



NC DEPARTMENT
of **INSURANCE**
MIKE CAUSEY, COMMISSIONER

COMPANY SERVICES GROUP
FINANCIAL EXAMINATION DIVISION

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I, Mike Causey, Commissioner of Insurance in and for the State of North Carolina do hereby certify that: I have caused Enact Mortgage Insurance Group as of December 31, 2021 with the original on file at this Department and find the same to be a correct copy of the whole said original.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal at the City of Raleigh, this the 14th day of June, 2023.



Mike Causey
Commissioner of Insurance

Monique D. Smith, CPA, CFE
Deputy Commissioner
Financial Examination Division

Enact Mortgage Insurance Group

Raleigh, NC

Multi-Entity Report on Examination

As of December 31, 2021

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May 17, 2023

Honorable Mike Causey
Commissioner of Insurance
State of North Carolina
Raleigh, North Carolina

Sir:

Pursuant to your instructions and in accordance with Section (“§”) 58-2-131 of the General Statutes of North Carolina (“GS”), the North Carolina Department of Insurance (“Department”) conducted an examination of the records, business affairs and financial condition of

Enact Financial Assurance Corporation fka Genworth Financial Assurance Corporation (“**EFAC**”)
Enact Mortgage Insurance Corporation fka Genworth Mortgage Insurance Corporation (“**EMIC**”)
Enact Mortgage Insurance Corporation of North Carolina fka Genworth Mortgage Insurance Corporation of North Carolina (“**EMIC-NC**”)
Enact Mortgage Reinsurance Corporation fka Genworth Mortgage Reinsurance Corporation (“**EMRC**”)

(hereinafter referred to as the “Enact Mortgage Insurance Group” or the “Group”), at its main administrative and statutory home office located at 8325 Six Forks Road, Raleigh, North Carolina.

SCOPE OF THE EXAMINATION

We performed a full-scope statutory examination of each company within the Enact Mortgage Insurance Group. This examination covers the period from January 1, 2017, to December 31, 2021, including any material transactions and events occurring subsequent to the examination date and noted during the course of this examination. The Department’s most recent prior examination of Enact Mortgage Insurance Group was as of December 31, 2016.

The purpose of this examination is to review and evaluate the Group’s business processes and controls to assist in assessing and monitoring its current financial condition and prospective solvency. Pursuant to GS § 58-2-132, this Report on Examination comprises only facts appearing in the books, records, or other documents of the Group (together with citations of pertinent laws, regulations, and rules) with regard to any material adverse findings disclosed by the examination.

We conducted our examination in accordance with standards established by the Department and the National Association of Insurance Commissioners (“NAIC”) Financial Condition Examiners Handbook (“Handbook”). The Handbook requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Enact Mortgage Insurance Group, and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer’s surplus to be materially misstated both currently and prospectively.

All accounts and activities of the Group were considered in accordance with the Handbook risk-focused surveillance process and the following key functional activities were identified:

Investments
Capital and Surplus
Claims
Underwriting and Premiums
Related Party
Reinsurance
Reserves
Taxes and Other Liabilities

This may include assessing significant estimates made by management, as well as evaluating the overall financial statement presentation, management's compliance with GS Chapter 58 and evaluating management's compliance with statutory accounting principles. This examination does not attest to the fair presentation of the financial statements included herein.

This examination report includes significant findings of fact and general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), are not included within the examination report but are separately communicated to the Group.

The Group's Annual Statements, work papers, and the independent audit work papers were reviewed and relied upon whenever possible. Trial balance reconciliations of the Annual Statements were performed, as were a verification of ownership and valuation of assets, determination of liabilities and reserves, and an analysis and review of such accounts and records as deemed necessary by the examination team. A management representation letter attesting to the Group's ownership of assets, the nonexistence of unrecorded liabilities and contingent liabilities was received from the Group's management.

The books and records of EMIC and EMIC-NC are audited annually by independent certified public accountants in accordance with GS § 58-10-185(a). KPMG LLP of Richmond, Virginia, the designated independent public accountant of EMIC and EMIC-NC, issued unmodified opinions for each year subsequent to the Department's prior examination through, and including, the year ended December 31, 2021, for the companies subject to audit within the Group. Unmodified opinions were issued by KPMG LLP for EMRC for 2017 and 2018. Audit waivers were granted by the Department for EFAC for all years under examination and for examination years 2019, 2020 and 2021 for EMRC.

REPORT ABBREVIATIONS

Board of Directors	“Board”
Credit Risk Transfer	“CRT”
Financial Condition Examiners Handbook	“Handbook”
Government-Sponsored Enterprise	“GSE”
General Statutes of North Carolina	“GS”
Information Technology General Controls	“ITGCs”
Information Technology Planning Questionnaire	“ITPQ”
National Association of Insurance Commissioners	“NAIC”
North Carolina Department of Insurance	“Department”
Enact Financial Services, Inc.	“EFS”
Enact Holdings, Inc.	“EHI”
Enact Mortgage Holdings, LLC	“EMHL”
Enact Re Ltd.	“ERL”
Genworth Financial, Inc.	“Genworth”
Genworth Holdings, Inc.	“GHI”
Initial Public Offering	“IPO”
Insurance Linked Notes	“ILNs”
Private Mortgage Insurer Eligibility Requirements	“PMIERS”
Excess of Loss	“XOL”
“Enact Mortgage Insurance Group” or “Group” includes the following companies:	
Enact Financial Assurance Corporation	“EFAC”
Enact Mortgage Insurance Corporation	“EMIC”
Enact Mortgage Insurance Corporation of North Carolina	“EMIC-NC”
Enact Mortgage Reinsurance Corporation	“EMRC”

SUMMARY OF SIGNIFICANT FINDINGS

COMMENTS, RECOMMENDATIONS AND DIRECTIVES

1. The Company’s appointed actuary during the examination period was Scott P. Weinstein, FCAS, MAAA with the firm of KPMG LLP. Documentation identified that Mr. Weinstein meets the definition of a Qualified Actuary during the examination years 2019, 2020 and 2021. No documentation was provided during the examination to support the Board of Directors’ review of qualification materials provided by Mr. Weinstein for non-compliance with NAIC Property/ Casualty Annual Statement Filing instructions and GS § 58-2-165(c). The Board of Directors should document their review of the qualifications of the appointed actuary for how the appointed actuary meets or is expected to meet the definition of the qualified actuary. The Company is directed to have the Board of Directors annually review and document such review of the appointed actuary’s qualification materials provided pursuant to NAIC Property/ Casualty Annual Statement Filing instructions and GS § 58-2-165(c).

ORGANIZATIONAL STRUCTURE

HOLDING COMPANY

The companies within the Group are members of an insurance holding company system as defined in GS § 58-19 and are wholly owned subsidiaries of Enact Mortgage Holdings, LLC (“EMHL”), a North Carolina Limited Liability Company. All outstanding shares of EMHL are owned by Enact Holdings, Inc. (“EHI”). EHI is an insurance holding company domiciled in the state of Delaware.

Prior to an Initial Public Offering (“IPO”) of EHI, Genworth Financial Inc. (“Genworth”), a Delaware corporation, was the ultimate parent, and Genworth Holdings, Inc. (“GHI”) owned 100% of outstanding shares of EHI and subsidiaries. Genworth is headquartered in Richmond, Virginia and all outstanding shares of Genworth are owned by public investors.

