|               | Case Basis         |        | Bulk + IBNR        |       | Case Basis                          |       | Bulk + IBNR        |        |                            |       |    |    |     |
|               | 13                 | 14     | 15                 | 16    | 17                                  | 18    | 19                 | 20     | 21                         | 22    |    |    |     |
|               | Direct and Assumed | Ceded  | Direct and Assumed | Ceded | Direct and Assumed                  | Ceded | Direct and Assumed | Ceded  | Direct and Assumed         | Ceded |    |    |     |
| 1. Prior..... |                    |        | 111                | 111   |                                     |       | 4                  | 4      | 6                          | 6     |    |    | XXX |
| 2. 2010.....  | 11                 | 11     | 121                | 121   |                                     |       | 52                 | 52     | 10                         | 10    |    |    | XXX |
| 3. 2011.....  | 450                | 450    | (62)               | (62)  |                                     |       | 74                 | 74     | 24                         | 24    |    |    | XXX |
| 4. 2012.....  | 177                | 177    | 53                 | 53    |                                     |       | 117                | 117    | 18                         | 18    |    |    | XXX |
| 5. 2013.....  | 75                 | 75     | 45                 | 45    |                                     |       | 272                | 272    | 20                         | 20    |    |    | XXX |
| 6. 2014.....  | 1,419              | 1,419  | (224)              | (224) |                                     |       | 461                | 461    | 86                         | 86    |    |    | XXX |
| 7. 2015.....  | 775                | 775    | 444                | 444   |                                     |       | 804                | 804    | 105                        | 105   |    |    | XXX |
| 8. 2016.....  | 1,905              | 1,905  | 27                 | 27    |                                     |       | 1,495              | 1,495  | 178                        | 178   |    |    | XXX |
| 9. 2017.....  | 2,456              | 2,456  | 405                | 405   |                                     |       | 2,083              | 2,083  | 257                        | 257   |    |    | XXX |
| 10. 2018..... | 1,985              | 1,985  | 1,520              | 1,520 |                                     |       | 2,959              | 2,959  | 337                        | 337   |    |    | XXX |
| 11. 2019..... | 1,965              | 1,965  | 2,731              | 2,731 |                                     |       | 3,841              | 3,841  | 443                        | 443   |    |    | XXX |
| 12. Totals    | 11,218             | 11,218 | 5,171              | 5,171 |                                     |       | 12,162             | 12,162 | 1,484                      | 1,484 |    |    | XXX |

|               | Total Losses and Loss Expenses Incurred |        |        | Loss and Loss Expense Percentage (Incurred /Premiums Earned) |       |      | Nontabular Discount |              | 34<br>Inter-Company Pooling Participation Percentage | Net Balance Sheet Reserves After Discount |                      |
|---------------|---|--------|--------|--|-------|------|---------------------|--------------|--|---|----------------------|
|               | 26                                      | 27     | 28     | 29   | 30    | 31   | 32                  | 33           |  | 35  | 36                   |
|               | Direct and Assumed                      | Ceded  | Net    | Direct and Assumed   | Ceded | Net  | Loss                | Loss Expense |  | Losses Unpaid                             | Loss Expenses Unpaid |
| 1. Prior..... | XXX                                     | XXX    | XXX    | XXX  | XXX   | XXX  |                     |              | XXX  |   |                      |
| 2. 2010.....  | 17,012                                  | 2,483  | 14,529 | 79.0   | 109.0 | 75.5 |                     |              |  |   |                      |
| 3. 2011.....  | 11,939                                  | 1,413  | 10,526 | 57.6   | 102.3 | 54.4 |                     |              |  |   |                      |
| 4. 2012.....  | 8,837                                   | 819    | 8,018  | 49.7   | 36.4  | 51.6 |                     |              |  |   |                      |
| 5. 2013.....  | 16,715                                  | 2,913  | 13,802 | 97.6   | 179.5 | 89.0 |                     |              |  |   |                      |
| 6. 2014.....  | 10,785                                  | 2,691  | 8,094  | 72.7   | 81.7  | 70.1 |                     |              |  |   |                      |
| 7. 2015.....  | 12,455                                  | 1,997  | 10,458 | 69.6   | 80.8  | 67.8 |                     |              |  |   |                      |
| 8. 2016.....  | 11,696                                  | 1,216  | 10,480 | 65.6   | 92.8  | 63.5 |                     |              |  |   |                      |
| 9. 2017.....  | 12,736                                  | 1,394  | 11,342 | 73.3   | 97.3  | 71.1 |                     |              |  |   |                      |
| 10. 2018..... | 11,070                                  | 8,134  | 2,936  | 58.9   | 55.4  | 71.5 |                     |              |  |   |                      |
| 11. 2019..... | 10,016                                  | 10,016 |        | 301.8  | 301.8 |      |                     |              |  |   |                      |
| 12. Totals    | XXX                                     | XXX    | XXX    | XXX  | XXX   | XXX  |                     |              | XXX  |   |                      |

