



SUMMARY OF FINANCIAL POSITION AND OPERATIONS

(\$000s omitted)

	Consolidated					Personal Lines Account				
	September 2019	September 2018	Budget 2019	YOY Var	Budget Var	September 2019	September 2018	Budget 2019	YOY Var	Budget Var
<b>Operations:</b>										
Direct written premium	\$ 662,109	\$ 679,587	\$ 655,989	\$ (17,478)	\$ 6,120	\$ 413,846	\$ 408,386	\$ 417,267	\$ 5,461	\$ (3,421)
Ceded written premium:										
Depopulation	(6,710)	(5,346)	(9,524)	(1,363)	2,815	(4,512)	(2,583)	(1,658)	(1,929)	(2,854)
FHCF	(135,800)	(152,294)	(134,782)	16,494	(1,018)	(67,800)	(72,172)	(67,156)	4,372	(644)
Private reinsurance	(94,639)	(88,423)	(100,000)	(6,216)	5,361	(18,395)	-	-	(18,395)	(18,395)
Net earned premium	474,257	480,781	467,255	(6,524)	7,002	333,613	325,869	344,076	7,745	(10,463)
Net losses incurred	237,396	254,666	246,915	(17,270)	(9,520)	167,411	148,333	208,484	19,077	(41,073)
Net LAE incurred	122,929	106,471	77,151	16,458	45,778	107,903	116,734	65,768	(8,831)	42,135
Other underwriting expenses	67,708	67,685	67,396	23	311	41,144	40,299	41,407	845	(263)
Administrative expenses	93,441	95,681	103,530	(2,240)	(10,089)	58,405	57,497	66,501	908	(8,096)
Net investment income	127,572	94,165	87,712	33,407	39,859	48,475	30,808	27,699	17,667	20,776
Net income (loss)	\$ 82,239	\$ 47,698	\$ 105,820	\$ 34,541	\$ (23,581)	\$ 8,578	\$ (9,169)	\$ 11,453	\$ 17,747	\$ (2,875)
<b>Assets, Liabilities and Surplus:</b>										
Cash and invested assets	\$ 8,895,702	\$ 9,250,735 (1)		\$ (355,033)		\$ 2,936,231	\$ 3,133,359 (1)		\$ (197,128)	
Net loss reserves	386,057	378,951 (1)		7,106		255,008	262,329 (1)		(7,321)	
Net LAE reserves	318,433	360,843 (1)		(42,410)		245,289	278,499 (1)		(33,210)	
Net unearned premium	374,276	423,572 (1)		(49,297)		253,076	263,550 (1)		(10,474)	
Bonds and interest payable	1,376,378	1,712,061 (1)		(335,683)		430,057	568,698 (1)		(138,640)	
Surplus	\$ 6,310,249	\$ 6,230,729 (1)		\$ 79,520		\$ 1,760,749	\$ 1,755,547 (1)		\$ 5,202	
<b>Policy Metrics:</b>										
Policies inforce	421,332	442,218	430,827	(20,886)	(9,495)	302,864	310,354	314,275	(7,490)	(11,411)
Policies serviced	428,767	448,852	435,789	(20,085)	(7,022)	307,558	313,641	316,617	(6,083)	(9,059)
<b>Cash flows:</b>										
Cashflow from operations	\$ (25,862)	\$ (290,729)		\$ 264,867		\$ (70,804)	\$ (188,670)		\$ 117,866	
Cashflow from investing	337,573	177,094		160,479		242,825	115,805		127,020	
Cashflow from financing	(330,496)	(258,347)		(72,149)		(134,490)	(111,805)		(22,685)	
<b>Operating metrics:</b>										
Direct loss ratio	52.5%	33.2%	50.0%	19.3%	2.5%	68.5%	41.2%	53.6%	27.3%	14.9%
Direct LAE ratio	18.5%	23.1%	15.6%	-4.6%	2.9%	28.9%	31.3%	16.9%	-2.4%	12.0%
Underwriting expense ratio	10.2%	10.0%	10.3%	0.3%	0.0%	9.9%	9.9%	9.9%	0.1%	0.0%
Administrative expense ratio	14.1%	14.1%	15.8%	0.0%	-1.7%	14.1%	14.1%	15.9%	0.0%	-1.8%
Expense ratio	24.3%	24.0%	26.1%	0.3%	-1.7%	24.1%	23.9%	25.9%	0.1%	-1.8%

