

2009

SPECIAL MORTGAGE GUARANTY INSURANCE EXHIBIT
Insurance Department
State of Kansas

Name of Insurance Company:

NAIC Company Number:

Date Completed:

The following company person completed this form:

NAME:

TITLE:

ADDRESS:

CITY: STATE: ZIP CODE:

TELEPHONE: OR 1-800-

The purpose of this exhibit is to determine whether or not your company is in compliance with K.S.A. 40-3516 and K.A.R. 40-3-38 as they concern the establishment and maintenance of the required unearned premium reserve and K.S.A. 40-3518 as it concerns the required contingency reserve.

In addition to the instructions, directions and descriptions included within the body of this exhibit, the following comments are presented to help explain what is required on each numbered line of the exhibit.

Section I of this exhibit is designed to enable this department to check the sufficiency of the unearned premium reserve reported by your company in the annual statement as compared to the minimum amount of unearned premium reserve required by K.S.A. 40-3516 and K.A.R. 40-3-38.

1. Enter the amount for unearned portion of the premiums received on all unexpired risks determined on a pro rata basis.
2. Enter the result of the inset amount, premiums received during the current year on the company's non-cancellable policies, multiplied by 3%
3. Enter the sum of the amounts reported on line 1 and 2.
4. Enter the result of unearned premium reserve as reported in the Underwriting and Investment Exhibit Part 1A (Page 7, Line 35, Column 5), less earned but unbilled premiums as reported in the Underwriting and Investment Exhibit Part 1A (Page 7, Line 35, Column 3).

Section II of this exhibit is designed to provide this department with certain information required to reconcile the changes in your company's contingency reserve as well as that information required to determine whether or not amounts released from the contingency reserve in any year are in excess of the amounts to be so released in accordance with the provisions of K.S.A. 40-3518.

5. Enter the amount of contingency reserve that was released or withdrawn during the current year per expiration of the statutory 120 month period.

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6. Enter the amount of contingency reserve released or withdrawn because the incurred losses during the current year exceed thirty-five percent (35%) of the premiums earned during the current year.
7. Enter the sum of the amounts reported on line 5 and 6.

Section III of this exhibit is designed to enable this department to determine if a company's contingency reserve is being established and maintained in accordance with the provisions of K.S.A. 40-3518.

8. Enter the amount of the contingency reserves established and maintained as of the previous year end.
9. Enter the result of the inset amount, premiums earned during the current year as computed on a basis consistent with the computation of the unearned premiums reported on line 3 above, multiplied by 50%.
10. Enter the sum of the amounts reported on line 8 and 9.
11. Enter the amount of contingency reserves to be released during current year as reported on line 7 of the Exhibit.
12. Enter the result of line 10 minus line 11.
13. Enter the amount of the Contingency Reserve liability as reported in the Liabilities, Surplus and Other Funds Page 3, Details for Write-Ins, Column 1.

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SECTION I

| | | |
|--|----|----------------------|
| 1. Unearned Premium Reserve: pro rata amount of the premiums received on all unexpired risks | \$ | |
| 2. Additional Reserve: all premiums received during the current year on non-cancellable policies x 0.03 | \$ | |
| 3. Total unearned premium reserve required by K.S.A. 40-3516 and K.A.R. 40-3-38 | | \$ <u> </u> |
| 4. Amount of unearned premium reserve as reported in Annual Statement submitted for current year, less earned but unbilled premium in amount of \$ | | \$ <u> </u> |

SECTION II

| | | |
|---|----|----------------------|
| 5. Amounts released or withdrawn per expiration of statutory 120 month period | \$ | |
| 6. Amounts released or withdrawn because incurred losses exceed thirty-five percent (35%) of premiums earned. | \$ | |
| 7. Total current year releases | | \$ <u> </u> |

SECTION III

| | | |
|---|----|----------------------|
| 8. Contingency Reserve from report of previous year | \$ | |
| 9. Additional Reserves: Premiums earned current year as computed on basis consistent with the computation of the unearned premium reserve reported on line 3 above x 0.50 | \$ | |
| 10. Subtotal | | \$ |
| 11. Less: Contingency Reserve released during current year (from line 7 above) | | \$ |
| 12. Total Contingency Reserve as of December 31, current year | | \$ <u> </u> |
| 13. Amount of Contingency Reserve liability reported in the Annual Statement for the current year | | \$ <u> </u> |