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

SCHEDULE P - PART 2 - SUMMARY

| Years in Which Losses Were Incurred | INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED) |           |           |           |           |           |           |           |           |            | DEVELOPMENT    |                |
|-------------------------------------|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|----------------|----------------|
|                                     | 1<br>2010  | 2<br>2011 | 3<br>2012 | 4<br>2013 | 5<br>2014 | 6<br>2015 | 7<br>2016 | 8<br>2017 | 9<br>2018 | 10<br>2019 | 11<br>One Year | 12<br>Two Year |
| 1. Prior.....                       | 25,916   | 23,481    | 19,892    | 19,467    | 20,387    | 19,804    | 19,296    | 19,537    | 19,535    | 19,535     |                | (2)            |
| 2. 2010.....                        | 14,952   | 14,417    | 14,173    | 14,688    | 13,891    | 13,135    | 13,146    | 13,306    | 13,306    | 13,304     | (2)            | (2)            |
| 3. 2011.....                        | XXX  | 13,001    | 11,568    | 8,568     | 9,650     | 9,554     | 9,469     | 9,248     | 9,249     | 9,248      | (1)            |                |
| 4. 2012.....                        | XXX  | XXX       | 12,025    | 9,546     | 8,492     | 7,635     | 7,383     | 7,199     | 7,199     | 7,196      | (3)            | (3)            |
| 5. 2013.....                        | XXX  | XXX       | XXX       | 14,825    | 13,989    | 13,222    | 12,945    | 12,883    | 12,882    | 12,879     | (3)            | (4)            |
| 6. 2014.....                        | XXX  | XXX       | XXX       | XXX       | 8,455     | 6,917     | 7,097     | 7,478     | 7,480     | 7,479      | (1)            | 1              |
| 7. 2015.....                        | XXX  | XXX       | XXX       | XXX       | XXX       | 10,862    | 9,373     | 9,883     | 9,885     | 9,885      |                | 2              |
| 8. 2016.....                        | XXX  | XXX       | XXX       | XXX       | XXX       | XXX       | 11,620    | 9,866     | 9,865     | 9,865      |                | (1)            |
| 9. 2017.....                        | XXX  | XXX       | XXX       | XXX       | XXX       | XXX       | XXX       | 10,731    | 10,731    | 10,732     | 1              | 1              |
| 10. 2018.....                       | XXX  | XXX       | XXX       | XXX       | XXX       | XXX       | XXX       | XXX       | 2,796     | 2,796      |                | XXX            |
| 11. 2019.....                       | XXX  | XXX       | XXX       | XXX       | XXX       | XXX       | XXX       | XXX       | XXX       |            | XXX            | XXX            |
| 12. Totals                          |  |           |           |           |           |           |           |           |           |            | (9)            | (8)            |

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<br>Number of Claims Closed With Loss Payment | 12<br>Number of Claims Closed Without Loss Payment |
|-------------------------------------|---|-------|--------|--------|--------|--------|--------|--------|--------|--------|---|--|
|                                     | 1   | 2     | 3      | 4      | 5      | 6      | 7      | 8      | 9      | 10     |   |  |
|                                     | 2010  | 2011  | 2012   | 2013   | 2014   | 2015   | 2016   | 2017   | 2018   | 2019   |   |  |
| 1. Prior.....                       | .000  | 7,921 | 11,267 | 13,810 | 16,730 | 17,905 | 18,833 | 18,979 | 19,535 | 19,535 | XXX   | XXX  |
| 2. 2010.....                        | 751   | 4,616 | 8,324  | 10,259 | 11,618 | 12,069 | 12,856 | 13,069 | 13,306 | 13,304 | XXX   | XXX  |
| 3. 2011.....                        | XXX   | 592   | 2,853  | 4,143  | 5,988  | 6,669  | 7,900  | 8,638  | 9,249  | 9,248  | XXX   | XXX  |
| 4. 2012.....                        | XXX   | XXX   | 671    | 2,289  | 4,030  | 5,230  | 6,161  | 6,818  | 7,199  | 7,196  | XXX   | XXX  |
| 5. 2013.....                        | XXX   | XXX   | XXX    | 890    | 4,687  | 7,407  | 10,425 | 11,291 | 12,882 | 12,879 | XXX   | XXX  |
| 6. 2014.....                        | XXX   | XXX   | XXX    | XXX    | 621    | 2,186  | 4,082  | 5,312  | 7,480  | 7,479  | XXX   | XXX  |
| 7. 2015.....                        | XXX   | XXX   | XXX    | XXX    | XXX    | 673    | 3,183  | 5,632  | 9,885  | 9,885  | XXX   | XXX  |
| 8. 2016.....                        | XXX   | XXX   | XXX    | XXX    | XXX    | XXX    | 872    | 3,041  | 9,865  | 9,865  | XXX   | XXX  |
| 9. 2017.....                        | XXX   | XXX   | XXX    | XXX    | XXX    | XXX    | XXX    | 670    | 10,731 | 10,732 | XXX   | XXX  |
| 10. 2018.....                       | XXX   | XXX   | XXX    | XXX    | XXX    | XXX    | XXX    | XXX    | 2,796  | 2,796  | XXX   | XXX  |
| 11. 2019.....                       | XXX   | XXX   | XXX    | XXX    | XXX    | XXX    | XXX    | XXX    | XXX    |        | XXX   | XXX  |

