

16. (2 points)

The following information is provided from an insurance company's 2018 Annual Statement, which was filed on March 1, 2019:

- Policyholders' Surplus is \$35,000,000
- Total Unpaid Loss & LAE is \$95,000,000

Selected Notes to Financial Statements are as follows:

27. Structured Settlements

The company has purchased annuities, under which the claimant is the payee and the company is the owner of the annuity contract, to fund structured settlements. The statement value of these annuities is \$1,300,000 as of December 31, 2018, and no release of liability has been signed.

31. High Deductibles

The company writes high deductible policies for which the total case reserves under the deductible is \$15,000,000 as of December 31, 2018.

a. (1 point)

Evaluate the insurance company's credit risk based on the information provided above.

b. (1 point)

Contrast how uncollectible reinsurance is addressed in each of the following:

- i. Notes to Financial Statements
- ii. Statement of Actuarial Opinion