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



SUMMARY OF FINANCIAL POSITION AND OPERATIONS

(\$000s omitted)

	Commercial Lines Account					Coastal Account				
	September 2019	September 2018	Budget 2019	YOY Var	Budget Var	September 2019	September 2018	Budget 2019	YOY Var	Budget Var
<b>Operations:</b>										
Direct written premium	\$ 9,169	\$ 11,693	\$ 8,862	\$ (2,524)	\$ 307	\$ 239,094	\$ 259,509	\$ 229,860	\$ (20,415)	\$ 9,234
Ceded written premium:										
Depopulation	(7)	3	(375)	(9)	368	(2,191)	(2,766)	(7,491)	575	5,301
FHCF	(2,600)	(4,716)	(3,447)	2,116	847	(65,400)	(75,406)	(64,179)	10,006	(1,221)
Private reinsurers	-	-	-	-	-	(76,245)	(88,423)	(100,000)	12,178	23,755
Net earned premium	8,168	10,424	8,107	(2,256)	61	132,475	144,488	115,071	(12,013)	17,404
Net losses incurred	4,246	29,384	1,331	(25,137)	2,915	65,739	76,949	37,101	(11,210)	28,638
Net LAE incurred	2,010	(800)	79	2,810	1,931	13,016	(9,463)	11,304	22,479	1,712
Other underwriting expenses	1,247	1,526	1,208	(279)	39	25,317	25,860	24,781	(543)	536
Administrative expenses	1,294	1,651	1,422	(357)	(128)	33,743	36,533	35,607	(2,790)	(1,864)
Net investment income	36,240	27,051	24,463	9,188	11,777	42,857	36,306	35,550	6,551	7,307
Net income (loss)	\$ 35,656	\$ 5,761	\$ 20,190	\$ 29,895	\$ 15,466	\$ 38,005	\$ 51,105	\$ 74,176	\$ (13,101)	\$ (36,172)
<b>Assets, Liabilities and Surplus:</b>										
Cash and invested assets	\$ 1,911,458	\$ 1,903,587	(1)	\$ 7,870		\$ 4,048,013	\$ 4,213,789	(1)	\$ (165,775)	
Net loss reserves	43,264	57,935	(1)	(14,672)		87,786	58,687	(1)	29,099	
Net LAE reserves	9,985	12,050	(1)	(2,065)		63,160	70,295	(1)	(7,135)	
Net unearned premium	5,175	6,782	(1)	(1,606)		116,024	153,240	(1)	(37,216)	
Bonds and interest payable	67,925	89,822	(1)	(21,897)		878,395	1,053,541	(1)	(175,146)	
Surplus	\$ 1,787,251	\$ 1,751,599	(1)	\$ 35,652		\$ 2,762,250	\$ 2,723,583	(1)	\$ 38,667	
<b>Policy Metrics:</b>										
Policies inforce	767	1,015	699	(248)	68	117,701	130,849	115,853	(13,148)	1,848
Policies serviced	771	1,041	752	(270)	19	120,438	134,170	118,420	(13,732)	2,018
<b>Cash flows:</b>										
Cashflow from operations	\$ 24,188	\$ 4,247		\$ 19,941		\$ 20,754	\$ (106,306)		\$ 127,060	
Cashflow from investing	(2,322)	(13,234)		10,912		97,070	74,523		22,547	
Cashflow from financing	(21,797)	(17,742)		(4,055)		(174,209)	(128,800)		(45,409)	
<b>Operating metrics:</b>										
Direct loss ratio	42.9%	172.9%	12.8%	-130.0%	30.1%	25.4%	14.0%	16.5%	11.4%	8.9%
Direct LAE ratio	20.3%	-8.1%	0.8%	28.4%	19.5%	0.4%	12.7%	5.0%	-12.3%	-4.6%
Underwriting expense ratio	13.6%	13.0%	13.6%	0.5%	0.0%	10.6%	10.0%	10.8%	0.6%	-0.2%
Administrative expense ratio	14.1%	14.1%	16.0%	0.0%	-1.9%	14.1%	14.1%	15.5%	0.0%	-1.4%
Expense ratio	27.7%	27.2%	29.7%	0.5%	-2.0%	24.7%	24.0%	26.3%	0.7%	-1.6%