Beginning in May 2021 and in anticipation of the IPO, the Group, its parent, indirect parent and affiliates rebranded by substituting “Enact” for “Genworth” in their nomenclature. The rebranding was an ongoing process between May 2021 and February 2022 that was completed on an entity-by-entity basis.

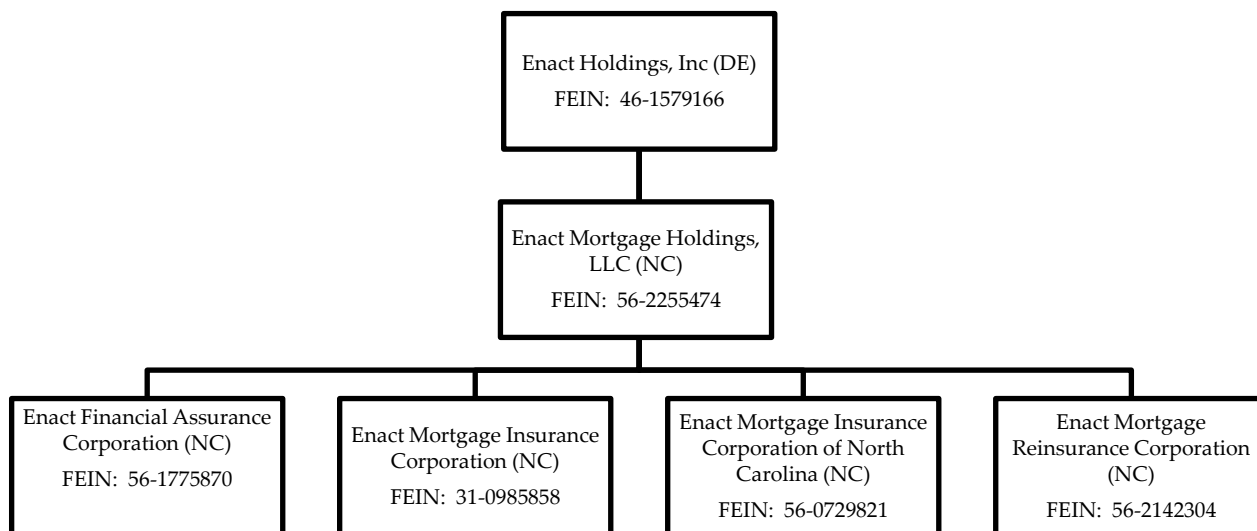
On September 15, 2021, EHI priced an IPO of its common stock that resulted in the issuance and sale of 13,310,400 shares of common stock at the IPO price of \$19.00 per common share. An additional 14,655,600 common shares were sold in a concurrent private sale for \$17.86 per share, which was equal to the IPO price less the underwriting discount. Genworth also granted the underwriters a 30-day option to purchase up to an additional 1,996,560 shares under the terms of the underwriting agreement. On September 16, 2021, the IPO, private sale and over-allotment option closed.

As of December 31, 2021, Genworth, through its subsidiary Genworth Holdings, Inc. (“GHI”), owned approximately 81.6% of all outstanding shares of EHI and the remaining 18.4% was owned by public investors. Genworth’s controlling interest of 81.6% of the Group was intentional and results in favorable tax treatment whereby the Group’s taxable income can be used to offset losses in the Genworth consolidated Federal income tax return. Genworth is the ultimate controlling person of the Group.

On October 21, 2016, Genworth entered into an agreement and plan of merger (the “Merger Agreement”) with Asia Pacific Global Capital Co., Ltd., a limited liability company incorporated in the People’s Republic of China, and Asia Pacific Global Capital USA Corporation (“Merger Sub”), a Delaware corporation and direct, wholly-owned subsidiary of Asia Pacific Insurance USA Holdings LLC, which is a Delaware limited liability company and owned by China Oceanwide, pursuant to which, subject to the terms and conditions set forth therein, Merger Sub would merge with and into Genworth with Genworth surviving the merger as a direct, wholly-owned subsidiary of Asia Pacific Insurance USA Holdings LLC. On April 6, 2021, Genworth’s Board elected to terminate the Merger Agreement, based on its belief that Asia Pacific Global Capital Co., Ltd. would not be able to close the transaction within a reasonable timeframe and in order for Genworth to pursue its strategic plan without restriction and without uncertainty regarding its ultimate ownership.

ORGANIZATIONAL CHART

The Company's 2021 Annual Statement Schedule Y contains a complete organizational chart. The following is a partial organizational chart of the Group as of December 31, 2021:



INDIVIDUAL COMPANY HISTORY

EFAC

EFAC, formerly known as Genworth Financial Assurance Corporation, was incorporated on June 12, 1992, under the laws of the State of North Carolina and commenced business on July 1, 1992. The articles of incorporation were amended effective October 1, 2021, to change its name from Genworth Financial Assurance Corporation to EFAC. EFAC is a credit insurer with no insurance business in-force at December 31, 2021.

EMIC

EMIC, formerly known as Genworth Mortgage Insurance Corporation, was incorporated on May 12, 1980, under the laws of Ohio and commenced business as a mortgage guaranty insurer on May 30, 1980. EMIC redomiciled to North Carolina on March 31, 1990. The articles of incorporation were amended effective February 7, 2022, to change its name from Genworth Mortgage Insurance Corporation to EMIC.

EMIC-NC

EMIC-NC, formerly known as Genworth Mortgage Insurance Corporation of North Carolina, was incorporated on February 20, 1961, under the laws of the State of North Carolina and commenced business on April 18, 1961. The articles of incorporation were amended effective February 7, 2022, to change its name from Genworth Mortgage Insurance Corporation of North Carolina to EMIC-NC. EMIC-NC was previously a reinsurer of mortgage guaranty business written by EMIC but began writing direct non-GSE business in 2020.

EMRC

EMRC, formerly known as Genworth Mortgage Reinsurance Corporation, was incorporated on March 16, 1999, under the laws of the State of North Carolina and commenced business on July 14, 2000. The articles of incorporation were amended effective July 15, 2021, to change its name from Genworth Mortgage Reinsurance Corporation to EMRC. During examination years 2017 and 2018, EMRC was a reinsurer of mortgage guaranty business written by EMIC. Effective January 1, 2019, EMIC cancelled its reinsurance treaties with EMRC, thereby removing all risk from EMRC books.

CAPITAL STOCK

As of December 31, 2021, capitalization of the individual companies consisted of the following:

EFAC

Description	Value
Number of authorized common capital shares	25,000
Number of shares issued and outstanding	2,500
Total common capital stock	\$2,500,000
Par value per share	\$1,000

No additional shares of EFAC were issued during the period under examination. As of December 31, 2021, all outstanding shares of EFAC were owned by EMHL. As of December 31, 2021, EFAC reported \$6,267,727 in gross paid-in and contributed surplus and unassigned funds totaling \$1,249,054.

EMIC

Description	Value
Number of authorized common capital shares	10,000
Number of shares issued and outstanding	4,288.75
Total common capital stock	\$4,288,747
Par value per share	\$1,000

No additional shares of EMIC were issued during the period under examination. As of December 31, 2021, all outstanding shares of EMIC were owned by EMHL. As of December 31, 2021, EMIC reported \$1,274,405,547 in gross paid-in and contributed surplus and unassigned funds totaling \$67,462,140.

