



SUMMARY OF FINANCIAL POSITION AND OPERATIONS

(\$000s omitted)

	Consolidated					Personal Lines Account				
	June 2019	June 2018	Budget 2019	YOY Var	Budget Var	June 2019	June 2018	Budget 2019	YOY Var	Budget Var
Operations:										
Direct written premium	\$ 442,832	\$ 460,040	\$ 442,992	\$ (17,208)	\$ (160)	\$ 276,861	\$ 275,380	\$ 281,398	\$ 1,481	\$ (4,537)
Ceded written premium:										
Depopulation	(2,828)	(4,683)	(8,634)	1,855	5,806	(1,505)	(2,062)	(1,624)	557	119
FHCF	(135,800)	(152,294)	(134,782)	16,494	(1,018)	(67,800)	(72,172)	(67,156)	4,372	(644)
Private reinsurance	(94,639)	(88,573)	(100,000)	(6,066)	5,361	(18,395)	-	-	(18,395)	(18,395)
Net earned premium	378,262	382,796	376,401	(4,534)	1,861	244,360	232,273	245,981	12,087	(1,621)
Net losses incurred	168,051	134,766	164,014	33,286	4,038	109,634	104,987	138,252	4,647	(28,618)
Net LAE incurred	77,437	94,443	51,237	(17,007)	26,200	70,592	76,804	43,612	(6,212)	26,979
Other underwriting expenses	45,701	46,378	45,443	(676)	258	27,747	27,512	27,875	234	(129)
Administrative expenses	65,091	66,103	69,020	(1,012)	(3,929)	40,695	39,146	44,334	1,549	(3,639)
Net investment income	88,650	59,278	57,321	29,372	31,330	32,523	18,899	18,146	13,624	14,377
Net income (loss)	\$ 111,811	\$ 96,879	\$ 105,820	\$ 14,933	\$ 5,992	\$ 29,150	\$ (733)	\$ 11,453	\$ 29,883	\$ 17,697
Assets, Liabilities and Surplus:										
Cash and invested assets	\$ 8,920,939	\$ 9,250,735	(1)	\$ (329,796)		\$ 2,981,456	\$ 3,133,359	(1)	\$ (151,903)	
Net loss reserves	419,283	378,951	(1)	40,332		261,337	262,329	(1)	(992)	
Net LAE reserves	321,497	360,843	(1)	(39,345)		256,633	278,499	(1)	(21,865)	
Net unearned premium	254,875	423,572	(1)	(168,697)		208,352	263,550	(1)	(55,198)	
Bonds and interest payable	1,364,839	1,712,061	(1)	(347,223)		426,234	568,698	(1)	(142,464)	
Surplus	\$ 6,328,985	\$ 6,230,729	(1)	\$ 98,256		\$ 1,779,196	\$ 1,755,547	(1)	\$ 23,649	
Policy Metrics:										
Policies inforce	420,613	443,262	426,608	(22,649)	(5,995)	302,217	309,091	308,822	(6,874)	(6,605)
Policies serviced	429,128	456,060	437,011	(26,932)	(7,883)	306,410	314,852	313,881	(8,442)	(7,471)
Cash flows:										
Cashflow from operations	\$ 19,025	\$ (170,633)		\$ 189,658		\$ (13,567)	\$ (97,261)		\$ 83,694	
Cashflow from investing	255,562	6,566		248,996		206,374	1,053		205,321	
Cashflow from financing	(342,418)	(256,252)		(86,166)		(138,506)	(110,987)		(27,519)	
Operating metrics:										
Direct loss ratio	62.5%	31.8%		30.7%	62.5%	81.4%	42.9%	53.8%	38.5%	27.6%
Direct LAE ratio	17.0%	22.3%	12.3%	-5.3%	4.7%	29.2%	31.4%	17.0%	-2.2%	12.2%
Underwriting expense ratio	10.3%	10.1%	10.3%	0.2%	0.1%	10.0%	10.0%	9.9%	0.0%	0.1%
Administrative expense ratio	14.7%	14.4%	15.6%	0.3%	-0.9%	14.7%	14.2%	15.8%	0.5%	-1.1%
Expense ratio	25.0%	24.5%	25.8%	0.6%	-0.8%	24.7%	24.2%	25.7%	0.5%	-0.9%

(1) - Balance sheet information presented is as of December 31, 2018



SUMMARY OF FINANCIAL POSITION AND OPERATIONS

(\$000s omitted)

