DORINCO REINSURANCE COMPANY

NAIC GROUP CODE 0000 — NAIC COMPANY CODE 33499

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - 2020

1. Overview

This discussion provides an assessment by management of the current financial position, results of operations, cash flow and liquidity for Dorinco Reinsurance Company (Dorinco, the Company) for the year ended December 31, 2020. Information presented in this discussion supplements the financial statements, schedules, and exhibits in the 2020 Annual Statement.

Dorinco is a wholly owned subsidiary of Liana Limited which is ultimately a wholly owned subsidiary of Dow Inc. (Dow). Dorinco issues direct property and liability insurance policies to Dow and certain related companies and participates in property and casualty reinsurance treaties covering Dow or unrelated parties with other insurance companies.

1.1. General

Dorinco maintained its strong financial results in 2020. While strengthening underwriting reserves led to a negative underwriting result it was more than offset by increased investment income. Dorinco's financial position remained steady with positive investment income and realized capital gains offset by some unrealized capital losses during 2020.

Overall, Dorinco's admitted assets increased from $1.652 billion at year-end 2019 to $1.661 billion at year-end 2020, reflecting favorable investment income earned, partially offset by $85 million in dividends paid to stockholders during the year.

Dorinco's main focus is to provide an efficient vehicle to Dow to manage its risks and to complement it with top quality profitable unrelated business.

No preliminary merger or acquisition negotiations have taken place during the year.

I. FINANCIAL POSITION

Dorinco's financial position at December 31 was as follows:

	$MILLION 2020	2019
ADMITTED ASSETS		
Bonds	1,067.6	982.1
Equity	0.6	0.8
Other Invested Assets	233.8	235.8
Cash/Short Term Investments	248.9	291.1
Premium Balances	81.2	95.2
Funds Held	9.6	10.4
Reinsurance Recoverable on Loss/LAE Payments	4.8	18.9
Net Deferred Taxes	5.3	5.6
Other Assets	8.9	12.2
TOTAL ASSETS	1,660.7	1,652.1
LIABILITIES		
Unpaid Losses/LAE/IBNR	947.9	907.6
Unearned Premiums	57.6	67.0
Current Federal Income Taxes Payable	21.3	20.8
Ceded Reinsurance Premium Payable	11.6	15.9
Funds Held Under Reinsurance Treaties	1.8	2.4
Provision for Reinsurance	1.6	7.2
Other Liabilities	4.1	7.3
TOTAL LIABILITIES	1,045.9	1,028.2
TOTAL POLICYHOLDER'S SURPLUS	614.8	623.9
LIABILITIES & SURPLUS	1,660.7	1,652.1

IA. ASSETS

Dorinco's year-end 2020 admitted assets increased $8.6 million as compared with year-end 2019, inclining 0.5% during the year. Cash and invested assets increased by $41.1 million or 2.7% versus year-end 2019, primarily due to positive cash flow from operations combined with investment gains, offset in part by the dividends paid to stockholders.

Cash and short-term investments decreased by $42.2 million and other invested assets decreased by $2.0 million while bonds increased $85.5 million in 2020, primarily due to a strategic decision to deploy cash back into the market following the conversion of appreciated assets to cash during 2019.

The goal of Dorinco's investment policy is to maximize its long-term rate of return. Dorinco, via a service contract, utilizes the portfolio management services of Dow's Portfolio Investment group. To accomplish the above stated goal, a diversified investment portfolio consisting of fixed income, equities, and alternative investments has traditionally been maintained. In addition, the Company uses currency and interest rate derivatives for income generation and enters into various future contracts with the objective of adjusting fixed income portfolio duration.

The Company began 2020 with an investment portfolio allocated between domestic and international fixed income assets (65%), other invested assets (16%) and cash and short term investments (19%). The other invested assets portfolio included an allocation to alternative investments (9%) and a loan receivable from the parent (7%). A portion (16%) of the domestic and international fixed assets was invested in higher yield instruments which may carry lower non-investment grade ratings in exchange.

The investment allocations ended the year with increased market exposure and decreased cash. The allocation to cash and short term investments decreased slightly to 16%. Domestic and international fixed income represented 69% of the portfolio assets while other invested assets decreased slightly to 15%, with alternative investments dropping to an allocation of 8% and the loan receivable from the parent steady at 7% in 2020. The portion of the domestic and international fixed income assets invested in higher yield instruments decreased to 13% at the end of 2020.