EMIC-NC

Description	Value
Number of authorized common capital shares	3,000,000
Number of shares issued and outstanding	2,500,000
Total common capital stock	\$2,500,000
Par value per share	\$1.00

No additional shares of EMIC-NC were issued during the period under examination. As of December 31, 2021, all outstanding shares of EMIC-NC were owned by EMHL. As of December 31, 2021, EMIC-NC reported \$99,757,650 in gross paid-in and contributed surplus and unassigned funds totaling (\$73,323,753).

EMRC

Description	Value
Number of authorized common capital shares	25,000
Number of shares issued and outstanding	2,500
Total common capital stock	\$2,500,000
Par value per share	\$1,000

No additional shares of EMRC were issued during the period under examination. In 2018, EMIC made an extraordinary distribution of 100% of the common stock of EMRC to EMHL in the form of a return of capital to EMHL. As of December 31, 2021, all outstanding shares of EMRC are owned by EMHL. As of December 31, 2021, EMRC reported \$5,750,000 in gross paid-in and contributed surplus and unassigned funds totaling \$3,872,000.

DIVIDENDS TO STOCKHOLDER

Dividends are paid as declared by the respective entity's Board. Under the insurance regulations of North Carolina, the maximum amount of ordinary dividends which the Group may pay to shareholders is limited to the greater of 10% of the most recent year-end policyholders' surplus or net income (excluding realized capital gains) earned for that same year-end. Any amounts in excess are considered extraordinary.

EFAC and EMRC paid no dividends during the examination period. In 2018, 2019 and 2021, EMHL received ordinary dividends of \$60,400,000, \$251,410,000, and \$200,000,000 from EMIC, respectively. In 2021, EMHL received an extraordinary distribution of \$30,000,000 from EMIC-NC.

MANAGEMENT AND CONTROL

CORPORATE GOVERNANCE

The companies within the Group have different directors and principal officers. The companies occupy the same home office space and share accounting systems and personnel. All personnel are employees of EMIC.

Shareholders

The bylaws for each company within the Group provide that an annual meeting of the shareholders be held at such time and place as the Board may appoint. Special meetings of the shareholders may be called at any time by the chairman of the Board, the president or by any two members of the Board.

Board of Directors

The business of the Group is conducted by its management team and is subject to review by the EHI Board, as well as each insurer's board of directors. The bylaws for EMIC, EMIC-NC, and EMRC specify that the number of directors shall not be less than three or more than fifteen. The bylaws for EFAC specify that the

number of directors shall not be less than five or more than twenty-one. Directors are elected at the annual meeting of shareholders or by the written consent of the shareholders, and each director elected shall hold office until a successor is elected and qualified.

The following individuals served as directors as of December 31, 2021:

Name	Location	Principal Occupation
Michael Paul Derstine	Raleigh, NC	Executive Vice President & Chief Risk Officer (EMIC only) Senior Vice President, Chief Risk Officer EMRC, EFAC, EMIC-NC
Brian Gould	Raleigh, NC	Executive Vice President, Chief Operations Officer EMIC
Anthony Todd Guarino	Raleigh, NC	Vice President, Pricing and Credit Policy EMRC, EFAC, EMIC-NC
Rohit Gupta	Raleigh, NC	Board Chair, President & Chief Executive Officer EMIC, EMRC, EFAC, EMIC-NC
Hardin Dean Mitchell	Raleigh, NC	Executive Vice President, Chief Financial Officer & Treasurer (EMIC only) Senior Vice President, Chief Financial Officer & Treasurer, EMRC, EFAC, EMIC-NC
Evan Scott Stolove	Raleigh, NC	Executive Vice President, General Counsel & Secretary (EMIC only) Senior Vice President, General Counsel & Secretary EMRC, EFAC, EMIC-NC
Matt Young	Raleigh, NC	Senior Vice President, Sales EMIC

The EHI Board has the authority to establish committees including, but not limited to, an audit committee, an investment committee and four additional committees as shown below. The EHI Board has appointed Genworth's Investment Committee to act on behalf of the Group. The EHI Board and its Committees govern at the Enact Mortgage Insurance Group level. The insurer boards govern at the legal entity level and fulfill certain regulatory requirements.

The following individuals served on Board committees as of December 31, 2021:

Audit Committee

(for EMIC)

Anne Waleski

Robert J. Restrepo, Jr.

Sheila Hooda

Audit Committee

(for EMRC, EFAC, & EMIC-NC)

Dean Mitchell

Mike Derstine

Anthony Guarino

The Group's Investment Committee

Thomas J. McInerney

Rohit Gupta

Ward Bobitz

Daniel J. Sheehan, IV

Brian Haendiges

EHI Independent Capital Committee

Dominic Addresso

John D. Fisk

Debra W. Still

EHI Risk Committee

John D. Fisk
Daniel J. Sheehan IV

EHI Compensation Committee

Thomas J. McInerney
Debra W. Still

EHI Nominating & Corporate Governance Committee

Sheila Hooda
Robert J. Restrepo, Jr.
Anne Waleski

Officers

The bylaws provide that the Boards will elect the officers, which shall consist of a chairperson of the Board, president, secretary, treasurer, and any other officers deemed necessary. All officers shall hold office, subject to removal at any time by the Board, until their successors are elected and qualified. Any two offices may be held by the same person, except the offices of president and secretary.

The following individuals served as officers as of December 31, 2021:

Name	Title
Rohit Gupta	Chairperson of the Board, President & Chief Executive Officer
Hardin Dean Mitchell	Executive Vice President, Chief Financial Officer & Treasurer (EMIC only) Senior Vice President, Chief Financial Officer & Treasurer
Evan Scott Stolove	Executive Vice President, General Counsel & Secretary (EMIC only) Senior Vice President, General Counsel & Secretary
Brian Michael Gould	Executive Vice President & Chief Operations Officer (EMIC only)
Michael Paul Derstine	Executive Vice President & Chief Risk Officer (EMIC only) Senior Vice President
Matthew Robert Young	Senior Vice President
Daniel Joseph Sheehan IV	Senior Vice President & Chief Investment Officer
Duane Scott Duncan	Senior Vice President (EMIC only)
Susan Gumm Sullivan	Senior Vice President

CODE OF CONDUCT AND CONFLICT OF INTEREST

The Group has established policies and procedures to identify existing or potential conflicts of interest and to report the same to the Board. Annually, the Group requires a signed statement from each director and officer disclosing any conflict of interest. A review of the signed conflict of interest statements for the examination period revealed that the Group acted in accordance with its policy and procedures for disclosure of conflicts of interest.

CORPORATE RECORDS

The Board minutes of the meetings of EHI, EMIC, EMIC-NC, EMRC and EFAC were reviewed along with those of the EHI Board and Management Committees including Investment, Compensation, Independent Capital, Nominating and Corporate Governance, Risk and Audit Committees for the period under examination. Based on our review, it appears that the minutes documented the Group's significant transactions and events and that the directors approved these transactions and events.

The articles of incorporation and bylaws were reviewed for any changes during the period under examination. There were no material changes with the exception of the nomenclature changes described in the “Individual Company History” section of this report. Based on the review, it appears that there have been no other changes to any of the articles of incorporation or bylaws for the companies within the Group during the period under examination.

STATUTORY DEPOSITS

Statutory deposits are maintained as required by insurance regulatory agencies for doing business in such jurisdictions. The 2021 AS Schedule E, Part 3 contains a complete description and listing of the statutory deposits by state.

