



Excess Insurance Organization Inc.

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**FINANCIAL STATEMENTS**

**FISCAL YEARS ENDED JUNE 30, 2019 AND 2018  
REPORT OF INDEPENDENT AUDITORS**



**EXCESS INSURANCE ORGANIZATION, INC.**

**Fiscal Years Ended June 30, 2019 and 2018**

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**EXCESS INSURANCE ORGANIZATION, INC.**  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION**  
**FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2019**

The following schedule illustrates how earned premiums (net of reinsurance) and investment income of the Fund compared to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Fund as of the end of each of the last 10 years. The rows of the schedule are defined as follows:

1. This line shows the total of each fiscal year's earned premium, revenues ceded to reinsurers and stop-loss policies, and investment revenues. The total revenues are net of dividends returned to members.
2. This line shows the amount of reported unallocated claim adjustment expenses and reported other costs not allocated to individual claims.
3. This line shows incurred claims and allocated claim adjustment expense of the Fund (both paid and accrued) as originally reported at the end of the first year in which the event occurred that triggered coverage under the contract (called policy year).
4. This section of rows shows the cumulative amounts paid as of the end of each successive year for each policy year.
5. This line shows the latest reestimated amount of claims assumed by reinsurers as of the end of the current year for each policy year.
6. This section of rows shows how each policy year's incurred claims increased or decreased as of the end of each successive year. These annual reestimations result from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims not previously known.
7. This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought.

As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

The columns of the schedule show data for successive policy years.