SCHEDULE P - PART 4 - SUMMARY

| Years in Which Losses Were Incurred | BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED) |       |       |       |       |       |       |       |      |      |
|-------------------------------------|---|-------|-------|-------|-------|-------|-------|-------|------|------|
|                                     | 1   | 2     | 3     | 4     | 5     | 6     | 7     | 8     | 9    | 10   |
|                                     | 2010  | 2011  | 2012  | 2013  | 2014  | 2015  | 2016  | 2017  | 2018 | 2019 |
| 1. Prior.....                       | 13,305  | 7,456 | 3,717 | 1,528 | 523   | 242   | 33    |       |      |      |
| 2. 2010.....                        | 7,768   | 5,311 | 2,550 | 1,658 | 1,001 | 165   | 16    | 1     |      |      |
| 3. 2011.....                        | XXX   | 8,580 | 6,515 | 2,384 | 1,522 | 747   | 43    | 5     |      |      |
| 4. 2012.....                        | XXX   | XXX   | 6,794 | 3,709 | 2,220 | 887   | 137   | 6     |      |      |
| 5. 2013.....                        | XXX   | XXX   | XXX   | 7,621 | 4,923 | 2,206 | 401   | 500   |      |      |
| 6. 2014.....                        | XXX   | XXX   | XXX   | XXX   | 4,500 | 2,644 | 1,538 | 546   |      |      |
| 7. 2015.....                        | XXX   | XXX   | XXX   | XXX   | XXX   | 5,295 | 2,497 | 1,434 |      |      |
| 8. 2016.....                        | XXX   | XXX   | XXX   | XXX   | XXX   | XXX   | 4,693 | 2,564 |      |      |
| 9. 2017.....                        | XXX   | XXX   | XXX   | XXX   | XXX   | XXX   | XXX   | 3,310 |      |      |
| 10. 2018.....                       | XXX   | XXX   | XXX   | XXX   | XXX   | XXX   | XXX   | XXX   |      |      |
| 11. 2019.....                       | XXX   | XXX   | XXX   | XXX   | XXX   | XXX   | XXX   | XXX   | XXX  |      |



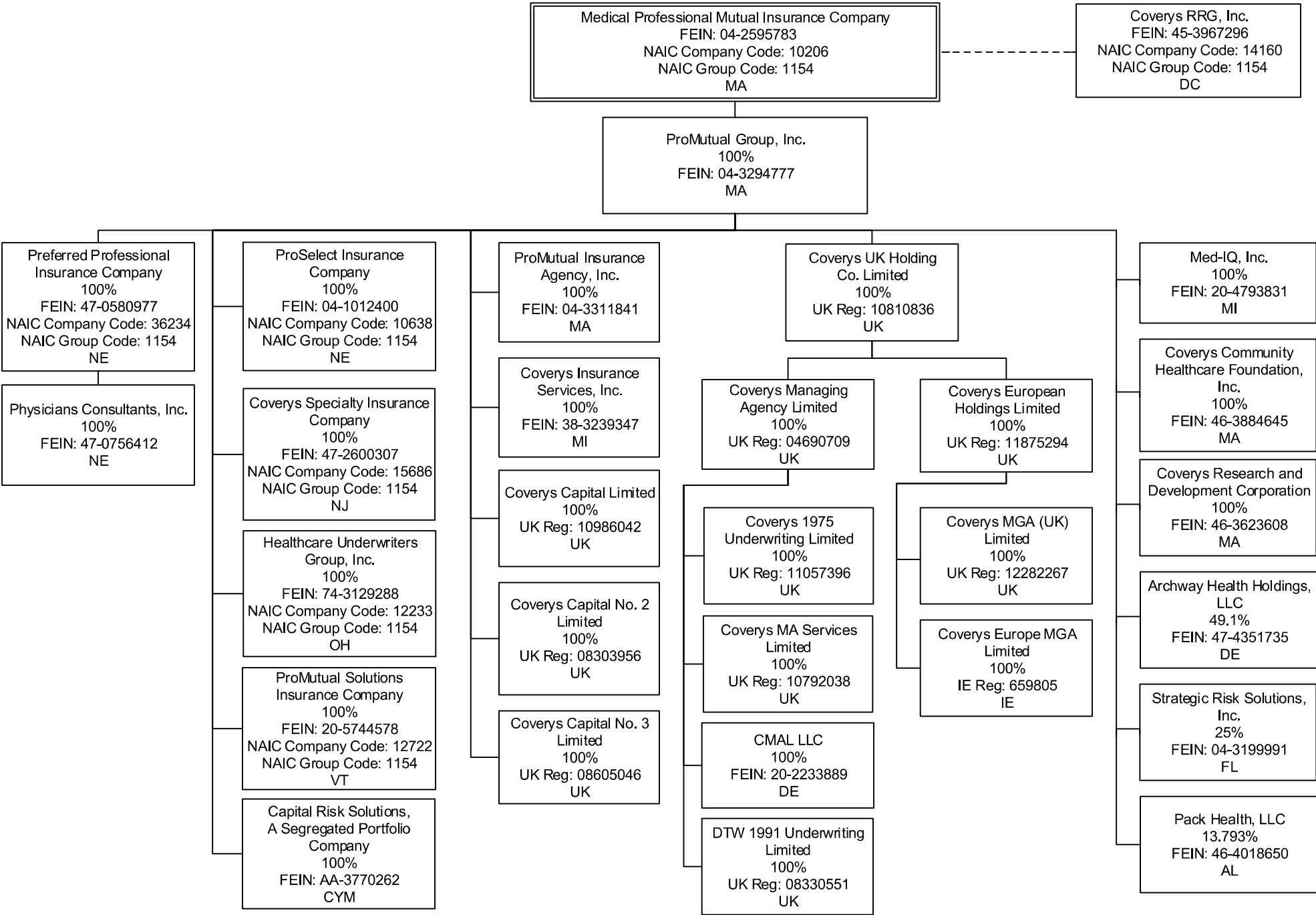
SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