ACCOUNTS AND RECORDS

The Group utilizes information systems to sell products to customers; to establish, service and maintain customer policies; as well as to gather and report financial data. The environment for internal controls over financial reporting is highly automated and includes application controls and system generated reports supporting its financial reporting functions. Significant applications are hosted on multiple servers at the data center located in Blythewood, South Carolina. The majority of the Group’s financially significant applications were developed internally by its information technology staff.

FIDELITY BONDS AND OTHER INSURANCE

The companies in the Group are named insureds under a fidelity bond, which provides the Group and its affiliates with coverage totaling \$10 million in aggregate. The coverage exceeded the minimum amount of fidelity bond coverage recommended by the Handbook for the Group on a consolidated basis.

In addition, the Group is covered by various corporate property and liability policies issued to the Group, which appeared to be adequate to cover risks in the normal course of business.

EMPLOYEE BENEFITS AND PENSION PLANS

All employees of the Group are employees of EMIC. All employees of EMIC are eligible to participate in a defined contribution pension plan that is 100% funded by Genworth, the ultimate parent. Employees are vested in the plan after three years of service. Costs allocated to EMIC for this plan were \$3,825,565 for 2021.

Genworth sponsors postretirement health care and life insurance benefit plans. These plans cover substantially all employees of EMIC subject to age and service requirements. The plan is funded as claims are incurred. EMIC’s share of expenses for retirees under these plans was \$708,438 for 2021.

Genworth also sponsors a qualified and non-qualified defined contribution savings plan covering substantially all employees of EMIC. Employees may contribute a portion of their pay to the plan on a pre-tax basis. Genworth matches these contributions, which vest immediately, up to 4% of the employee’s pay and matches 50% of the next 2% of pay deferred by an employee. EMIC’s share of the savings plan expense was approximately \$2,833,752 for 2021.

EMIC is allocated a share of each plan’s expenses based on a percentage of payrolls. EMIC has no legal obligation for benefits under these plans.

RELATED PARTY AGREEMENTS

Pursuant to various agreements, services such as financial management, operational management, accounting, payroll, internal audit, human resources management, tax, legal, investment advisory, and data processing are provided for or by EMIC and its affiliates. Related party agreements that are material to the Group are as follows:

- a. EMIC has shared services agreements with affiliates EMIC-NC, EMRC, EFAC, and Monument Lane PCC, Inc., whereby EMIC provides financial, investment, underwriting, claims, administrative and other support services, and makes certain underwriting and claims expenditures on behalf of the other companies. EMIC is reimbursed for any direct expenses and overhead costs incurred for providing such services in accordance with the terms specified in each agreement. For the year ended December 31, 2021, EMIC allocated expenses totaling \$326,739 to affiliates under such agreements. Another affiliate, Genworth Servicios, S. de R.L. de C.V., provides similar services to EMIC's Mexico branch and charged EMIC \$161,095 for these services for the year ended December 31, 2021.
- b. EMIC is included in a services and shared expenses agreement with EHI, EMHL, Enact Financial Services, Inc. and Enact Mortgage Services, LLC, effective August 5, 2021. Under this agreement, certain general services such as data processing, communications, marketing, public relations, advertising, sales promotion, investment, human resources, personnel, payroll, finance, accounting, tax, treasury, legal, administration, purchasing, sourcing, and contract administration services are paid on EMIC's behalf by the administrative party. Service fees incurred under this agreement totaled approximately \$49,189,061 for the year ended December 31, 2021.
- c. EMIC is included in a services and shared expenses agreement, effective January 1, 2002, whereby it provides various contract-underwriting services on behalf of Enact Financial Services, Inc. ("EFS"). EMIC allocates direct expenses to EFS on an actual cost basis and joint expenses on a pro-rata basis according to the actual hours expended. EMIC allocated fees totaling approximately \$6,535,856 to EFS in 2021.
- d. The Group is included in a consolidated federal income tax return in accordance with a federal income tax allocation agreement with Genworth, effective May 24, 2004. Effective May 14, 2021, this agreement was amended and restated to have Genworth file the consolidated tax return on behalf of the Group. The Group's tax liability is calculated on a separate stand-alone tax return basis by legal entity. Charges incurred by EMIC, EMIC-NC, EFAC and EMRC under this agreement totaled \$160,098,769, \$531,899, (\$7,161) and \$1,098, respectively, in 2021.

TERRITORY AND PLAN OF OPERATION

EFAC

EFAC is an inactive company that is licensed to write credit insurance to protect lenders and investors against certain losses resulting from non-payment of debts owed to them. EFAC had no in-force policies during the exam period. Its license was restricted to "no new business" effective April 29, 2009, following a voluntary settlement agreement. It remains licensed in 44 states and the District of Columbia.

EMIC

EMIC is licensed to write mono-line residential mortgage guaranty business in all 50 states, the District of Columbia, and the U.S. Virgin Islands. EMIC is the flagship company of the Group and writes all of the Group's Government-Sponsored Enterprise ("GSE") business. EMIC offers both primary coverage on a per mortgage basis with different coverage levels and pool coverage.

EMIC-NC

EMIC-NC is a mortgage guaranty insurer and operated during 2017 and 2018 as a reinsurer of the primary and pool business written by EMIC. During 2020, EMIC-NC began writing non-GSE business. As of December 31, 2021, EMIC-NC was licensed in the District of Columbia and all states except Maine and New Hampshire.

EMRC

EMRC is a mortgage guaranty insurer and operated as a reinsurer of the primary and pool business written by EMIC until 2018. Effective January 1, 2019, EMIC cancelled its reinsurance treaties with EMRC, thereby removing all risk from EMRC books. The cancellation was driven by the elimination of the last of the maximum net retention laws in foreign jurisdictions, which had required any risk greater than 25% of the insured loan balance to be reinsured. As of December 31, 2021, EMRC was only licensed in North Carolina.

TRENDS OF THE COMPANIES

The data obtained from annual statements filed with the Department, as reflected in Appendix B, illustrates the trends of the companies within the Group for the five-year period ended December 31, 2021.

ACTUARIAL OPINION

Every property and casualty insurance company doing business in this State, unless otherwise exempted by the Commissioner, shall annually submit the opinion of an appointed actuary and an actuarial opinion summary in accordance with GS § 58-10-150 and GS § 58-10-155.

The statutory reserves and related items for 2021 were reviewed and certified by EMIC and EMIC-NC's Appointed Actuary, Scott P. Weinstein, FCAS, MAAA of KPMG LLP. Actuarial opinions regarding EMIC and EMIC-NC's loss and loss adjustment expense reserves were issued by an appointed actuary for all years in the examination period. The appointed actuary evaluated the data provided by EMIC and EMIC-NC for reasonableness and consistency of the loss and loss adjustment expense reserves. According to the actuarial opinions, EMIC and EMIC-NC's loss and loss adjustment expense reserves met the requirements of the insurance laws of North Carolina; were consistent with reserves computed in accordance with accepted actuarial standards and principles; and made a reasonable provision for all unpaid loss and loss expense obligations of the Company.

REINSURANCE PROGRAM OVERVIEW

EMIC is subject to Private Mortgage Insurer Eligibility Requirements ("PMIERS"), which are capital requirements promulgated by the GSEs. Reinsurance is used to maximize insurer capital levels to ensure compliance with PMIERS and to protect the Group from a significant loss event.