An analysis of the credit quality, as determined by National Association of Insurance Commissioners ("NAIC") designation, of the total fixed income portfolio at December 31, 2020 and 2019, is set forth in the following table:

	$MILLION			
	2020		2019	
NAIC Designation	Carrying Value	% of Total Carrying Value	Carrying Value	% of Total Carrying Value
1	682.7	63.9%	524.2	53.4%
2	246.9	23.1%	298.7	30.3%
Investment Grade	929.6	87.0%	821.9	83.7%
3	48.8	4.6%	46.8	4.8%
4	62.2	5.8%	86.5	8.8%
5	25.3	2.4%	18.6	1.9%
6	1.7	0.2%	8.3	0.8%
Below Investment Grade	138.0	13.0%	160.2	16.3%
Total	1,067.6	100.0%	982.1	100.0%

The Company has non investment grade investments included in its fixed income portfolio totaling $138.0 million and $160.2 million in 2020 and 2019, respectively. The Company applies the same prudent principles in managing its high yield portfolio, emphasizing diversification standards (such as limits on issuer, industry and geographic locations to minimize concentration risks), credit quality and liquidity and manages its aggregate risk exposure to investment risks against an approved strategic risk allocation and other internal limits and guidelines.

In 2020, the Company's investment portfolios gained 7.2%, compared to a gain of 13.4% in 2019. The year saw the longest economic expansion in U.S. history abruptly reverse course. The sharp and acute recession driven by the onset of the Covid-19 pandemic triggered the quickest contraction in GDP in U.S. history. Coincident with sharp sell-offs in risk-seeking assets in March, and again later in the year as shut-downs became prevalent, an unprecedented amount of monetary and fiscal stimulus was injected into the global economy by many of the major central banks, greatly changing the back-drop for investors. Stock market indices ultimately surged to new highs by year-end, but as market participants attempted to avoid risk, safe haven flows pushed assets into bonds, driving bond valuations up and interest rates lower. This was of benefit to the insurance company portfolios as the bonds held, investment grade corporate debt, convertible debt, emerging market debt and U.S. Treasuries, all rallied during the course of the year.

As the pandemic was beginning to be understood for what it was investors, initially fearing the worst, exited out of stocks and into bonds. The S&P 500 index declined 35%, or 99% on an annualized basis, between February 20th and March 23rd. The Bloomberg Barclays Aggregate Bond Index rallied 5% between February 19th and March 9th, an annualized rate of return of 176%. In March, the Chicago Board of Options Exchange Volatility Index (the 'VIX') spiked to a high of 85 on March 18th, a level of financial market stress not seen since October 24th, 2008 in the midst of the Global Financial Crisis.

Investors were pretty quick to change their thinking. Realizing companies mandating employees to stay home must also remain productive, investors piled into technology stocks. Those companies with business models enabling 'work-from-home' during shutdowns stood out as most resilient. As a result, stock market indices rallied and those indices constructed with market capitalization weightings grew much more concentrated. Much of the performance of the S&P 500 was driven by six companies: Facebook, Apple, Alphabet, Amazon, Netflix and Microsoft. The superior earnings, historical and projected growth rates as well as their liquid, large-cap profile allowed many investors to flock into these higher quality companies along with other mega-cap growth stocks. The markets had begun to heal already.

By May 2020, catalyzed by low rates and Federal Reserve liquidity facilities back-stopping corporate bonds, investment grade corporate bond issuance had eclipsed the average full-year amount of issuance. The issuance was absorbed very well with both investment grade and non-investment grade bond indices staging significant rallies through the end of June, despite record amounts of new supply. The Bloomberg Barclays High Yield index increased 20% from mid-March through June 20th while the Bloomberg Barclays U.S. Aggregate Bond Index was up 7% over that same period. Evidence shows both equity markets and bond markets had made it through the initial stages of the economic contraction with amazing resilience.

The ability of the financial markets to look beyond the acute contraction of the global economy is pretty significant given the statistics observable at that time. On a year-over-year basis, U.S. industrial production contracted 15% in the month of April. In the global financial crisis a similar contraction had occurred, but it took more than two years to develop before slowly reversing course. In 2020, by contrast, the contraction occurred in less than two months! Capacity utilization plummeted to only 65%, a level lower than seen any time since 1980 and lower than what was observed in the depths of the global financial crisis of 2008-2009. ISM surveys tracking manufacturing and non-manufacturing activity diffusion indices dropped precipitously to readings of 43.1 and 45.4, respectively. A reading below 50 shows contraction. Durable goods orders were down ~30% on a year-over-year basis. Things were not looking good!

