



RESULTS OF OPERATIONS AND FINANCIAL POSITION

(\$000s omitted)

	Consolidated					Personal Lines Account				
	December 2019	December 2018	Budget 2019	YOY Var	Budget Var	December 2019	December 2018	Budget 2019	YOY Var	Budget Var
Operations:										
Direct written premium	\$ 876,560	\$ 868,417	\$ 848,172	\$ 8,142	\$ 28,387	\$ 558,477	\$ 527,770	\$ 545,914	\$ 30,707	\$ 12,563
Ceded written premium:										
Depopulation	(9,328)	(17,896)	(21,271)	8,568	11,943	(6,035)	(6,164)	(5,478)	129	(556)
FHCF	(133,602)	(146,151)	(134,782)	12,548	1,180	(66,114)	(67,128)	(67,156)	1,015	1,043
Private reinsurance	(94,639)	(88,409)	(100,000)	(6,231)	5,361	(18,395)	-	-	(18,395)	(18,395)
Net earned premium	616,075	622,976	597,087	(6,901)	18,989	443,643	437,674	455,902	5,969	(12,258)
Net losses incurred	331,849	466,995	330,232	(135,146)	1,617	236,326	287,075	279,320	(50,749)	(42,994)
Net LAE incurred	168,112	222,717	103,202	(54,605)	64,911	150,582	198,275	88,113	(47,693)	62,468
Other underwriting expenses	89,152	87,700	87,485	1,452	1,666	55,093	52,862	54,333	2,231	761
Administrative expenses	124,021	126,262	138,040	(2,241)	(14,019)	78,944	76,715	88,668	2,229	(9,724)
Net investment income	180,826	134,228	117,962	46,598	62,864	68,569	44,869	37,141	23,700	31,428
Net income (loss)	\$ 86,329	\$ (151,350)	\$ 59,572	\$ 237,679	\$ 26,758	\$ (6,861)	\$ (135,861)	\$ (14,676)	\$ 129,000	\$ 7,815
Assets, Liabilities and Surplus:										
Cash and invested assets	\$ 8,878,282	\$ 9,250,735		\$ (372,453)		\$ 2,941,402	\$ 3,133,359		\$ (191,957)	
Net loss reserves	393,658	378,951		14,707		263,051	262,329		722	
Net LAE reserves	307,917	360,843		(52,925)		242,435	278,499		(36,064)	
Net unearned premium	446,487	423,572		22,915		287,841	263,550		24,291	
Bonds and interest payable	1,355,414	1,712,061		(356,648)		423,534	568,698		(145,164)	
Surplus	\$ 6,317,933	\$ 6,230,729		\$ 87,204		\$ 1,747,896	\$ 1,755,547		\$ (7,651)	
Policy Metrics:										
Policies inforce	442,196	427,395	425,736	14,801	16,460	322,790	304,536	314,474	18,254	8,316
Policies serviced	447,433	441,066	435,026	6,367	12,407	326,675	310,983	318,857	15,692	7,818
Cash flows:										
Cashflow from operations	\$ (13,549)	\$ (525,474)		\$ 511,925		\$ (59,882)	\$ (277,857)		\$ 217,975	
Cashflow from investing	328,016	316,169		11,847		281,348	242,453		38,895	
Cashflow from financing	(331,058)	(260,092)		(70,966)		(134,892)	(112,199)		(22,693)	
Operating metrics:										
Direct loss ratio	61.8%	53.9%	39.7%	7.9%	22.1%	78.6%	82.5%	53.4%	-3.9%	25.2%
Direct LAE ratio	19.0%	30.8%	12.4%	-11.8%	6.6%	30.2%	40.5%	16.8%	-10.3%	13.4%
Underwriting expense ratio	10.2%	10.1%	10.3%	0.1%	-0.1%	9.9%	10.0%	10.0%	-0.2%	-0.1%
Administrative expense ratio	14.1%	14.5%	16.3%	-0.4%	-2.1%	14.1%	14.5%	16.2%	-0.4%	-2.1%
Expense ratio	24.3%	24.6%	26.6%	-0.3%	-2.3%	24.0%	24.6%	26.2%	-0.6%	-2.2%



SUMMARY OF FINANCIAL POSITION AND OPERATIONS

(\$000s omitted)