INTERNAL REINSURANCE CEDED AND ASSUMED

During the examination period, the Group discontinued its program of internally ceding a portion of risk on new policies to affiliates. As of December 31, 2021, there were no ceded or assumed reinsurance agreements in effect with affiliated entities. Effective January 1, 2019, EMIC unwound its internal reinsurance program by cancelling its reinsurance agreements with EMIC-NC and EMRC. The following year, EMIC entered a traditional Excess of Loss ("XOL") agreement with a panel of reinsurers to cover

policies issued between 2009 and 2019 as described in the section below.

EXTERNAL REINSURANCE CEDED AND ASSUMED

Periodically, EMIC enters into reinsurance agreements to cede risk on business written during a specified period of time. During 2021, EMIC entered into four credit risk transfer (“CRT”) treaties to cede risk to third parties. The first treaty was a traditional third-party XOL treaty, while three subsequent 2021 treaties transferred risk to investors in Insurance Linked Notes (“ILNs”) via fully collateralized special purpose reinsurance vehicles. Each reinsurance treaty has a term of ten or more years and provides a unilateral right to commute prior to the full term, subject to certain performance triggers. The treaties cover a subset of mortgage loans in a given book year and are structured as XOL coverage.

1. On February 4, 2021, EMIC entered into a traditional XOL treaty with a panel of reinsurers, which provides up to \$205.8 million of reinsurance coverage on a portion of new insurance written for the 2021 book year, effective January 1, 2021. Each reinsurer is currently rated A minus or better by A.M. Best or S&P. The reinsurers are approved by the GSEs and are contractually required to collateralize a portion (typically 20 to 30%) of the reinsurance exposures consistent with PMIERS.
2. On March 2, 2021, EMIC obtained \$495 million of fully collateralized XOL reinsurance coverage from Triangle Re 2021-1 on a portfolio of existing seasoned mortgage insurance policies written from January 2014 through December 2018 and from October 2019 through December 2019. For the reinsurance coverage period, EMIC will retain the first layer of aggregate losses up to \$212.1 million, and Triangle Re 2021-1 will then provide 100.0% reinsurance coverage for losses above EMIC’s retained first layer up to \$495.0 million. EMIC then retains losses in excess of the outstanding reinsurance coverage amount.
3. On April 16, 2021, EMIC obtained \$302.7 million of fully collateralized XOL reinsurance coverage from Triangle Re 2021-2 on a portfolio of existing mortgage insurance policies written from September 2020 through December 2020. For the reinsurance coverage period, EMIC will retain the first layer of aggregate losses up to \$188.6 million, and Triangle Re 2021-2 will then provide 76% reinsurance coverage for losses above the retained first layer up to \$302.7 million. EMIC then retains losses in excess of the outstanding reinsurance coverage amount.
4. On September 2, 2021, EMIC obtained \$371.5 million of XOL reinsurance coverage from Triangle Re 2021-3 on a portfolio of existing mortgage insurance policies written from January 2021 through June 2021. At closing, EMIC will retain the first layer of aggregate losses up to \$303.5 million, and Triangle Re 2021-3 will provide 72% reinsurance coverage for losses above the retained layer up to \$371.5 million.

During 2020, EMIC entered into one traditional XOL treaty and one ILN XOL treaty for policies written during 2020. The treaties were similar in nature to the treaties described above.

Effective April 1, 2020, EMIC entered into a traditional treaty with a panel of third-party reinsurers for XOL coverage on policies written between 2009 and 2019. The lead reinsurers are HCC Reinsurance Company Limited and Renaissance Reinsurance Ltd. EMIC has retention equal to 6.72% of the estimated direct Risk-in-Force as of June 20, 2020, which equates to retention of \$2.287 billion. The agreement is effective for the ten-year period ending March 31, 2030.

EMIC assumes an immaterial amount of premium under a quota share contract, whereby it assumes 90% of the ultimate net losses from Massachusetts Housing Finance Agency. EMIC assumed premiums totaling \$122,000 in 2021 under this contract.

FINANCIAL STATEMENTS

The financial statements in the Appendix A are based on the statutory financial statements filed with the Department and present the financial condition of each company in the Group for the period ending December 31, 2021. The supporting tables and exhibits present the information required to be included, in conformity with reporting practices prescribed by the Department. The financial statement information related to the prior year is unexamined and is presented for comparative purposes only.

COMMENTS ON FINANCIAL STATEMENTS

Basis of Presentation and Summary of Significant Accounting Policies

The accompanying financial statements have been prepared on the basis of the accounting practices prescribed or permitted by the Department.

The more significant accounting policies followed by Group are as follows:

Bonds: Carried at amortized cost using the scientific method. Bonds with lower credit ratings are carried at the lower of amortized cost or NAIC market value. Bonds not backed by other loans are stated at amortized cost using the scientific method.

Cash and short-term investments: Carried at amortized cost (which approximates fair value) and includes money market instruments and debt securities with maturities of less than one year.

Common stocks: Carried at fair value except investments in stock of subsidiaries, which are carried at a value determined under the equity method.

Preferred stocks: Investment grade perpetual preferred stocks are stated at fair value. Investment grade redeemable preferred stocks are stated at cost. Non-investment grade preferred stock is stated at the lower of cost or fair value.

Premiums: Insurance premiums, net of premiums ceded to reinsurers, are earned over the terms of the policies. The portion of direct premiums written applicable to the unexpired terms of the policies is recorded as unearned premium. Premiums are earned on a pro rata basis. (EMIC and EMIC-NC)

Real estate held for sale: Properties acquired in the settlement of claims and held for sale are carried at the lower of acquisition cost or fair value less estimated costs to sell the property, with the excess over fair value charged to losses incurred in the period that the claim payment is made. Upon disposal of the property, the difference between the sales proceeds and carrying value is charged to losses incurred in the period that the sale is closed. (EMIC only)

Reinsurance: Premiums, commissions, expense reimbursements, and reserves are accounted for on a basis consistent with the original policies issued and the terms of the reinsurance agreements. Premiums ceded are reported as a reduction of premium income. Losses and loss adjustment expenses are reported net of balances ceded to reinsurers. Uncollateralized amounts from unauthorized reinsurers are deducted directly from capital and surplus through a provision for unauthorized reinsurance. Changes to the provision are credited or charged directly to surplus. (EMIC and EMIC-NC)

Non-admitted assets: Certain assets, such as premiums over 90 days past due, excess of book value over market value for securities, prepaid expenses, furniture, equipment, electronic data processing equipment and software, and deferred tax assets, are “non-admitted” and are charged against surplus.

Loan-backed securities: 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.