The typical U.S. consumer was facing difficult headwinds. Initial jobless claims spiked to 2.2 million in March while the unemployment rate hit nearly 15%. Personal consumption cratered and fell to levels not seen since the

1970s and early 1980s during and following the oil crisis. Fiscal stimulus measures taken – including the Paycheck Protection Program or 'PPP' – mitigated some of the pain trickling through the economy. Small businesses – where more than half of Americans are employed -- benefited from bank loan programs, SBA loan forgiveness, disaster relief and other financial assistance, and small business optimism improved. However, the bond market had already started to reflect some easing of the risks. In a matter of 10 trading days in mid-March, the Bloomberg Barclays Aggregate Bond Index declined ~9% from highs seen on March 9th to close March 19th at levels 4% lower than where the year had begun, indicating market participants were already reallocating out of bonds.

By around mid-year 2020, markets had grown accustomed to the economic overhang caused by the pandemic and investors had begun to become significantly more aware that science and technology would allow normal life to return. The question was 'when?' Activity and mobility data provided insights about easing lock-down restrictions. Coupled with the diminishing pace of new Covid-19 cases, economies were showing there were ways to live with the complications of the virus. By the end of June, the S&P 500 index had rallied 41.5% from the March lows, retracing all but 8.5% of the pull-back. By July 28th, the Bloomberg Barclays U.S. Aggregate Bond Market Index had surpassed the spike seen on March 10th. By August 12th, the pre-pandemic level of the S&P 500 of 3,373 last seen February 20th had been eclipsed.

With that improving outlook, slightly more bullish earnings outlooks for companies began to emerge. Markets began to price in the future reality that mobility of the world's population would return and with it, economic growth. That story continued to shape asset markets into the latter half of 2020 and an equity market rotation into broader, pro-cyclical industry sectors commenced. Couple those forces with a Federal Reserve that had made it clear it was going to wait to tighten monetary policy until after inflation *exceeded* their long-term goal of 2% and the markets were set up to rally further. The Fed Dot Plot suggests it will not be until after 2023 that short-term interest rates will increase from the current policy target of 0% to 0.25% and markets believe them. As of the date of this market analysis discussion (March 21, 2021) markets are assigning only a 2.5% likelihood of a rate hike between now and January 2022.

In 3Q and 4Q, Covid-19 vaccine development, trials and production moved to center stage, offering further support to financial markets. It had become clear by then that a large percentage of the population in G7 economies could have access to safe and effective vaccines as early as 1H21. Noting the significant proportion of global populations already exposed to Covid-19, and coupling that with the possibility that at least three or four vaccines would be approved for emergency use in several countries by year-end, it became reasonable to believe herd immunity was possible by the spring or summer of 2021, making it possible to open economies, ultimately providing further uplift in markets as 2020 drew to a close.

However, the election cycle in the U.S. brought with it a lot of uncertainty heading into November. By June, President Trump was seen having a 42% approval rating. His approval rating had peaked just shy of 50% in late March, prior to the onset of the first wave of Covid-19 cases, then trended lower throughout much of the year. The probability of Trump winning the election had a similar trajectory, declining from 50+% in March 2020 to 44% by the first week of June. In contrast, Joe Biden's probability of winning remained stable before increasing substantially in the summer months, when polling suggested he was approximately 57% likely to win. But partisanship in the latter half of the year created political gridlock, putting at risk negotiations for further economic stimulus to address Covid-19. What Democrats in the House had passed twice stalled in the Republican-controlled Senate.

Despite the many unprecedented challenges, the equity markets proved -- more than once, in fact -- to be a useful lens with which to accurately gauge optimism. Equity markets looked through the lockdowns and strains of the pandemic with a laser focus. Consumers were experiencing increased savings rates and bloated cash balances. There was a potential for companies to exploit pricing power in advance of mobility and activity returning to pre-pandemic norms. Housing prices exploded due to extraordinarily low mortgage rates sparking people to attempt to morph 'work from home' into 'work from *vacation* home'.