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



STATEMENTS OF OPERATIONS

	Consolidated		Personal Lines Account	
	Nine months ended		Nine months ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
<b>Revenue:</b>				
Direct premiums written	\$ 662,109,232	\$ 679,587,196	\$ 413,846,104	\$ 408,385,557
Change in direct unearned premium	(20,550,006)	(15,134,545)	(17,991,860)	(27,570,606)
<b>Direct earned premium</b>	<b>641,559,226</b>	<b>664,452,651</b>	<b>395,854,244</b>	<b>380,814,951</b>
Ceded premiums written - Depopulation	(6,709,525)	(5,346,387)	(4,511,996)	(2,583,243)
Ceded premiums written - FHCF	(135,800,000)	(152,294,063)	(67,800,000)	(72,171,628)
Ceded premiums written - Private reinsurance	(94,639,245)	(88,423,021)	(18,394,693)	-
Change in ceded unearned premium	69,846,616	62,391,981	28,465,903	19,808,636
<b>Ceded earned premium</b>	<b>(167,302,154)</b>	<b>(183,671,490)</b>	<b>(62,240,786)</b>	<b>(54,946,235)</b>
<b>Net earned premium</b>	<b>\$ 474,257,072</b>	<b>\$ 480,781,161</b>	<b>\$ 333,613,458</b>	<b>\$ 325,868,716</b>
<b>Losses and Loss Adjustment Expenses:</b>				
Losses				
Direct losses paid	\$ (598,805,459)	\$ (615,500,743)	\$ (383,576,276)	\$ (367,659,829)
Change in direct case loss reserves	72,359,180	(136,305,050)	35,290,751	(78,417,257)
Change in direct IBNR loss reserves	196,681,562	538,807,362	80,476,861	292,035,885
Ceded losses incurred	92,369,052	(41,667,182)	100,397,960	5,707,777
<b>Losses incurred</b>	<b>(237,395,665)</b>	<b>(254,665,613)</b>	<b>(167,410,704)</b>	<b>(148,333,424)</b>
Loss adjustment expenses				
Direct D&CC paid	(90,625,013)	(66,288,125)	(68,008,160)	(51,717,152)
Direct A&O paid	(118,464,856)	(148,215,952)	(83,547,019)	(97,835,661)
Change in direct case LAE reserves	19,462,669	(49,566,160)	12,847,105	(33,575,357)
Change in direct IBNR LAE reserves	73,762,887	115,897,501	25,785,217	66,163,720
Ceded LAE incurred	(7,065,038)	41,701,448	5,019,898	230,680
<b>LAE incurred</b>	<b>(122,929,351)</b>	<b>(106,471,288)</b>	<b>(107,902,959)</b>	<b>(116,733,770)</b>
<b>Net losses and LAE incurred</b>	<b>\$ (360,325,016)</b>	<b>\$ (361,136,901)</b>	<b>\$ (275,313,663)</b>	<b>\$ (265,067,194)</b>
<b>Underwriting and Administrative Expenses:</b>				
Producer commissions	(49,324,147)	(51,093,212)	(29,217,480)	(28,784,960)
Taxes and fees	(8,573,541)	(8,873,674)	(5,625,434)	(5,729,982)
Other underwriting expenses	(9,809,902)	(7,718,099)	(6,301,263)	(5,784,338)
All other administrative expenses	(93,441,369)	(95,680,920)	(58,404,784)	(57,497,112)
<b>Underwriting and administrative expenses</b>	<b>(161,148,959)</b>	<b>(163,365,905)</b>	<b>(99,548,961)</b>	<b>(97,796,392)</b>
<b>Underwriting income (loss)</b>	<b>\$ (47,216,903)</b>	<b>\$ (43,721,645)</b>	<b>\$ (41,249,166)</b>	<b>\$ (36,994,870)</b>
<b>Net Investment Income:</b>				
Net interest income (expense)				
Investment income earned	170,437,502	164,818,895	58,201,659	58,410,035
Interest expenses	(40,118,826)	(48,677,103)	(13,322,159)	(16,301,208)
<b>Net interest income (expense)</b>	<b>130,318,676</b>	<b>116,141,792</b>	<b>44,879,500</b>	<b>42,108,827</b>
Realized capital gains (losses)	(2,746,936)	(21,977,118)	3,595,437	(11,301,219)
<b>Net investment income</b>	<b>\$ 127,571,740</b>	<b>\$ 94,164,674</b>	<b>\$ 48,474,937</b>	<b>\$ 30,807,608</b>
<b>Other income (expense)</b>	<b>1,884,139</b>	<b>(2,745,173)</b>	<b>1,352,585</b>	<b>(2,981,266)</b>
<b>Net income (loss)</b>	<b>\$ 82,238,976</b>	<b>\$ 47,697,856</b>	<b>\$ 8,578,356</b>	<b>\$ (9,168,528)</b>