| Allocated by States and Territories                                  |                               |   |                                 |   |   |                                 |                               |   |   |
|--|-------------------------------|---|---------------------------------|---|---|---------------------------------|-------------------------------|---|---|
| States, Etc.   | 1<br><br>Active Status<br>(a) | Gross Premiums, Including Policy and Membership Fees, Less Return Premiums and Premiums on Policies Not Taken |                                 | 4<br><br>Dividends Paid or Credited to Policyholders on Direct Business | 5<br><br>Direct Losses Paid (Deducting Salvage) | 6<br><br>Direct Losses Incurred | 7<br><br>Direct Losses Unpaid | 8<br><br>Finance and Service Charges Not Included in Premiums | 9<br><br>Direct Premiums Written for Federal Purchasing Groups (Included in Column 2) |
|  |                               | 2<br><br>Direct Premiums Written  | 3<br><br>Direct Premiums Earned |   |   |                                 |                               |   |   |
| 1. Alabama .....   | AL                            | N   |                                 |   |   |                                 |                               |   |   |
| 2. Alaska .....  | AK                            | N   |                                 |   |   |                                 |                               |   |   |
| 3. Arizona .....   | AZ                            | N   |                                 |   |   |                                 |                               |   |   |
| 4. Arkansas .....  | AR                            | N   |                                 |   |   |                                 |                               |   |   |
| 5. California .....  | CA                            | N   |                                 |   |   |                                 |                               |   |   |
| 6. Colorado .....  | CO                            | N   |                                 |   |   |                                 |                               |   |   |
| 7. Connecticut .....   | CT                            | N   |                                 |   |   |                                 |                               |   |   |
| 8. Delaware .....  | DE                            | N   |                                 |   |   |                                 |                               |   |   |
| 9. District of Columbia .....  | DC                            | N   |                                 |   |   |                                 |                               |   |   |
| 10. Florida .....  | FL                            | L   | 6,963,415                       | 5,798,343   | 1,954,507                                       | 2,943,012                       | 8,138,763                     |   |   |
| 11. Georgia .....  | GA                            | N   |                                 |   |   |                                 |                               |   |   |
| 12. Hawaii .....   | HI                            | N   |                                 |   |   |                                 |                               |   |   |
| 13. Idaho .....  | ID                            | N   |                                 |   |   |                                 |                               |   |   |
| 14. Illinois .....   | IL                            | N   |                                 |   |   |                                 |                               |   |   |
| 15. Indiana .....  | IN                            | L   | 9,456                           | (149,897)   |   | 72,690                          | 103,847                       |   |   |
| 16. Iowa .....   | IA                            | N   |                                 |   |   |                                 |                               |   |   |
| 17. Kansas .....   | KS                            | N   |                                 |   |   |                                 |                               |   |   |
| 18. Kentucky .....   | KY                            | L   | 2,178,061                       | 2,233,723   | 671,500   | 1,743,406                       | 5,291,233                     |   |   |
| 19. Louisiana .....  | LA                            | N   |                                 |   |   |                                 |                               |   |   |
| 20. Maine .....  | ME                            | N   |                                 |   |   |                                 |                               |   |   |
| 21. Maryland .....   | MD                            | N   |                                 |   |   |                                 |                               |   |   |
| 22. Massachusetts .....  | MA                            | N   |                                 |   |   |                                 |                               |   |   |
| 23. Michigan .....   | MI                            | N   |                                 |   |   |                                 |                               |   |   |
| 24. Minnesota .....  | MN                            | N   |                                 |   |   |                                 |                               |   |   |
| 25. Mississippi .....  | MS                            | N   |                                 |   |   |                                 |                               |   |   |
| 26. Missouri .....   | MO                            | N   |                                 |   |   |                                 |                               |   |   |
| 27. Montana .....  | MT                            | N   |                                 |   |   |                                 |                               |   |   |
| 28. Nebraska .....   | NE                            | N   |                                 |   |   |                                 |                               |   |   |
| 29. Nevada .....   | NV                            | N   |                                 |   |   |                                 |                               |   |   |
| 30. New Hampshire .....  | NH                            | N   |                                 |   |   |                                 |                               |   |   |
| 31. New Jersey .....   | NJ                            | N   |                                 |   |   |                                 |                               |   |   |
| 32. New Mexico .....   | NM                            | N   |                                 |   |   |                                 |                               |   |   |
| 33. New York .....   | NY                            | N   |                                 |   |   |                                 |                               |   |   |
| 34. North Carolina .....   | NC                            | N   |                                 |   |   |                                 |                               |   |   |
| 35. North Dakota .....   | ND                            | N   |                                 |   |   |                                 |                               |   |   |
| 36. Ohio .....   | OH                            | L   | 3,660,480                       | 3,860,697   | 1,345,695                                       | 706,891                         | 2,855,078                     |   |   |
| 37. Oklahoma .....   | OK                            | N   |                                 |   |   |                                 |                               |   |   |
| 38. Oregon .....   | OR                            | N   |                                 |   |   |                                 |                               |   |   |
| 39. Pennsylvania .....   | PA                            | N   |                                 |   |   |                                 |                               |   |   |
| 40. Rhode Island .....   | RI                            | N   |                                 |   |   |                                 |                               |   |   |
| 41. South Carolina .....   | SC                            | N   |                                 |   |   |                                 |                               |   |   |
| 42. South Dakota .....   | SD                            | N   |                                 |   |   |                                 |                               |   |   |
| 43. Tennessee .....  | TN                            | N   |                                 |   |   |                                 |                               |   |   |
| 44. Texas .....  | TX                            | L   | 220,883                         | 205,082   |   | (56,616)                        | 28                            |   |   |
| 45. Utah .....   | UT                            | N   |                                 |   |   |                                 |                               |   |   |
| 46. Vermont .....  | VT                            | N   |                                 |   |   |                                 |                               |   |   |
| 47. Virginia .....   | VA                            | N   |                                 |   |   |                                 |                               |   |   |
| 48. Washington .....   | WA                            | N   |                                 |   |   |                                 |                               |   |   |
| 49. West Virginia .....  | WV                            | N   |                                 |   |   |                                 |                               |   |   |
| 50. Wisconsin .....  | WI                            | N   |                                 |   |   |                                 |                               |   |   |
| 51. Wyoming .....  | WY                            | N   |                                 |   |   |                                 |                               |   |   |
| 52. American Samoa .....   | AS                            | N   |                                 |   |   |                                 |                               |   |   |
| 53. Guam .....   | GU                            | N   |                                 |   |   |                                 |                               |   |   |
| 54. Puerto Rico .....  | PR                            | N   |                                 |   |   |                                 |                               |   |   |
| 55. U.S. Virgin Islands .....  | VI                            | N   |                                 |   |   |                                 |                               |   |   |
| 56. Northern Mariana Islands .....                                   | MP                            | N   |                                 |   |   |                                 |                               |   |   |
| 57. Canada .....   | CAN                           | N   |                                 |   |   |                                 |                               |   |   |
| 58. Aggregate other alien ..   | OT                            | XXX   |                                 |   |   |                                 |                               |   |   |
| 59. Totals   | XXX                           | 13,032,295  | 11,947,948                      |   | 3,971,702                                       | 5,409,382                       | 16,388,949                    |   |   |
| DETAILS OF WRITE-INS   |                               |   |                                 |   |   |                                 |                               |   |   |
| 58001. ....  | XXX                           |   |                                 |   |   |                                 |                               |   |   |
| 58002. ....  | XXX                           |   |                                 |   |   |                                 |                               |   |   |
| 58003. ....  | XXX                           |   |                                 |   |   |                                 |                               |   |   |
| 58998. Summary of remaining write-ins for Line 58 from overflow page | XXX                           |   |                                 |   |   |                                 |                               |   |   |
| 58999. Totals (Lines 58001 through 58003 plus 58998)(Line 58 above)  | XXX                           |   |                                 |   |   |                                 |                               |   |   |