Unpaid loss & loss adjustment expense: Liabilities for estimated losses determined from case estimates based on the number of reported loan defaults and loss reports and amounts, based on experience, for losses incurred but not reported. Estimated amounts of salvage and subrogation and reinsurance recoverable are deducted from the reserve for losses and loss adjustment expenses. (EMIC and EMIC-NC)

Analysis of Assets

The following represents an analysis of the Company's net admitted assets as of December 31, 2021:

EFAC	Assets	Assets not Admitted	Net Admitted Assets
Bonds	\$6,976,128	-	\$6,976,128
Cash, cash equivalents and short-term investments	2,982,977	-	2,982,977
Total cash and invested assets	9,959,105	-	9,959,105
Investment income due and accrued	99,786	40,106	59,680
Current federal and foreign income tax recoverable and interest thereon	5,162	-	5,162
Total admitted assets	\$10,064,053	40,106	\$10,023,947

EMIC	Assets	Assets not Admitted	Net Admitted Assets
Bonds	\$5,109,655,515	-	\$5,109,655,515
Common stocks	3,000	3,000	-
Properties held for sale	999,580	-	999,580
Receivables for securities	20,740	-	20,740
Cash, cash equivalents and short-term investments	136,451,256	-	136,451,256
Other invested assets	2,238,553	-	2,238,553
Total cash and invested assets	5,249,368,644	3,000	5,249,365,644
Investment income due and accrued	30,642,683	41,488	30,601,195
Premiums and agents' balances in course of collection	42,168,818	-	42,168,818
Net deferred tax assets	668,191,305	630,983,765	37,207,540
Furniture and equipment, including health care delivery assets	403,048	403,048	-
Electronic data processing equipment and software	10,739,269	10,067,305	671,964
Receivable from parent, subsidiaries, and affiliates	623,628	-	623,628
Amounts receivable	426	426	-
Prepaid expenses	6,525,727	6,525,727	-
Total admitted assets	\$6,008,663,548	648,024,759	\$5,360,638,789

EMIC-NC	Assets	Assets not Admitted	Net Admitted Assets
Bonds	\$25,517,034	-	\$25,517,034
Cash, cash equivalents and short-term investments	5,146,531	-	5,146,531
Total cash and invested assets	30,663,565	-	30,663,565
Investment income due and accrued	246,709	42,313	204,396
Premiums and agents' balances in course of collection	82,632	-	82,632
Receivable from parent, subsidiaries, and affiliates	222,645	-	222,645
Total admitted assets	\$31,215,551	42,313	\$31,173,238

EMRC	Assets	Assets not Admitted	Net Admitted Assets
Bonds	\$11,437,443	-	\$11,437,443
Cash, cash equivalents and short-term investments	670,056	-	670,056
Total cash and invested assets	12,107,499	-	12,107,499
Investment income due and accrued	71,061	-	71,061
Total admitted assets	\$12,178,560	-	\$12,178,560

Reinsurance Activity

EMIC has XOL coverage to minimize its exposure to losses. Reinsurance contracts do not relieve the company of its primary obligation to policyholders, and failure of the reinsurers to discharge their obligations could result in losses to the companies. EMIC contracted with Guy Carpenter & Company as a reinsurance intermediary to negotiate and obtain its traditional reinsurance contracts.

Direct, assumed, and ceded premiums written and earned were as follows:

EMIC	2021	2020
Direct written	\$ 983,801,285	\$942,843,911
Assumed written	132,194	188,352
Ceded written	(71,821,736)	(49,083,100)
Net written	912,111,743	893,949,163
Direct earned	1,044,650,979	1,019,580,418
Assumed earned	132,378	188,392
Ceded earned	(71,821,735)	(49,083,100)
Net earned	\$972,961,622	\$970,685,710

EMIC-NC	2021	2020
Direct written	\$ 2,038,260	\$ 765,435
Ceded written	-	-
Net written	2,038,260	765,435
Direct earned	1,814,403	541,852
Ceded earned	-	-
Net earned	\$1,814,403	\$541,852

Both EMRC and EFAC reported no reinsurance activity as of December 31, 2021.

The reinsurers share in the risks at different levels as specified in the reinsurance contracts. The types of contracts and retention limits are described in the Reinsurance Program Overview.

Summary of Reserves

The following provides a reconciliation of the reserves for losses and loss adjustment expenses:

EMIC	2021	2020
Reserve for losses and loss adjustment expenses, beginning of year	\$ 555,700,000	\$235,100,000
Add:		
Provision for losses and loss adjustment expenses, current year	141,300,000	365,000,000
Change in estimated losses and loss adjustment expenses, prior years	(15,900,000)	14,800,000
Total incurred	125,400,000	379,800,000
Deduct:		
Losses and loss adjustment expenses paid, current year	(200,000)	(1,100,000)
Losses and loss adjustment expenses paid, prior year	(39,600,000)	(58,100,000)
Total paid	(39,800,000)	(59,200,000)
Reserve for losses and loss adjustment expenses, end of year	641,300,000	555,700,000
Increase in reserve for losses and loss adjustment expenses	\$85,600,000	\$320,600,000

EMIC reduced reserves by anticipated salvage and subrogation of \$0 as of December 31, 2021. Instead, EMIC recognizes salvage and subrogation only when losses and loss adjustment expenses are paid.

Reserves for losses and loss adjustment expenses are reported net of the amounts that are recoverable under reinsurance contracts. As of December 31, 2021, the liability for losses and loss adjustment expenses was reduced by \$0 for amounts to be recovered from reinsurers.

EMIC-NC	2021	2020
Reserve for losses and loss adjustment expenses, beginning of year	\$ 42,326	\$ 0
Add:		
Provision for losses and loss adjustment expenses, current year	56,383	42,327
Change in estimated losses and loss adjustment expenses, prior years	(7,007)	-
Total incurred	49,376	42,327
Deduct:		
Losses and loss adjustment expenses paid, current year	(5)	(1)
Losses and loss adjustment expenses paid, prior year	(35,319)	-
Total paid	(35,324)	(1)
Reserve for losses and loss adjustment expenses, end of year	56,378	42,326
Increase in reserve for losses and loss adjustment expenses	\$14,052	\$42,326

EMIC-NC reduced reserves by anticipated salvage and subrogation of \$0 as of December 31, 2021. EMIC-NC does not utilize reinsurance. Instead, EMIC-NC recognizes salvage and subrogation only when losses and loss adjustment expenses are paid.

Capital and Surplus

The data obtained from annual statements filed with the Department, as reflected in the Statutory Statement of Capital and Surplus in Appendix A and Appendix C, illustrates the changes in capital and surplus since the Department's last examination as of December 31, 2016.

Contingencies and Commitments

The Enact Mortgage Insurance Group is involved in routine legal and administrative proceedings incidental to the conduct of its business. While the outcome of these matters cannot be estimated with certainty, it is the opinion of management that the resolution of these matters will not have a material effect on the financial position of EMIC and EMIC-NC.

SUBSEQUENT EVENTS

On April 26, 2022, EMIC paid a \$242.5 million extraordinary cash distribution to its immediate parent, EMLH. On October 3, 2022, EMIC paid a \$242.5 million extraordinary cash distribution to its immediate parent, EMLH. The extraordinary distributions for 2022 were approved by the Department on April 5, 2022. On April 1, 2023, EMIC paid a \$157.5 million extraordinary distribution to its immediate parent, EMLH. The extraordinary distribution was approved by the Department on February 27, 2023.

On September 7, 2022, Neenu S. Kainth was elected as Senior Vice President and Director of EMIC, EMIC-NC, EFAC and EMRC.

On March 1, 2023, Daniel J. Sheehan, IV resigned as Senior Vice President and Chief Investment Officer of EMIC, EMIC-NC, EFAC and EMRC.

ERL became a wholly owned direct subsidiary of EMIC on May 16, 2023, and on May 17, 2023, EMIC made an investment in its new subsidiary ERL which investment the Department had approved on March 13, 2022.

Enact Mortgage Insurance Group
DISTRIBUTION OF REPORT ON EXAMINATION
December 31, 2021

Anna Tilton Daniel
Vice President, Chief Compliance Officer & Chief Privacy Officer
Enact Mortgage Insurance Group
8325 Six Forks Road
Raleigh, NC 27615

Rohit Gupta
President, Chief Executive Officer & Chairperson of the Board
Enact Mortgage Insurance Group
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H. Dean Mitchell
Executive Vice President, Chief Financial Officer & Treasurer
Enact Mortgage Insurance Group
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Evan S. Stolove
Executive Vice President, General Counsel & Secretary
Enact Mortgage Insurance Group
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James R. McMullen
Vice President & Controller
Enact Mortgage Insurance Group
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Raleigh, NC 27615

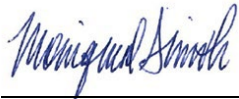
CONCLUSION

The examination procedures described, herein, revealed no material adverse findings or adjustments to surplus.