	Commercial Lines Account					Coastal Account				
	December 2019	December 2018	Budget 2019	YOY Var	Budget Var	December 2019	December 2018	Budget 2019	YOY Var	Budget Var
Operations:										
Direct written premium	\$ 11,972	\$ 14,665	\$ 11,551	\$ (2,694)	\$ 420	\$ 306,111	\$ 325,981	\$ 290,707	\$ (19,871)	\$ 15,404
Ceded written premium:										
Depopulation	(7)	(51)	(398)	44	392	(3,286)	(11,681)	(15,394)	8,394	12,108
FHCF	(2,468)	(4,494)	(3,447)	2,026	979	(65,021)	(74,528)	(64,179)	9,507	(842)
Private reinsurers	-	-	-	-	-	(76,245)	(88,409)	(100,000)	12,164	23,755
Net earned premium	10,477	13,020	9,898	(2,543)	579	161,955	172,281	131,286	(10,326)	30,668
Net losses incurred	7,601	35,408	1,728	(27,807)	5,873	87,922	144,512	49,184	(56,590)	38,738
Net LAE incurred	3,722	(1,706)	103	5,428	3,619	13,809	26,149	14,986	(12,340)	(1,177)
Other underwriting expenses	1,643	1,963	1,579	(320)	64	32,416	32,875	31,574	(460)	842
Administrative expenses	1,695	2,140	1,896	(445)	(201)	43,382	47,407	47,476	(4,025)	(4,094)
Net investment income	48,962	37,762	32,739	11,199	16,223	63,295	51,597	48,082	11,699	15,213
Net income (loss)	\$ 44,838	\$ 12,941	\$ 37,424	\$ 31,897	\$ 7,414	\$ 48,352	\$ (28,430)	\$ 36,823	\$ 76,782	\$ 11,529
Assets, Liabilities and Surplus:										
Cash and invested assets	\$ 1,909,325	\$ 1,903,587		\$ 5,738		\$ 4,027,555	\$ 4,213,789		\$ (186,234)	
Net loss reserves	42,815	57,935		(15,120)		87,792	58,687		29,105	
Net LAE reserves	10,709	12,050		(1,341)		54,774	70,295		(15,521)	
Net unearned premium	5,801	6,782		(980)		152,844	153,240		(396)	
Bonds and interest payable	66,894	89,822		(22,928)		864,985	1,053,541		(188,556)	
Surplus	\$ 1,796,507	\$ 1,751,599		\$ 44,908		\$ 2,773,530	\$ 2,723,583		\$ 49,947	
Policy Metrics:										
Policies inforce	738	923	648	(185)	90	118,668	121,936	110,614	(3,268)	8,054
Policies serviced	738	933	681	(195)	57	120,020	129,150	115,488	(9,130)	4,532
Cash flows:										
Cashflow from operations	\$ 29,101	\$ (4,326)		\$ 33,427		\$ 17,232	\$ (243,291)		\$ 260,523	
Cashflow from investing	(13,245)	(17,829)		4,584		59,913	91,545		(31,632)	
Cashflow from financing	(21,816)	(17,880)		(3,936)		(174,350)	(130,013)		(44,337)	
Operating metrics:										
Direct loss ratio	83.4%	168.4%	12.9%	-85.0%	70.5%	31.7%	4.8%	16.6%	26.9%	15.1%
Direct LAE ratio	30.0%	-11.4%	0.8%	41.4%	29.2%	-1.1%	18.3%	5.1%	-19.4%	-6.2%
Underwriting expense ratio	13.7%	13.4%	13.7%	0.3%	0.1%	10.6%	10.1%	10.9%	0.5%	-0.3%
Administrative expense ratio	14.2%	14.6%	16.4%	-0.4%	-2.3%	14.2%	14.5%	16.3%	-0.4%	-2.2%
Expense ratio	27.9%	28.0%	30.1%	-0.1%	-2.2%	24.8%	24.6%	27.2%	0.1%	-2.4%