The S&P 500 index finished the year 10.8% higher than that pre-pandemic, February 20th high and up roughly 16% on the year ignoring the effects of dividends (or 18% when including them). The price action in the bond market was similarly bullish as the Bloomberg Barclays Aggregate Bond Index rallied about 4% in price beyond the spike seen in early March, bringing the total return to slightly less than 10% when including coupon income. The high yield markets finished the year in positive territory, with the Bank of America High Yield Master Index up roughly 6% while convertible bonds, bonds with equity upside due to conversion features, finished up 52%.

As 2020 came to a close, our fixed income portfolio represented roughly 69% of our invested assets and finished the year up 7.6%. The fixed income portfolio is well diversified across asset classes, credit quality and duration with the different allocations each providing strong performance (in decreasing order of asset allocation): Aggregate Credit (23% of the portfolio) up 9.2%, Long Government/Credit (23%) up 13.7%, Emerging Market Debt (16%) up 5.6% and Convertible Debt (7%) up 14.5%. In addition to the fixed income allocation, the portfolio consists roughly 8% of alternative assets, including private equity, and that allocation finished the year with a gain of roughly 6.5%. As bond markets continued to outpace expectations, we elected to reallocate out of fixed income bonds which had rallied, some of which were of longer duration, favoring cash. As a result, Cash represents about 16% of the portfolio as we begin 2021, a level of liquidity which is atypical and more conservative than is necessary given the rebound and new expansionary economic cycle.

Another source of returns is our equity derivatives overlay. On a quarterly basis, we seek to establish synthetic exposure to the equity market via a long position in equity call options (a 'call spread') financed by short put options. The notional size of the put options is intended to be roughly equivalent to 5% of the total portfolio at inception. The tenor of the derivatives is limited so the positions expire within the current quarter, enabling a disciplined approach to quarterly and full-year risk and return targets. Since initiating the strategy at the beginning of 2018, the company has deployed the strategy 13 times. Five of those instances resulted in gains, four resulted in losses and four other quarterly results were neutral.

For those quarters with a positive outcome, cumulative gains of $5.7 million were realized or roughly $1.1 million in each quarter. Cumulative losses across those four quarters with an adverse outcome total $5.1 million. The only quarterly loss of any significance was 1Q20. During the volatile sell-off in March at the onset of the Covid-19 pandemic, the portfolio investments team exited the S&P 500 derivatives position established at the beginning of the quarter, realizing losses of roughly $4.1 million. Losses across the other three quarters resulted in a cumulative loss of roughly $1 million, or roughly $0.3 million per quarter. In four other quarters, the results were neutral. Market volatility like the Covid-19-induced equity market sell-off is rare and we expect the strategy will continue to yield an attractive risk-adjusted return of $3 to $4 million dollars annually.

With 2021 already underway and nearly one quarter complete, fiscal stimulus put forth by the newly installed Democratic majorities in both the U.S. House of Representatives and the U.S. Senate has recently been signed into law by President Biden. As a result, markets are beginning to assess the risks of increased inflation, the effects of which may steepen the yield curve, raise yields and potentially weaken the U.S. dollar. With our higher than normal cash balance, we are positioned to reallocate back into bonds when better valuations can be found as and when those macroeconomic factors play out.

Premium receivables and reinsurance recoverables decreased by a combined $28.9 million in 2020 versus 2019 largely due to decreased premiums written during 2020 combined with a decrease in reinsurance recoverables at year end stemming from a late 2019 loss. Premium receivable balances are gross of ceded reinsurance premiums payables of $11.6 million in 2020 and $15.9 million in 2019.

IB. LIABILITIES

Loss and loss expense reserves are stated at Dorinco's estimate of the ultimate loss, net of ceded reinsurance recoverables. Included as a reduction to unpaid loss reserves are $357.9 million of recoverables from affiliate Dorintal Reinsurance Limited. This balance is fully collateralized by a reinsurance trust. The remaining recoverables are with companies rated A or better by a reputable insurance rating agency or are not material.

The amount of reserves related to reported claims for direct business is based upon a case-by-case estimate determined by the claims professionals employed by Dorinco. Other reserves on other business assumed are based on statements received from ceding companies. Loss and loss expense reserves are not discounted.