We conclude that EMIC, EMIC-NC, EFAC and EMRC are in compliance with the capital and surplus requirements of GS § 58-7-75 and the policyholder position requirements of GS § 58-10-125, for the kind of insurance that the companies have been authorized to write. The companies are required to maintain the greater of \$1,250,000 minimum capital and surplus pursuant to GS § 58-7-75 or a minimum policyholder position of not less than one twenty-fifth of the insurer's aggregate insured risk outstanding pursuant to GS § 58-10-125(a) unless the Commissioner grants a waiver from the requirements of GS § 58-10-125(a).

The courteous cooperation and assistance extended by the officers and employees of the companies during the examination is hereby acknowledged.

Respectfully submitted,



Monique Smith, CPA, CFE
Deputy Commissioner
North Carolina Department of Insurance

May 17, 2023

STATE OF NORTH CAROLINA

COUNTY OF WAKE

Dianaliz Toledo, Examination Supervisor, North Carolina Department of Insurance, being first, duly sworn, deposes and says that this multi-entity report on examination, subscribed by her is true and correct to the best of her knowledge and belief.

Signature: Dianaliz Toledo Date: May 17, 2023

Sworn and subscribed before me this 17 day of May, 2023.

Notary Public Signature: Christine M. Williams Notary Public Seal:



Enact Mortgage Insurance Group

APPENDIX A

December 31, 2021

2021 Statutory Statement of Admitted Assets

	EFAC	EMIC	EMIC-NC	EMRC
Bonds	\$6,976,128	\$5,109,655,515	\$25,517,034	\$11,437,443
Properties held for sale	-	999,580	-	-
Cash, cash equivalents and short-term investments	2,982,977	136,451,256	5,146,531	670,056
Other invested assets	-	2,238,553	-	-
Receivable for securities	-	20,740	-	-
Total cash and invested assets	9,959,105	5,249,365,644	30,663,565	12,107,499
Investment income due and accrued	59,680	30,601,195	204,396	71,061
Premiums and agents' balances in course of collection	-	42,168,818	82,632	-
Federal income tax recoverable	5,162	-	-	-
Net deferred tax asset	-	37,207,540	-	-
Electronic data processing equipment	-	671,964	-	-
Receivable from parent, subsidiaries, and affiliates	-	623,628	222,645	-
Total Admitted Assets	\$10,023,947	\$5,360,638,789	\$31,173,238	\$12,178,560

2021 Statement of Liabilities, Surplus, and Other Funds

	EFAC	EMIC	EMIC-NC	EMRC
Losses	\$-	\$629,099,923	\$55,308	\$-
Loss adjustment expenses	-	12,168,817	1,070	-
Other expenses	-	36,823,188	-	-
Taxes, licenses, and fees	111	5,515,148	28,990	-
Current federal and foreign income taxes	-	781,765	200,803	46,642
Net deferred tax liability	14	-	151,903	6,592
Unearned premiums	-	245,867,844	450,920	-
Ceded reinsurance premiums payable	-	(2,912,994)	-	-
Amounts withheld or retained by company for account of others	-	36,418,748	661	-
Remittances and items not allocated	-	1,526,972	1,100	-
Payable to parent, subsidiaries, and affiliates	7,041	8,150,672	15,475	3,326
Checks pending escheatment	-	258,620	-	-
Statutory contingency reserve	-	3,040,783,652	1,333,111	-
Total liabilities	7,166	4,014,482,355	2,239,341	56,560
Common capital stock	2,500,000	4,288,747	2,500,000	2,500,000
Gross paid in and contributed surplus	6,267,727	1,274,405,547	99,757,650	5,750,000
Unassigned funds	1,249,054	67,462,140	(73,323,753)	3,872,000
Total capital and surplus	10,016,781	1,346,156,434	28,933,897	12,122,000
Total Liabilities, Capital, and Surplus	\$10,023,947	\$5,360,638,789	\$31,173,238	\$12,178,560

2021 Statutory Statement of Income

	EFAC	EMIC	EMIC-NC	EMRC
Underwriting Income (Loss)				
Premiums earned	\$-	\$972,961,622	\$1,814,403	\$-
Deductions				
Losses incurred	(2,292)	117,040,559	49,090	-
Loss adjustment expenses incurred	-	8,385,322	286	-
Other underwriting expenses incurred	140,593	234,458,619	606,985	13,007
Total underwriting deductions	138,301	359,884,500	656,361	13,007
Net underwriting gain (loss)	(138,301)	613,077,122	1,158,042	(13,007)
Investment Income				
Net investment income earned	117,886	139,536,062	870,285	240,169
Net realized capital gains (losses)	(135)	(5,691,844)	509,345	(1,946)
Net investment gain	117,751	133,844,218	1,379,630	238,223
Other Income				
Miscellaneous income	-	1,023,899	-	-
Total other income	-	1,023,899	-	-
Net income (loss) before dividends to policyholders	(20,550)	747,945,239	2,537,672	225,216
Federal income taxes incurred	(7,793)	157,162,038	396,190	44,523
Net Income (Loss)	(\$12,757)	\$590,783,201	\$2,141,482	\$180,693

2021 Statutory Statement of Capital and Surplus

	EFAC	EMIC	EMIC-NC	EMRC
Capital and surplus, beginning of year	\$10,060,285	\$1,475,514,520	\$57,517,543	\$11,942,406
Capital and surplus increases (decreases):				
Net income (loss)	(12,757)	590,783,201	2,141,482	180,693
Change in net unrealized capital gains	-	1,419,054	-	-
Change in net unrealized foreign exchange capital gains	-	(309,699)	(44,242)	-
Change in net deferred income tax	7,272	111,361,787	256,168	(1,099)
Change in non-admitted assets	(38,019)	(109,596,998)	(29,853)	-
Dividends to stockholders	-	(200,000,000)	-	-
Contribution to statutory contingency reserve	-	(523,015,431)	(907,201)	-
Surplus adjustments to paid-in capital	-	-	(30,000,000)	-
Change in capital and surplus as regards policyholders for the year	(43,504)	(129,358,086)	(28,583,646)	179,594
Capital and surplus, end of year	\$10,016,781	\$1,346,156,434	\$28,933,897	\$12,122,000