Consolidated

Personal Lines Account

Twelve months ended

Twelve months ended

STATEMENTS OF OPERATIONS

	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Revenue:				
Direct premiums written	\$ 876,559,612	\$ 868,417,110	\$ 558,477,481	\$ 527,770,361
Change in direct unearned premium	(15,765,074)	16,338,824	(23,972,811)	(14,332,090)
Direct earned premium	<u>860,794,538</u>	<u>884,755,934</u>	<u>534,504,670</u>	<u>513,438,271</u>
Ceded premiums written - Depopulation	(9,327,580)	(17,895,686)	(6,034,633)	(6,163,935)
Ceded premiums written - FHCF	(133,602,467)	(146,150,838)	(66,113,542)	(67,128,194)
Ceded premiums written - Private reinsurance	(94,639,245)	(88,408,617)	(18,394,693)	-
Change in ceded unearned premium	(7,149,771)	(9,324,785)	(318,336)	(2,471,652)
Ceded earned premium	<u>(244,719,063)</u>	<u>(261,779,926)</u>	<u>(90,861,204)</u>	<u>(75,763,781)</u>
Net earned premium	<u>\$ 616,075,475</u>	<u>\$ 622,976,008</u>	<u>\$ 443,643,466</u>	<u>\$ 437,674,490</u>
Losses and Loss Adjustment Expenses:				
Losses				
Direct losses paid	\$ (748,230,797)	\$ (915,699,135)	\$ (479,253,722)	\$ (553,838,035)
Change in direct case loss reserves	97,214,914	(135,008,373)	48,378,343	(74,421,127)
Change in direct IBNR loss reserves	129,073,396	588,655,317	15,748,066	211,766,752
Ceded losses incurred	190,093,461	(4,943,011)	178,800,932	129,417,412
Losses incurred	<u>(331,849,026)</u>	<u>(466,995,202)</u>	<u>(236,326,381)</u>	<u>(287,074,998)</u>
Loss adjustment expenses				
Direct D&CC paid	(116,352,391)	(96,018,577)	(87,306,899)	(74,040,509)
Direct A&O paid	(155,517,958)	(202,456,987)	(111,604,979)	(133,759,399)
Change in direct case LAE reserves	23,536,346	(49,018,970)	16,220,668	(32,650,642)
Change in direct IBNR LAE reserves	88,064,909	83,619,250	23,096,551	35,759,730
Ceded LAE incurred	(7,843,367)	41,157,865	9,012,783	6,416,162
LAE incurred	<u>(168,112,461)</u>	<u>(222,717,419)</u>	<u>(150,581,876)</u>	<u>(198,274,658)</u>
Net losses and LAE incurred	<u>\$ (499,961,487)</u>	<u>\$ (689,712,621)</u>	<u>\$ (386,908,257)</u>	<u>\$ (485,349,656)</u>
Underwriting and Administrative Expenses:				
Producer commissions	(65,154,697)	(65,113,417)	(39,481,554)	(37,236,939)
Taxes and fees	(11,267,538)	(11,181,078)	(7,435,265)	(7,061,179)
Other underwriting expenses	(12,729,294)	(11,405,047)	(8,176,497)	(8,563,706)
All other administrative expenses	(124,021,292)	(126,262,380)	(78,944,140)	(76,715,154)
Underwriting and administrative expenses	<u>(213,172,821)</u>	<u>(213,961,922)</u>	<u>(134,037,456)</u>	<u>(129,576,978)</u>
Underwriting income (loss)	<u>\$ (97,058,833)</u>	<u>\$ (280,698,535)</u>	<u>\$ (77,302,247)</u>	<u>\$ (177,252,144)</u>
Net Investment Income:				
Net interest income (expense)				
Investment income earned	225,621,973	221,727,170	76,472,454	78,318,619
Interest expenses	(51,621,400)	(63,570,509)	(17,133,390)	(21,256,584)
Net interest income (expense)	<u>174,000,573</u>	<u>158,156,661</u>	<u>59,339,064</u>	<u>57,062,035</u>
Realized capital gains (losses)	6,824,965	(23,928,938)	9,229,520	(12,193,376)
Net investment income	<u>\$ 180,825,538</u>	<u>\$ 134,227,723</u>	<u>\$ 68,568,584</u>	<u>\$ 44,868,659</u>
Other income (expense)	<u>2,562,659</u>	<u>(4,879,022)</u>	<u>1,872,756</u>	<u>(3,477,863)</u>
Net income (loss)	<u>\$ 86,329,364</u>	<u>\$ (151,349,834)</u>	<u>\$ (6,860,907)</u>	<u>\$ (135,861,348)</u>