STATEMENTS OF OPERATIONS

Commercial Lines Account

Coastal Account

Nine months ended

Nine months ended

Revenue:

	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Direct premiums written	\$ 9,168,796	\$ 11,692,540	\$ 239,094,332	\$ 259,509,099
Change in direct unearned premium	778,673	2,085,021	(3,336,819)	10,351,040
<b>Direct earned premium</b>	<b>9,947,469</b>	<b>13,777,561</b>	<b>235,757,513</b>	<b>269,860,139</b>
Ceded premiums written - Depopulation	(6,754)	2,742	(2,190,775)	(2,765,886)
Ceded premiums written - FHC	(2,600,000)	(4,716,212)	(65,400,000)	(75,406,223)
Ceded premiums written - Private reinsurance	-	-	(76,244,552)	(88,423,021)
Change in ceded unearned premium	827,627	1,359,905	40,553,086	41,223,440
<b>Ceded earned premium</b>	<b>(1,779,127)</b>	<b>(3,353,565)</b>	<b>(103,282,241)</b>	<b>(125,371,690)</b>
<b>Net earned premium</b>	<b>\$ 8,168,342</b>	<b>\$ 10,423,996</b>	<b>\$ 132,475,272</b>	<b>\$ 144,488,449</b>

Losses and Loss Adjustment Expenses:

Losses

Direct losses paid	\$ (18,917,676)	\$ (37,570,502)	\$ (196,311,507)	\$ (210,270,413)
Change in direct case loss reserves	16,081,696	(22,829,504)	20,986,733	(35,058,289)
Change in direct IBNR loss reserves	(1,410,185)	36,935,867	117,614,885	209,835,611
Ceded losses incurred	-	(5,919,359)	(8,028,908)	(41,455,600)
<b>Losses incurred</b>	<b>(4,246,165)</b>	<b>(29,383,498)</b>	<b>(65,738,797)</b>	<b>(76,948,691)</b>

Loss adjustment expenses

Direct D&CC paid	(575,158)	(828,131)	(22,041,696)	(13,742,843)
Direct A&O paid	(3,499,827)	(2,445,992)	(31,418,011)	(47,934,299)
Change in direct case LAE reserves	1,444,705	(1,398,857)	5,170,859	(14,591,947)
Change in direct IBNR LAE reserves	620,266	5,768,636	47,357,405	43,965,145
Ceded LAE incurred	-	(295,968)	(12,084,935)	41,766,736
<b>LAE incurred</b>	<b>(2,010,014)</b>	<b>799,688</b>	<b>(13,016,378)</b>	<b>9,462,792</b>

Net losses and LAE incurred

<b>Net losses and LAE incurred</b>	<b>\$ (6,256,179)</b>	<b>\$ (28,583,810)</b>	<b>\$ (78,755,175)</b>	<b>\$ (67,485,899)</b>
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Underwriting and Administrative Expenses:

Producer commissions	(996,837)	(1,263,433)	(19,109,829)	(21,044,818)
Taxes and fees	(115,243)	(145,435)	(2,832,864)	(2,998,259)
Other underwriting expenses	(134,752)	(116,992)	(3,373,887)	(1,816,769)
All other administrative expenses	(1,293,963)	(1,650,924)	(33,742,622)	(36,532,883)
<b>Underwriting and administrative expenses</b>	<b>(2,540,795)</b>	<b>(3,176,784)</b>	<b>(59,059,202)</b>	<b>(62,392,729)</b>

Underwriting income (loss)

<b>Underwriting income (loss)</b>	<b>\$ (628,632)</b>	<b>\$ (21,336,598)</b>	<b>\$ (5,339,105)</b>	<b>\$ 14,609,821</b>
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Net Investment Income:

Net interest income (expense)				
Investment income earned	38,007,854	34,756,317	74,227,989	71,652,543
Interest expenses	(2,104,148)	(2,574,670)	(24,692,519)	(29,801,225)
<b>Net interest income (expense)</b>	<b>35,903,706</b>	<b>32,181,647</b>	<b>49,535,470</b>	<b>41,851,318</b>
Realized capital gains (losses)	335,920	(5,130,268)	(6,678,293)	(5,545,631)

Net investment income

<b>Net investment income</b>	<b>\$ 36,239,626</b>	<b>\$ 27,051,379</b>	<b>\$ 42,857,177</b>	<b>\$ 36,305,687</b>
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Other income (expense)

<b>Other income (expense)</b>	<b>45,069</b>	<b>46,247</b>	<b>486,485</b>	<b>189,846</b>
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Net income (loss)

<b>Net income (loss)</b>	<b>\$ 35,656,063</b>	<b>\$ 5,761,028</b>	<b>\$ 38,004,557</b>	<b>\$ 51,105,354</b>
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**ADMINISTRATIVE EXPENSES**

	Nine months ended			Twelve months
	September 30, 2019	September 30, 2018	2019 Budget	2019 Budget
Salaries	\$ 68,321,945	\$ 66,703,313	\$ 69,886,721	\$ 94,555,768
Employee Benefits	17,199,272	18,526,081	19,662,141	22,169,258
Payroll Taxes	4,971,068	4,872,031	5,209,424	7,111,855
Contingent Staffing	44,945,914	64,485,914	72,522,696	93,940,174
Subscriptions and Dues	553,942	523,925	1,231,568	1,627,545
Bank Charges	149,587	151,401	171,549	228,728
Depreciation	2,151,631	2,999,552	2,161,656	2,807,043
FMAP Funding	(109,828)	(136,425)	(169,203)	(264,495)
Insurance	380,303	691,104	630,193	861,405
Legal	1,076,853	684,199	940,250	1,267,000
Operations And Maintenance	1,658,577	1,892,328	2,191,051	2,726,466
Miscellaneous	(7,049)	102,228	-	-
Operating Supplies	167,549	168,045	217,724	287,192
Computer Hardware	1,326,219	1,853,158	1,913,581	2,217,861
Postage	217,530	299,034	482,688	638,629
Printing	31,775	34,960	258,382	341,154
Producer Fees Collected	(375,502)	(386,670)	(513,376)	(684,500)
Professional Services	4,807,939	6,669,622	10,649,236	12,425,151
Recruiting	298,587	312,948	548,656	749,658
Rent	5,545,758	5,749,061	5,752,290	7,488,441
Software Maintenance and Licensing	13,458,468	13,410,560	14,158,809	18,873,678
Telecommunications	2,185,188	2,412,378	2,216,450	2,900,300
Training	589,452	470,158	899,658	1,144,293
Travel	1,020,810	2,192,684	1,339,121	1,765,544
ULAE Expense	(77,124,620)	(99,000,669)	(105,391,519)	(137,137,928)
<b>Total Administrative Expense</b>	<b>\$ 93,441,368</b>	<b>\$ 95,680,920</b>	<b>\$ 106,969,746</b>	<b>\$ 138,040,220</b>