2021 Statutory Statement of Cash Flow

	EFAC	EMIC	EMIC-NC	EMRC
Cash From (Used By) Operations				
Premiums collected net of reinsurance	\$-	\$908,691,806	\$2,008,469	\$-
Net investment income	62,137	139,577,447	930,193	229,803
Miscellaneous income	-	1,023,899	-	-
Total	62,137	1,049,293,152	2,938,662	229,803
Benefit and loss related payments	(2,292)	33,172,250	35,315	-
Commissions, expenses paid and aggregate write-ins	140,527	235,571,155	587,036	13,007
Federal and foreign income taxes paid	3,785	158,722,195	(199,452)	43,851
Total	142,020	427,465,600	422,899	56,858
Net cash from (used by) operations	(79,883)	621,827,552	2,515,763	172,945
Cash From (Used By) Investments				
Proceeds from investments sold, matured, or repaid	5,005,168	1,247,396,477	35,811,750	2,778,761
Cost of investments acquired	2,796,896	1,658,765,656	9,503,608	2,546,896
Net cash from (used by) investments	2,208,272	(411,369,179)	26,308,142	231,865
Cash From (Used By) Financing and Miscellaneous Sources				
Dividends to stockholders	-	200,000,000	-	-
Capital and paid in surplus, less treasury stock	-	-	(30,000,000)	-
Other cash (applied) provided	(381)	4,159,711	(118,061)	(574)
Net cash from (used by) financing and miscellaneous sources	(381)	(195,840,289)	(30,118,061)	(574)
Reconciliation of Cash and Short-Term Investments				
Net change in cash and short-term investments	2,128,008	14,618,084	(1,294,156)	404,236
Cash and short-term investments, beginning of year	854,969	121,833,172	6,440,687	265,820
Cash and short-term investments, end of year	\$2,982,977	\$136,451,256	\$5,146,531	\$670,056

Enact Mortgage Insurance Group
APPENDIX B
December 31, 2021

TRENDS OF THE COMPANIES

EFAC

Year	Net Admitted Assets	Capital and Surplus	Gross Premiums Written	Net Earned Premiums	Net Income(loss)
2021	\$10,023,947	\$10,016,781	\$-	\$-	(\$12,757)
2020	\$10,080,822	\$10,060,285	\$-	\$-	\$29,032
2019	\$10,089,481	\$10,033,616	\$-	\$-	\$74,228
2018	\$9,973,284	\$9,895,440	\$-	\$-	\$1,171,840
2017	\$8,798,876	\$8,794,558	\$-	\$-	\$836,990

EMIC

Year	Net Admitted Assets	Capital and Surplus	Gross Premiums Written	Net Earned Premiums	Net Income
2021	\$5,360,638,789	\$1,346,156,434	\$983,933,479	\$972,961,622	\$590,783,201
2020	\$4,941,619,862	\$1,475,514,520	\$943,032,263	\$970,685,710	\$401,536,930
2019	\$4,278,142,604	\$1,555,512,396	\$840,593,975	\$860,279,912	\$823,349,992
2018	\$3,573,525,297	\$1,380,560,328	\$785,752,913	\$667,609,212	\$608,613,539
2017	\$3,345,974,081	\$1,366,474,340	\$780,049,114	\$622,306,470	\$449,274,027

EMIC-NC

Year	Net Admitted Assets	Capital and Surplus	Gross Premiums Written	Net Earned Premiums	Net Income
2021	\$31,173,238	\$28,933,897	\$2,038,260	\$1,814,403	\$2,141,482
2020	\$58,637,874	\$57,517,543	\$765,435	\$541,852	\$2,574,301
2019	\$55,793,370	\$55,202,467	(\$16,225,175)	(\$3,382,833)	\$23,750,721
2018	\$435,272,955	\$224,764,667	\$78,353,578	\$78,530,529	\$86,215,670
2017	\$394,929,914	\$191,425,651	\$73,692,116	\$72,584,337	\$61,740,878

EMRC

Year	Net Admitted Assets	Capital and Surplus	Gross Premiums Written	Net Earned Premiums	Net Income
2021	\$12,178,560	\$12,122,000	-	-	\$180,693
2020	\$11,995,650	\$11,942,406	-	-	\$174,484
2019	\$11,776,906	\$11,769,475	(\$148,066)	(\$27,093)	\$208,734
2018	\$15,760,442	\$11,580,043	\$606,082	\$663,182	\$627,603
2017	\$15,300,399	\$11,288,172	\$793,242	\$870,805	\$500,502

Enact Mortgage Insurance Group
APPENDIX C
December 31, 2021

CHANGES IN CAPITAL AND SURPLUS

EFAC

	2020	2019	2018	2017
Capital and surplus, beginning of year	\$10,033,616	\$9,895,440	\$8,794,558	\$7,957,568
Capital and surplus increases (decreases):				
Net income	29,032	74,228	1,171,840	836,990
Change in net deferred income tax	(276)	63,948	(70,958)	-
Change in non-admitted assets	(2,087)	-	-	-
Change in surplus as regards policyholders for the year	26,669	138,176	1,100,882	836,990
Capital and surplus, end of year	\$10,060,285	\$10,033,616	\$9,895,440	\$8,794,558

EMRC

	2020	2019	2018	2017
Capital and surplus, beginning of year	\$11,769,475	11,580,043	\$ 11,288,172	\$11,248,221
Capital and surplus increases (decreases):				
Net income	174,484	208,734	627,603	500,502
Change in net deferred income tax	(1,553)	(791,144)	62,043	(343,677)
Change in non-admitted assets	-	771,842	(66,184)	318,528
Contribution to statutory contingency reserve	-	-	(331,591)	(435,402)
Change in surplus as regards policyholders for the year	172,931	189,432	291,871	39,951
Capital and surplus, end of year	\$11,942,406	\$11,769,475	\$11,580,043	\$11,288,172

EMIC

	2020	2019	2018	2017
Capital and surplus, beginning of year	\$1,555,512,396	\$1,380,560,328	\$1,366,474,340	\$1,187,023,454
Capital and surplus increases (decreases):				
Net income	401,536,930	823,349,992	608,613,539	449,274,027
Change in net unrealized capital gain (loss)	(1,726,037)	(125,188,066)	(24,267,751)	67,802,104
Change in unrealized foreign exchange gain/(loss)	15,202	246,840	(457,917)	402,125
Change in net deferred income tax	104,893,193	110,954,113	(76,311,467)	(280,853,252)
Change in non-admitted assets	(98,470,160)	(105,797,514)	(87,240,967)	267,036,151
Surplus adjustments to paid-in capital	-	163,184,564	-	-
Dividends to stockholders	-	(251,410,000)	(60,400,000)	-
Contribution to statutory contingency reserve	(509,884,405)	(441,172,244)	(346,745,655)	(324,504,305)
Withdrawal from statutory contingency reserve	22,875,852	-	-	-
Ten-year release of statutory contingency reserve	761,549	784,383	896,206	294,036
Change in surplus as regards policyholders for the year	(79,997,876)	174,952,068	14,085,988	179,450,886
Capital and surplus, end of year	\$1,475,514,520	\$1,555,512,396	\$1,380,560,328	\$1,366,474,340

EMIC-NC

	2020	2019	2018	2017
Capital and surplus, beginning of year	\$55,202,467	\$224,764,667	\$191,425,651	\$161,481,926
Capital and surplus increases (decreases):				
Net income	2,574,301	23,750,721	86,215,670	61,740,878
Change in net unrealized capital gain (loss)		(15,189,889)	(2,161,939)	8,027,240
Change in unrealized foreign exchange gain/(loss)		-	(2,474)	19,861
Change in net deferred income tax	137,389	(35,690,127)	(4,469,561)	(23,135,853)
Change in non-admitted assets	(12,460)	32,373,458	(6,977,415)	19,583,767
Surplus adjustments to paid-in capital	-	(174,764,607)	-	-
Contribution to statutory contingency reserve	(384,154)	(41,756)	(39,265,265)	(36,292,168)
Change in surplus as regards policyholders for the year	2,315,076	(169,562,200)	33,339,016	29,943,725
Capital and surplus, end of year	\$57,517,543	\$55,202,467	\$224,764,667	\$191,425,651