	Commercial Lines Account					Coastal Account				
	June 2019	June 2018	Budget 2019	YOY Var	Budget Var	June 2019	June 2018	Budget 2019	YOY Var	Budget Var
Operations:										
Direct written premium	\$ 6,783	\$ 9,431	\$ 6,418	\$ (2,648)	\$ 365	\$ 159,188	\$ 175,229	\$ 155,176	\$ (16,041)	\$ 4,012
Ceded written premium:										
Depopulation	(7)	1	(272)	(7)	266	(1,316)	(2,621)	(6,738)	1,305	5,422
FHCF	(2,600)	(4,716)	(3,447)	2,116	847	(65,400)	(75,406)	(64,179)	10,006	(1,221)
Private reinsurers	-	-	-	-	-	(76,245)	(88,573)	(100,000)	12,328	23,755
Net earned premium	6,361	8,533	6,702	(2,172)	(341)	127,541	141,990	123,718	(14,449)	3,823
Net losses incurred	4,430	7,404	918	(2,974)	3,513	53,987	22,374	24,844	31,613	29,143
Net LAE incurred	2,350	(3,009)	55	5,359	2,295	4,495	20,648	7,570	(16,153)	(3,074)
Other underwriting expenses	924	1,239	867	(315)	57	17,030	17,626	16,700	(596)	330
Administrative expenses	997	1,345	948	(348)	49	23,399	25,611	23,738	(2,213)	(339)
Net investment income	23,596	17,394	16,225	6,202	7,372	32,531	22,985	22,950	9,546	9,581
Net income (loss)	\$ 21,285	\$ 18,977	\$ 20,190	\$ 2,308	\$ 1,095	\$ 61,376	\$ 78,635	\$ 74,176	\$ (17,259)	\$ (12,800)
Assets, Liabilities and Surplus:										
Cash and invested assets	\$ 1,895,596	\$ 1,903,587	(1)	\$ (7,992)		\$ 4,043,887	\$ 4,213,789	(1)	\$ (169,901)	
Net loss reserves	47,195	57,935	(1)	(10,740)		110,751	58,687	(1)	52,064	
Net LAE reserves	11,036	12,050	(1)	(1,013)		53,828	70,295	(1)	(16,467)	
Net unearned premium	4,597	6,782	(1)	(2,184)		41,926	153,240	(1)	(111,314)	
Bonds and interest payable	67,321	89,822	(1)	(22,501)		871,284	1,053,541	(1)	(182,258)	
Surplus	\$ 1,772,956	\$ 1,751,599	(1)	\$ 21,357		\$ 2,776,833	\$ 2,723,583	(1)	\$ 53,250	
Policy Metrics:										
Policies inforce	794	1,102	767	(308)	27	117,602	133,069	117,019	(15,467)	583
Policies serviced	802	1,158	819	(356)	(17)	121,916	140,050	122,311	(18,134)	(395)
Cash flows:										
Cashflow from operations	\$ 11,678	\$ (7,837)		\$ 19,515		\$ 20,914	\$ (65,535)		\$ 86,449	
Cashflow from investing	17,808	(12,508)		30,316		31,380	18,021		13,359	
Cashflow from financing	(21,773)	(17,727)		(4,046)		(182,139)	(127,538)		(54,601)	
Operating metrics:										
Direct loss ratio	65.2%	79.4%	12.6%	-14.2%	52.6%	30.1%	13.2%	16.4%	16.9%	13.7%
Direct LAE ratio	34.6%	-32.3%	0.8%	66.9%	33.8%	-4.7%	12.2%	5.0%	-16.9%	-9.7%
Underwriting expense ratio	13.6%	13.1%	13.5%	0.5%	0.1%	10.7%	10.1%	10.8%	0.6%	-0.1%
Administrative expense ratio	14.7%	14.3%	14.8%	0.4%	-0.1%	14.7%	14.6%	15.3%	0.1%	-0.6%
Expense ratio	28.3%	27.4%	28.3%	0.9%	0.0%	25.4%	24.7%	26.1%	0.7%	-0.7%

(1) - Balance sheet information presented is as of December 31, 2018



Consolidated

Personal Lines Account (PLA)