The estimate of losses arising from claims which have not yet been reported (IBNR) to Dorinco is based upon management's best judgment; however, the ultimate liability may be in excess of or less than the amounts provided. All unpaid reserves reported and IBNR are certified annually by a qualified independent actuary.

Activity with respect to loss and loss expense reserves for the last two years is detailed below:

	$MILLION	
	2020	2019
Unpaid Losses and Loss Expense at Beginning of Year	907.6	803.9
Loss and Loss Expenses Incurred for Current Year	195.9	218.9
Increase (Decrease) in Estimates for Prior Loss Years	(19.6)	12.4
Loss and LAE Payments Made in Current Year	(136.0)	(127.6)
Unpaid Losses and Loss Expenses at End of Year	947.9	907.6

During 2020, Dorinco continued its review of outstanding reserves and, based on loss history, trends, claim reporting activity and analysis of existing claims, it was determined the total reserves were adequate.

Unearned premiums decreased from $67.0 million in 2019 to $57.6 million in 2020, reflecting a decrease in gross written premiums for the Company’s third party business.

IC. CAPITAL AND SURPLUS ACCOUNTS

There has been no change to the capital stock or paid in and contributed surplus for the last two years.

Dividends totaling $85 million were declared and paid in 2020. There were $30 million dividends declared and paid in 2019.

Policyholder's surplus decreased from $623.9 million at December 31, 2019, to $614.8 million at December 31, 2020. During 2020, the Company generated a profit after tax of $72.6 million from operations. This was combined with $4.0 million in decreased non-admitted assets and $5.6 million in change in provision for reinsurance. However, these increases to surplus were more than offset by a $85 million dividend, $4.7 million in deferred taxes and $1.6 million in unrealized losses contributing to an overall decrease in policyholder's surplus of $9.1 million, or 1.5%, during 2020.

II. RESULTS FROM OPERATIONS

Dorinco produced net income of $72.6 million for the year. Earned premiums in 2020 were $214.4 million, as compared with $244.7 million in the previous year. The decrease in the earned premiums balance was due mainly to a decrease in certain assumed reinsurance contracts which was only partially offset by an increase in the net written premiums for the direct property and liability insurance policies issued to Dow.

The underwriting results for 2020 produced a loss of $2.1 million. This loss was offset by net investment income of $72.6 million, which included $42.0 million of net realized capital gains. The Company carried $1.6 million of unrealized capital losses (net of taxes) in a portfolio consisting of $1.6 billion of invested assets. The investment portfolio was split approximately 68.8% fixed income, 15.2% other investments, and 16.0% cash and short term investments at year end 2020.

Cash flow from operations was $82.7 million, increasing from $43.7 million in 2019, primarily due to a $8.3 million increase in premiums collected combined with a $4.5 million increase in miscellaneous income, a decrease of $13.2 million in benefit and loss payments, a $2.1 million decrease in commissions and other expenses paid, and a decrease of $18.2 million in income taxes paid. These increases in cash were partially offset by a $7.3 million decrease in investment income (see also Cash Flow section below).

The Company continues to add value for policyholders in the related captive segment of its business which made up approximately 45% of 2020 earned premiums. The unrelated business, making up the remaining balance of 2020 premiums, continues to present opportunities in niche markets in which the Company participates. Dorinco has solidified its position as a niche market for assumed reinsurance, specializing in less volatile lines of business offering predictable and consistent results. The company is well-positioned for the current market cycle. Regional U.S. insurance companies continue to be the Company's targeted clients.

REINSURANCE PROGRAM

Dorinco participates in an intra group reinsurance plan that utilizes the capacity of each company within the group. Sister company Dorintal Reinsurance Limited participates as a reinsurer (all reserve balances are secured). Separate reinsurance arrangements with commercial insurers and reinsurers exist for the coverage provided to the ultimate parent.

ORGANIZATIONAL PROCESS

The Company utilizes a quantitative pricing model and has taken a 'hands on' approach to management of its reserving practices. The Company contracts actuarial services from Marsh, whose services are provided by an actuary exclusively dedicated to Dorinco, who is a former Dorinco employee. The actuary interfaces with the independent consulting actuary appointed by the Board of Directors.