(a) Active Status Counts:  
L - Licensed or Chartered - Licensed insurance carrier or domiciled RRG.....5  
E - Eligible - Reporting entities eligible or approved to write surplus lines in the state (other than their state of domicile - see DSLI).....  
D - Domestic Surplus Lines Insurer (DSLI) - Reporting entities authorized to write surplus lines in the state of domicile.....  
R - Registered - Non-domiciled RRGs.....  
Q - Qualified - Qualified or accredited reinsurer. ....  
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.

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE Healthcare Underwriters Group, Inc.  
**SCHEDULE Y PART 1**  
**ORGANIZATIONAL CHART**



OVERFLOW PAGE FOR WRITE-INS

Additional Write-ins for Assets Line 25

|   | Current Year |                         |   | Prior Year                  |
|---|--------------|-------------------------|---|-----------------------------|
|   | 1<br>Assets  | 2<br>Nonadmitted Assets | 3<br>Net Admitted Assets<br>(Cols. 1 - 2) | 4<br>Net Admitted<br>Assets |
| 2504. ....  |              |                         |   |                             |
| 2505. ....  |              |                         |   |                             |
| 2506. ....  |              |                         |   |                             |
| 2507. ....  |              |                         |   |                             |
| 2508. ....  |              |                         |   |                             |
| 2509. ....  |              |                         |   |                             |
| 2510. ....  |              |                         |   |                             |
| 2511. ....  |              |                         |   |                             |
| 2512. - .....   |              |                         |   |                             |
| 2597. Summary of remaining write-ins for Line 25 from overflow page |              |                         |   |                             |