Six months ended

Six months ended

STATEMENTS OF OPERATIONS

	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Revenue:				
Direct premiums written	\$ 442,832,382	\$ 460,040,359	\$ 276,861,468	\$ 275,380,171
Change in direct unearned premium	(15,817,262)	(18,548,881)	(14,761,723)	(25,847,112)
Direct earned premium	<u>427,015,120</u>	<u>441,491,478</u>	<u>262,099,745</u>	<u>249,533,059</u>
Ceded premiums written - Depopulation	(2,828,028)	(4,682,579)	(1,505,217)	(2,062,042)
Ceded premiums written - FHCF	(135,800,000)	(152,294,063)	(67,800,000)	(72,171,628)
Ceded premiums written - Private reinsurance	(94,639,245)	(88,573,021)	(18,394,693)	-
Change in ceded unearned premium	184,514,301	186,854,596	69,960,049	56,973,765
Ceded earned premium	<u>(48,752,972)</u>	<u>(58,695,067)</u>	<u>(17,739,861)</u>	<u>(17,259,906)</u>
Net earned premium	<u>\$ 378,262,148</u>	<u>\$ 382,796,411</u>	<u>\$ 244,359,884</u>	<u>\$ 232,273,153</u>
Losses and Loss Adjustment Expenses:				
Losses				
Direct losses paid	\$ (429,562,323)	\$ (408,545,806)	\$ (273,641,710)	\$ (232,198,109)
Change in direct case loss reserves	47,383,415	(97,931,974)	23,074,424	(68,165,569)
Change in direct IBNR loss reserves	121,700,570	371,940,497	39,963,645	195,586,141
Ceded losses incurred	92,427,270	(228,245)	100,969,869	(209,663)
Losses incurred	<u>(168,051,068)</u>	<u>(134,765,528)</u>	<u>(109,633,772)</u>	<u>(104,987,200)</u>
Loss adjustment expenses				
Direct D&CC paid	(62,517,258)	(40,263,408)	(46,831,978)	(31,685,367)
Direct A&O paid	(79,024,728)	(106,922,743)	(53,775,855)	(68,565,688)
Change in direct case LAE reserves	12,962,183	(38,343,336)	9,018,415	(26,749,763)
Change in direct IBNR LAE reserves	57,665,767	91,128,117	15,949,165	50,261,763
Ceded LAE incurred	(6,522,751)	(42,122)	5,048,493	(65,192)
LAE incurred	<u>(77,436,787)</u>	<u>(94,443,493)</u>	<u>(70,591,760)</u>	<u>(76,804,247)</u>
Net losses and LAE incurred	<u>\$ (245,487,855)</u>	<u>\$ (229,209,020)</u>	<u>\$ (180,225,532)</u>	<u>\$ (181,791,447)</u>
Underwriting and Administrative Expenses:				
Producer commissions	(33,079,905)	(34,661,176)	(19,577,701)	(19,401,726)
Taxes and fees	(6,183,798)	(6,052,168)	(4,033,960)	(3,880,506)
Other underwriting expenses	(6,437,501)	(5,664,145)	(4,135,045)	(4,230,046)
All other administrative expenses	(65,090,700)	(66,102,663)	(40,695,097)	(39,146,166)
Underwriting and administrative expenses	<u>(110,791,904)</u>	<u>(112,480,152)</u>	<u>(68,441,803)</u>	<u>(66,658,444)</u>
Underwriting income (loss)	<u>\$ 21,982,389</u>	<u>\$ 41,107,239</u>	<u>\$ (4,307,451)</u>	<u>\$ (16,176,738)</u>
Net Investment Income:				
Net interest income (expense)				
Investment income earned	114,489,660	108,311,785	39,460,011	38,616,281
Interest expenses	(28,579,687)	(33,740,429)	(9,498,859)	(11,329,269)
Net interest income (expense)	<u>85,909,973</u>	<u>74,571,356</u>	<u>29,961,152</u>	<u>27,287,012</u>
Realized capital gains (losses)	2,740,197	(15,292,928)	2,561,544	(8,388,399)
Net investment income	<u>\$ 88,650,170</u>	<u>\$ 59,278,428</u>	<u>\$ 32,522,696</u>	<u>\$ 18,898,613</u>
Other income (expense)	<u>1,178,690</u>	<u>(3,506,981)</u>	<u>934,758</u>	<u>(3,455,359)</u>
Net income (loss)	<u>\$ 111,811,249</u>	<u>\$ 96,878,685</u>	<u>\$ 29,150,003</u>	<u>\$ (733,484)</u>



STATEMENTS OF OPERATIONS

Commercial Lines Account (CLA)

Coastal Account

Six months ended

Six months ended

Revenue:

	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
		12.30%		
Direct premiums written	\$ 6,783,054	\$ 9,431,473	\$ 159,187,860	\$ 175,228,715
Change in direct unearned premium	50,926	72,476	(1,106,465)	7,225,755
Direct earned premium	6,833,980	9,503,949	158,081,395	182,454,470
Ceded premiums written - Depopulation	(6,754)	687	(1,316,058)	(2,621,224)
Ceded premiums written - FHCf	(2,600,000)	(4,716,212)	(65,400,000)	(75,406,223)
Ceded premiums written - Private reinsurance	-	-	(76,244,552)	(88,573,021)
Change in ceded unearned premium	2,133,546	3,744,596	112,420,706	126,136,235
Ceded earned premium	(473,208)	(970,928)	(30,539,904)	(40,464,233)
Net earned premium	\$ 6,360,772	\$ 8,533,021	\$ 127,541,491	\$ 141,990,237
Losses and Loss Adjustment Expenses:				
Losses				
Direct losses paid	\$ (15,170,693)	\$ (34,201,883)	\$ (140,749,919)	\$ (142,145,814)
Change in direct case loss reserves	14,467,516	(2,128,108)	9,841,476	(27,638,297)
Change in direct IBNR loss reserves	(3,727,121)	28,927,742	85,464,046	147,426,615
Ceded losses incurred	-	(1,919)	(8,542,600)	(16,663)
Losses incurred	(4,430,298)	(7,404,168)	(53,986,997)	(22,374,159)
Loss adjustment expenses				
Direct D&CC paid	(448,344)	(545,560)	(15,236,936)	(8,032,482)
Direct A&O paid	(2,914,498)	(1,695,095)	(22,334,375)	(36,661,961)
Change in direct case LAE reserves	901,820	(438,110)	3,041,949	(11,155,462)
Change in direct IBNR LAE reserves	111,379	5,687,997	41,605,223	35,178,357
Ceded LAE incurred	-	(96)	(11,571,244)	23,166
LAE incurred	(2,349,643)	3,009,136	(4,495,383)	(20,648,382)
Net losses and LAE incurred	\$ (6,779,941)	\$ (4,395,032)	\$ (58,482,380)	\$ (43,022,541)
Underwriting and Administrative Expenses:				
Producer commissions	(737,549)	(1,024,308)	(12,764,655)	(14,235,142)
Taxes and fees	(98,119)	(129,963)	(2,051,720)	(2,041,699)
Other underwriting expenses	(88,427)	(84,733)	(2,214,028)	(1,349,366)
All other administrative expenses	(997,022)	(1,345,276)	(23,398,581)	(25,611,222)
Underwriting and administrative expenses	(1,921,117)	(2,584,280)	(40,428,984)	(43,237,429)
Underwriting income (loss)	\$ (2,340,286)	\$ 1,553,709	\$ 28,630,127	\$ 55,730,267
Net Investment Income:				
Net interest income (expense)				
Investment income earned	25,306,068	22,763,509	49,723,581	46,931,996
Interest expenses	(1,500,281)	(1,789,387)	(17,580,547)	(20,621,774)
Net interest income (expense)	23,805,787	20,974,122	32,143,034	26,310,222
Realized capital gains (losses)	(209,560)	(3,579,794)	388,213	(3,324,735)
Net investment income	\$ 23,596,227	\$ 17,394,328	\$ 32,531,247	\$ 22,985,487
Other income (expense)	29,546	29,334	214,386	(80,956)
Net income (loss)	\$ 21,285,487	\$ 18,977,371	\$ 61,375,760	\$ 78,634,798



ADMINISTRATIVE EXPENSES

	<u>Six months ended</u>			<u>Twelve months</u>
	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>2019 Budget</u>	<u>2019 Budget</u>
Salaries	\$ 45,083,386	\$ 43,006,060	\$ 46,069,685	\$ 94,555,768
Employee Benefits	15,730,139	17,002,020	17,184,163	22,169,258
Payroll Taxes	3,334,506	3,190,878	3,420,459	7,111,855
Contingent Staffing	27,224,466	47,121,779	50,688,164	93,940,174
Subscriptions and Dues	402,129	(404,913)	880,792	1,627,545
Bank Charges	105,680	100,530	114,366	228,728
Depreciation	1,492,592	2,037,839	1,482,895	2,807,043
FMAP Funding	(79,049)	(107,129)	(93,893)	(264,495)
Insurance	240,610	493,423	460,730	861,405
Legal	635,328	583,514	633,500	1,267,000
Operations And Maintenance	1,070,471	1,227,003	1,587,796	2,726,466
Miscellaneous	(9,616)	111,366	-	-
Operating Supplies	114,942	133,278	145,679	287,192
Computer Hardware	820,144	1,290,722	1,624,270	2,217,861
Postage	136,959	192,794	317,198	638,629
Printing	25,312	25,668	178,354	341,154
Producer Fees Collected	(262,262)	(264,660)	(342,251)	(684,500)
Professional Services	3,335,949	4,612,273	8,308,992	12,425,151
Recruiting	191,516	177,500	369,004	749,658
Rent	3,599,441	3,899,480	3,834,103	7,488,441
Software Maintenance and Licensing	8,834,013	10,084,671	9,673,969	18,873,678
Telecommunications	1,542,516	1,496,132	1,446,100	2,900,300
Training	444,192	267,787	612,889	1,144,293
Travel	667,300	1,565,890	901,200	1,765,544
ULAE Expense	(49,589,964)	(71,741,241)	(73,521,283)	(137,137,928)
Total Administrative Expense	\$ 65,090,700	\$ 66,102,664	\$ 75,976,881	\$ 138,040,220