RISK MANAGEMENT OF CATASTROPHE EXPOSURES

Guidelines are established for assumed contracts with catastrophe exposure to include a cap to the limit of liability. Maximum exposure by contract is monitored on a geographic basis. This information is used in establishing underwriting direction and the purchasing of reinsurance. With the reduction in the assumed reinsurance portfolio subject to catastrophe loss, the Company currently relies less on catastrophe modeling of probable maximum loss and more on the monitoring of its exposures on a gross limits exposed basis.

ENTERPRISE RISK MANAGEMENT

The Company utilizes several models, metrics and evaluation methodologies in effectuating enterprise risk management. Insurance risk management techniques include: underwriting, catastrophe management, and reserve adequacy management. Dorinco looks for non-correlation of Dow and third-party risks. Third party risks are mainly U.S.-only exposed, primarily short-tail non-standard auto risks. Geographic exposure accumulation is described under "Risk Management of Catastrophe Exposures." Reserves are established internally by claim, line of business, and/or policy. Reserves are reviewed internally on a quarterly basis and annually by external actuaries. Methodologies used in reserve analysis include: Company loss development, industry loss development, adjusted loss development and Bornheutter Ferguson.

Investment risk management includes setting parameters for asset allocation, volatility appetite, and investment policy. These investment measures are monitored by the Finance Committee and presented to the Board of Directors.

There is a Board-approved delegation of authority for policy underwriting, based upon business type, premium level, and exposure limits. There is an established delegation of authority for claim payments, with larger payments requiring formal review prior to authorization.

Optimization of capital structure is reviewed quarterly and maximum policy limits and investment risk are monitored at that time. The Finance Committee and Board of Directors meet quarterly; the management team meets monthly, at a minimum. Dorinco leverages its formal disaster recovery program from its ultimate parent.

UNDERWRITING RESULTS

	$MILLION 2020	2019
Underwriting Results:		
Gross premiums written	304.8	350.2
Net premiums written	205.0	233.2
Net premiums earned	214.4	244.7
Loss and loss adjustment expense ratio	82.3%	94.5%
Underwriting expense ratio	18.0%	18.3%
Combined ratio	100.3%	112.8%

Gross premiums written decreased to $304.8 million in 2020, from $350.2 million in 2019, primarily due to a decrease in assumed business from the unrelated business segment of the Company's business during 2020 in the Company's primary regional target. Net premiums written were impacted by the reduced written premiums with a $9.0 million increase in direct premium for 2020 having been more than offset by a $37.2 million decrease in assumed business from the unrelated business segment of the Company's business. Net premiums earned decreased similarly.

Dorinco's combined ratio as reported in the Annual Statement for 2020 amounted to 100.3%, a decrease from 112.8% in 2019. Refer to 1B Liabilities.

Dorinco is a part of Dow's consolidated federal income tax return. Dorinco and Dow have entered into a tax allocation agreement whereby Dorinco computes and pays its tax obligation as if separate returns were being filed.

III. CASH FLOW AND LIQUIDITY

CASH FLOW

Primary sources of cash for the Company include cash provided from premiums collected, dividend and interest income, and proceeds from the sale or maturities of invested assets. The cash flows for Dorinco for 2020 and 2019 are summarized below:

	$MILLION	
	2020	2019
Cash Provided by Operations	82.7	43.7
Cash From Investment Activities	(40.0)	171.6
Other Cash Used	(85.0)	(28.9)
Net Change in Cash and Short-Term Investments	(42.3)	186.4

Operating cash flow in 2020 was higher than in 2019, primarily due to $18.2 million decreased income taxes paid, a decrease of $13.2 million in benefit and loss payments, a $8.3 million increase in premiums collected, a $4.5 million increase in miscellaneous income and a $2.1 decrease in commission expenses, partially offset by $7.3 million in decreased investment income.

Net cash from investment activities was $311.5 million lower in 2020 due to acquiring more bonds than disposing during 2020, when compared to 2019 when more bonds were sold than acquired.

Other cash used increased in 2020, primarily due to a stockholder's dividend payment in 2020 of $85.0 million, as compared to $30 million paid in 2019. See also Note 13D to the 2020 Annual Statement.

Dorinco made no significant capital expenditures in 2020.

LIQUIDITY

Dorinco collects and invests premiums written in advance of payments for associated claims. Funds available for investment which exceed the amount required to satisfy liabilities are primarily invested in fixed income, equities and short-term securities.

For 2020 and 2019, Dorinco met its cash needs from internally generated funds. Dorinco does not anticipate any difficulties in meeting its future cash needs.