Additional Write-ins for Liabilities Line 25

|   | 1<br>Current Year | 2<br>Prior Year |
|---|-------------------|-----------------|
| 2504. ....  |                   |                 |
| 2597. Summary of remaining write-ins for Line 25 from overflow page |                   |                 |

ALPHABETICAL INDEX

ANNUAL STATEMENT BLANK

Assets ..... 2

Cash Flow ..... 5

Exhibit of Capital Gains (Losses) ..... 12

Exhibit of Net Investment Income ..... 12

Exhibit of Nonadmitted Assets ..... 13

Exhibit of Premiums and Losses (State Page) ..... 19

Five-Year Historical Data ..... 17

General Interrogatories ..... 15

Jurat Page ..... 1

Liabilities, Surplus and Other Funds ..... 3

Notes To Financial Statements ..... 14

Overflow Page For Write-ins ..... 100

Schedule A - Part 1 ..... E01

Schedule A - Part 2 ..... E02

Schedule A - Part 3 ..... E03

Schedule A - Verification Between Years ..... SI02

Schedule B - Part 1 ..... E04

Schedule B - Part 2 ..... E05

Schedule B - Part 3 ..... E06

Schedule B - Verification Between Years ..... SI02

Schedule BA - Part 1 ..... E07

Schedule BA - Part 2 ..... E08

Schedule BA - Part 3 ..... E09

Schedule BA - Verification Between Years ..... SI03

Schedule D - Part 1 ..... E10

Schedule D - Part 1A - Section 1 ..... SI05

Schedule D - Part 1A - Section 2 ..... SI08

Schedule D - Part 2 - Section 1 ..... E11

Schedule D - Part 2 - Section 2 ..... E12

Schedule D - Part 3 ..... E13

Schedule D - Part 4 ..... E14

Schedule D - Part 5 ..... E15

Schedule D - Part 6 - Section 1 ..... E16

Schedule D - Part 6 - Section 2 ..... E16

Schedule D - Summary By Country ..... SI04

Schedule D - Verification Between Years ..... SI03

Schedule DA - Part 1 ..... E17

Schedule DA - Verification Between Years ..... SI10

Schedule DB - Part A - Section 1 ..... E18

Schedule DB - Part A - Section 2 ..... E19

Schedule DB - Part A - Verification Between Years ..... SI11

Schedule DB - Part B - Section 1 ..... E20

Schedule DB - Part B - Section 2 ..... E21

Schedule DB - Part B - Verification Between Years ..... SI11

Schedule DB - Part C - Section 1 ..... SI12

Schedule DB - Part C - Section 2 ..... SI13

Schedule DB - Part D - Section 1 ..... E22

Schedule DB - Part D - Section 2 ..... E23

Schedule DB - Part E ..... E24

Schedule DB - Verification ..... SI14

Schedule DL - Part 1 ..... E25

Schedule DL - Part 2 ..... E26

Schedule E - Part 1 - Cash ..... E27

Schedule E - Part 2 - Cash Equivalents ..... E28

Schedule E - Part 2 - Verification Between Years ..... SI15

Schedule E - Part 3 - Special Deposits ..... E29

Schedule F - Part 1 ..... 20

Schedule F - Part 2 ..... 21

Schedule F - Part 3 ..... 22

Schedule F - Part 4 ..... 27

Schedule F - Part 5 ..... 28

Schedule F - Part 6 ..... 29

Schedule H - Accident and Health Exhibit - Part 1 ..... 30

Schedule H - Part 2, Part 3 and 4 ..... 31

Schedule H - Part 5 - Health Claims ..... 32

**ANNUAL STATEMENT BLANK (Continued)**

|  |    |
|--|----|
| Schedule P - Part 1 - Summary .....  | 33 |
| Schedule P - Part 1A - Homeowners/Farmowners .....   | 35 |
| Schedule P - Part 1B - Private Passenger Auto Liability/Medical .....  | 36 |
| Schedule P - Part 1C - Commercial Auto/Truck Liability/Medical .....   | 37 |
| Schedule P - Part 1D - Workers' Compensation (Excluding Excess Workers' Compensation) .....                        | 38 |
| Schedule P - Part 1E - Commercial Multiple Peril .....   | 39 |
| Schedule P - Part 1F - Section 1 - Medical Professional Liability - Occurrence .....                               | 40 |
| Schedule P - Part 1F - Section 2 - Medical Professional Liability - Claims-Made .....                              | 41 |
| Schedule P - Part 1G - Special Liability (Ocean, Marine, Aircraft (All Perils), Boiler and Machinery) .....        | 42 |
| Schedule P - Part 1H - Section 1 - Other Liability-Occurrence .....  | 43 |
| Schedule P - Part 1H - Section 2 - Other Liability - Claims-Made .....   | 44 |
| Schedule P - Part 1I - Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary & Theft) .....    | 45 |
| Schedule P - Part 1J - Auto Physical Damage .....  | 46 |
| Schedule P - Part 1K - Fidelity/Surety .....   | 47 |
| Schedule P - Part 1L - Other (Including Credit, Accident and Health) .....   | 48 |
| Schedule P - Part 1M - International .....   | 49 |
| Schedule P - Part 1N - Reinsurance - Nonproportional Assumed Property .....  | 50 |