Commercial Lines Account

Coastal Account

STATEMENTS OF OPERATIONS

	Twelve months ended		Twelve months ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Revenue:				
Direct premiums written	\$ 11,971,532	\$ 14,665,266	\$ 306,110,599	\$ 325,981,483
Change in direct unearned premium	1,021,170	3,076,264	7,186,567	27,594,650
Direct earned premium	<u>12,992,702</u>	<u>17,741,530</u>	<u>313,297,166</u>	<u>353,576,133</u>
Ceded premiums written - Depopulation	(6,754)	(51,213)	(3,286,193)	(11,680,538)
Ceded premiums written - FHCf	(2,468,014)	(4,494,332)	(65,020,911)	(74,528,312)
Ceded premiums written - Private reinsurance	-	-	(76,244,552)	(88,408,617)
Change in ceded unearned premium	(40,851)	(175,787)	(6,790,585)	(6,677,346)
Ceded earned premium	<u>(2,515,619)</u>	<u>(4,721,332)</u>	<u>(151,342,241)</u>	<u>(181,294,813)</u>
Net earned premium	\$ 10,477,083	\$ 13,020,198	\$ 161,954,925	\$ 172,281,320
Losses and Loss Adjustment Expenses:				
Losses				
Direct losses paid	\$ (22,721,076)	\$ (50,663,468)	\$ (246,256,000)	\$ (311,197,632)
Change in direct case loss reserves	16,197,649	(17,094,094)	32,638,922	(43,493,152)
Change in direct IBNR loss reserves	(4,277,400)	38,268,750	117,602,730	338,619,814
Ceded losses incurred	3,199,981	(5,919,359)	8,092,547	(128,441,064)
Losses incurred	<u>(7,600,846)</u>	<u>(35,408,171)</u>	<u>(87,921,801)</u>	<u>(144,512,034)</u>
Loss adjustment expenses				
Direct D&CC paid	(955,850)	(1,092,573)	(28,089,641)	(20,885,495)
Direct A&O paid	(4,106,894)	(3,146,886)	(39,806,084)	(65,550,702)
Change in direct case LAE reserves	1,091,909	(2,082,054)	6,223,769	(14,286,274)
Change in direct IBNR LAE reserves	89,003	8,323,255	64,879,355	39,536,265
Ceded LAE incurred	159,999	(295,968)	(17,016,149)	35,037,671
LAE incurred	<u>(3,721,833)</u>	<u>1,705,774</u>	<u>(13,808,750)</u>	<u>(26,148,535)</u>
Net losses and LAE incurred	\$ (11,322,679)	\$ (33,702,397)	\$ (101,730,551)	\$ (170,660,569)
Underwriting and Administrative Expenses:				
Producer commissions	(1,302,402)	(1,586,137)	(24,370,741)	(26,290,341)
Taxes and fees	(165,418)	(204,262)	(3,666,855)	(3,915,636)
Other underwriting expenses	(174,853)	(172,142)	(4,377,944)	(2,669,199)
All other administrative expenses	(1,694,972)	(2,139,804)	(43,382,180)	(47,407,422)
Underwriting and administrative expenses	<u>(3,337,645)</u>	<u>(4,102,345)</u>	<u>(75,797,720)</u>	<u>(80,282,598)</u>
Underwriting income (loss)	\$ (4,183,241)	\$ (24,784,544)	\$ (15,573,346)	\$ (78,661,847)
Net Investment Income:				
Net interest income (expense)				
Investment income earned	50,745,609	47,072,373	98,403,909	96,336,178
Interest expenses	(2,706,107)	(3,357,338)	(31,781,903)	(38,956,587)
Net interest income (expense)	<u>48,039,502</u>	<u>43,715,035</u>	<u>66,622,006</u>	<u>57,379,591</u>
Realized capital gains (losses)	922,087	(5,952,790)	(3,326,642)	(5,782,773)
Net investment income	\$ 48,961,589	\$ 37,762,245	\$ 63,295,364	\$ 51,596,818
Other income (expense)	59,929	(36,350)	629,974	(1,364,810)
Net income (loss)	<u>\$ 44,838,277</u>	<u>\$ 12,941,351</u>	<u>\$ 48,351,992</u>	<u>\$ (28,429,839)</u>



ADMINISTRATIVE EXPENSES

Twelve months ended

	December 31, 2019	December 31, 2018	2019 Budget
Salaries	\$ 92,735,858	\$ 90,909,159	\$ 94,555,768
Employee Benefits	19,551,356	19,764,926	22,169,258
Payroll Taxes	6,655,688	6,583,944	7,111,855
Contingent Staffing	61,716,247	92,862,183	93,940,174
Subscriptions and Dues	809,121	791,558	1,627,545
Bank Charges	197,752	206,193	228,728
Depreciation	2,791,496	3,908,194	2,807,043
FMAP Funding	(151,953)	(156,602)	(264,495)
Insurance	663,415	890,583	861,405
Legal	2,162,137	1,221,667	1,267,000
Operations And Maintenance	2,202,157	2,472,313	2,726,466
Miscellaneous	38,285	(10,022)	-
Operating Supplies	216,703	248,263	287,192
Computer Hardware	1,701,981	2,943,739	2,217,861
Postage	284,081	333,232	638,629
Printing	42,810	39,376	341,154
Producer Fees Collected	(616,622)	(631,275)	(684,500)
Professional Services	6,964,229	9,462,438	12,425,151
Recruiting	368,972	389,807	749,658
Rent	7,168,232	7,835,570	7,488,441
Software Maintenance and Licensing	17,254,959	18,053,736	18,873,678
Telecommunications	2,850,753	3,173,355	2,900,300
Training	923,638	787,189	1,144,293
Travel	1,527,835	2,891,715	1,765,544
ULAE Expense	(104,037,836)	(138,708,861)	(137,137,928)
Total Administrative Expense	\$ 124,021,294	\$ 126,262,380	\$ 138,040,220