| Schedule P - Part 1O - Reinsurance - Nonproportional Assumed Liability .....                                       | 51 |
| Schedule P - Part 1P - Reinsurance - Nonproportional Assumed Financial Lines .....                                 | 52 |
| Schedule P - Part 1R - Section 1 - Products Liability - Occurrence .....   | 53 |
| Schedule P - Part 1R - Section 2 - Products Liability - Claims-Made .....  | 54 |
| Schedule P - Part 1S - Financial Guaranty/Mortgage Guaranty .....  | 55 |
| Schedule P - Part 1T - Warranty .....  | 56 |
| Schedule P - Part 2, Part 3 and Part 4 - Summary .....   | 34 |
| Schedule P - Part 2A - Homeowners/Farmowners .....   | 57 |
| Schedule P - Part 2B - Private Passenger Auto Liability/Medical .....  | 57 |
| Schedule P - Part 2C - Commercial Auto/Truck Liability/Medical .....   | 57 |
| Schedule P - Part 2D - Workers' Compensation (Excluding Excess Workers' Compensation) .....                        | 57 |
| Schedule P - Part 2E - Commercial Multiple Peril .....   | 57 |
| Schedule P - Part 2F - Section 1 - Medical Professional Liability - Occurrence .....                               | 58 |
| Schedule P - Part 2F - Section 2 - Medical Professional Liability - Claims-Made .....                              | 58 |
| Schedule P - Part 2G - Special Liability (Ocean Marine, Aircraft (All Perils), Boiler and Machinery) .....         | 58 |
| Schedule P - Part 2H - Section 1 - Other Liability - Occurrence .....  | 58 |
| Schedule P - Part 2H - Section 2 - Other Liability - Claims-Made .....   | 58 |
| Schedule P - Part 2I - Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary, and Theft) ..... | 59 |
| Schedule P - Part 2J - Auto Physical Damage .....  | 59 |
| Schedule P - Part 2K - Fidelity, Surety .....  | 59 |
| Schedule P - Part 2L - Other (Including Credit, Accident and Health) .....   | 59 |
| Schedule P - Part 2M - International .....   | 59 |
| Schedule P - Part 2N - Reinsurance - Nonproportional Assumed Property .....  | 60 |
| Schedule P - Part 2O - Reinsurance - Nonproportional Assumed Liability .....                                       | 60 |
| Schedule P - Part 2P - Reinsurance - Nonproportional Assumed Financial Lines .....                                 | 60 |
| Schedule P - Part 2R - Section 1 - Products Liability - Occurrence .....   | 61 |
| Schedule P - Part 2R - Section 2 - Products Liability - Claims-Made .....  | 61 |
| Schedule P - Part 2S - Financial Guaranty/Mortgage Guaranty .....  | 61 |
| Schedule P - Part 2T - Warranty .....  | 61 |
| Schedule P - Part 3A - Homeowners/Farmowners .....   | 62 |
| Schedule P - Part 3B - Private Passenger Auto Liability/Medical .....  | 62 |
| Schedule P - Part 3C - Commercial Auto/Truck Liability/Medical .....   | 62 |
| Schedule P - Part 3D - Workers' Compensation (Excluding Excess Workers' Compensation) .....                        | 62 |
| Schedule P - Part 3E - Commercial Multiple Peril .....   | 62 |
| Schedule P - Part 3F - Section 1 - Medical Professional Liability - Occurrence .....                               | 63 |
| Schedule P - Part 3F - Section 2 - Medical Professional Liability - Claims-Made .....                              | 63 |
| Schedule P - Part 3G - Special Liability (Ocean Marine, Aircraft (All Perils), Boiler and Machinery) .....         | 63 |
| Schedule P - Part 3H - Section 1 - Other Liability - Occurrence .....  | 63 |
| Schedule P - Part 3H - Section 2 - Other Liability - Claims-Made .....   | 63 |
| Schedule P - Part 3I - Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary, and Theft) ..... | 64 |
| Schedule P - Part 3J - Auto Physical Damage .....  | 64 |
| Schedule P - Part 3K - Fidelity/Surety .....   | 64 |
| Schedule P - Part 3L - Other (Including Credit, Accident and Health) .....   | 64 |
| Schedule P - Part 3M - International .....   | 64 |
| Schedule P - Part 3N - Reinsurance - Nonproportional Assumed Property .....  | 65 |
| Schedule P - Part 3O - Reinsurance - Nonproportional Assumed Liability .....                                       | 65 |
| Schedule P - Part 3P - Reinsurance - Nonproportional Assumed Financial Lines .....                                 | 65 |
| Schedule P - Part 3R - Section 1 - Products Liability - Occurrence .....   | 66 |
| Schedule P - Part 3R - Section 2 - Products Liability - Claims-Made .....  | 66 |
| Schedule P - Part 3S - Financial Guaranty/Mortgage Guaranty .....  | 66 |
| Schedule P - Part 3T - Warranty .....  | 66 |

**ANNUAL STATEMENT BLANK (Continued)**

|   |      |
|---|------|
| Schedule P - Part 4A - Homeowners/Farmowners .....  | 67   |
| Schedule P - Part 4B - Private Passenger Auto Liability/Medical .....   | 67   |
| Schedule P - Part 4C - Commercial Auto/Truck Liability/Medical .....  | 67   |
| Schedule P - Part 4D - Workers' Compensation (Excluding Excess Workers' Compensation) .....                       | 67   |
| Schedule P - Part 4E - Commercial Multiple Peril .....  | 67   |
| Schedule P - Part 4F - Section 1 - Medical Professional Liability - Occurrence .....                              | 68   |
| Schedule P - Part 4F - Section 2 - Medical Professional Liability - Claims-Made .....                             | 68   |
| Schedule P - Part 4G - Special Liability (Ocean Marine, Aircraft (All Perils), Boiler and Machinery) .....        | 68   |
| Schedule P - Part 4H - Section 1 - Other Liability - Occurrence .....   | 68   |
| Schedule P - Part 4H - Section 2 - Other Liability - Claims-Made .....  | 68   |
| Schedule P - Part 4I - Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary and Theft) ..... | 69   |
| Schedule P - Part 4J - Auto Physical Damage .....   | 69   |
| Schedule P - Part 4K - Fidelity/Surety .....  | 69   |
| Schedule P - Part 4L - Other (Including Credit, Accident and Health) .....  | 69   |
| Schedule P - Part 4M - International .....  | 69   |
| Schedule P - Part 4N - Reinsurance - Nonproportional Assumed Property .....                                       | 70   |
| Schedule P - Part 4O - Reinsurance - Nonproportional Assumed Liability .....                                      | 70   |
| Schedule P - Part 4P - Reinsurance - Nonproportional Assumed Financial Lines .....                                | 70   |
| Schedule P - Part 4R - Section 1 - Products Liability - Occurrence .....  | 71   |
| Schedule P - Part 4R - Section 2 - Products Liability - Claims-Made .....   | 71   |
| Schedule P - Part 4S - Financial Guaranty/Mortgage Guaranty .....   | 71   |
| Schedule P - Part 4T - Warranty .....   | 71   |
| Schedule P - Part 5A - Homeowners/Farmowners .....  | 72   |
| Schedule P - Part 5B - Private Passenger Auto Liability/Medical .....   | 73   |
| Schedule P - Part 5C - Commercial Auto/Truck Liability/Medical .....  | 74   |
| Schedule P - Part 5D - Workers' Compensation (Excluding Excess Workers' Compensation) .....                       | 75   |
| Schedule P - Part 5E - Commercial Multiple Peril .....  | 76   |
| Schedule P - Part 5F - Medical Professional Liability - Claims-Made .....   | 78   |
| Schedule P - Part 5F - Medical Professional Liability - Occurrence .....  | 77   |
| Schedule P - Part 5H - Other Liability - Claims-Made .....  | 80   |
| Schedule P - Part 5H - Other Liability - Occurrence .....   | 79   |
| Schedule P - Part 5R - Products Liability - Claims-Made .....   | 82   |
| Schedule P - Part 5R - Products Liability - Occurrence .....  | 81   |
| Schedule P - Part 5T - Warranty .....   | 83   |
| Schedule P - Part 6C - Commercial Auto/Truck Liability/Medical .....  | 84   |
| Schedule P - Part 6D - Workers' Compensation (Excluding Excess Workers' Compensation) .....                       | 84   |
| Schedule P - Part 6E - Commercial Multiple Peril .....  | 85   |
| Schedule P - Part 6H - Other Liability - Claims-Made .....  | 86   |
| Schedule P - Part 6H - Other Liability - Occurrence .....   | 85   |
| Schedule P - Part 6M - International .....  | 86   |
| Schedule P - Part 6N - Reinsurance - Nonproportional Assumed Property .....                                       | 87   |
| Schedule P - Part 6O - Reinsurance - Nonproportional Assumed Liability .....                                      | 87   |
| Schedule P - Part 6R - Products Liability - Claims-Made .....   | 88   |
| Schedule P - Part 6R - Products Liability - Occurrence .....  | 88   |
| Schedule P - Part 7A - Primary Loss Sensitive Contracts .....   | 89   |
| Schedule P - Part 7B - Reinsurance Loss Sensitive Contracts .....   | 91   |
| Schedule P Interrogatories .....  | 93   |
| Schedule T - Exhibit of Premiums Written .....  | 94   |
| Schedule T - Part 2 - Interstate Compact .....  | 95   |
| Schedule Y - Information Concerning Activities of Insurer Members of a Holding Company Group .....                | 96   |
| Schedule Y - Part 1A - Detail of Insurance Holding Company System .....   | 97   |
| Schedule Y - Part 2 - Summary of Insurer's Transactions With Any Affiliates .....                                 | 98   |
| Statement of Income .....   | 4    |
| Summary Investment Schedule .....   | SI01 |
| Supplemental Exhibits and Schedules Interrogatories .....   | 99   |
| Underwriting and Investment Exhibit Part 1 .....  | 6    |
| Underwriting and Investment Exhibit Part 1A .....   | 7    |
| Underwriting and Investment Exhibit Part 1B .....   | 8    |
| Underwriting and Investment Exhibit Part 2 .....  | 9    |
| Underwriting and Investment Exhibit Part 2A .....   | 10   |
| Underwriting and Investment Exhibit Part 3 .....  | 11   |