



BEST'S COMPANY REPORT



SAMPLE PROPERTY/CASUALTY INSURANCE COMPANY

Domiciliary Address: 123 Main Street, Oldwick NJ, United States 08858

Administrative Address: 123 Main Street, Oldwick NJ, United States 08858

Mailing Address: 123 Main Street, Oldwick NJ, United States 08858

AMB #: XXXXXX

NAIC #: XXXXX

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Best's Credit Rating Effective Date

September 23, 20XX

Analytical Contacts

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Information

- [Best's Credit Rating Methodology](#)
- [Guide to Best's Credit Ratings](#)
- [Market Segment Outlooks](#)

Financial Data Presented

The financial data in this report reflects the most current data available to the Analytical Team at the time of the rating. Updates to the financial exhibits in this report are available here: [Best's Financial Report](#).

Sample Property/Casualty Insurance Company

AMB #: XXXXXX | **NAIC #:** XXXXX | **FEIN #:** XX-XXXXXXX

Ultimate Parent: AMB # XXXXXX - Sample Holdings Corp.

Best's Credit Ratings

Financial Strength Rating (FSR)

A
Excellent
Outlook: Stable Action: Affirmed

Issuer Credit Rating (ICR)

a
Excellent
Outlook: Stable Action: Affirmed

Assessment Descriptors

	Balance Sheet Strength	Strongest
	Operating Performance	Strong
	Business Profile	Limited
	Enterprise Risk Management	Appropriate

Rating Rationale

Balance Sheet Strength: **Strongest**

- Lion Insurance Company (Lion) maintains the strongest level of risk-adjusted capitalization, as measured by Best's Capital Adequacy Ratio (CAR), which benefits from a high credit quality investment portfolio and low reinsurance dependence.
- The company has grown surplus organically in each of the last five years. The compound annual growth rate of surplus over the latest five-year period compares favorably to the rate of net premiums written in the same period.
- Lion's net loss reserves have mainly consisted of 2000 losses arising from estimated low frequency, high severity claims that probable above the \$1.5 million deductible in the policy of its affiliate, South East Personal Lines, Inc. (SEPLI).
- Reserve development in a calendar year basis has been robust, but these robustness are slightly offset by voluntary reinsurance contributions by Lion to its first layer of reinsurance, \$1.5 million excess \$1.5 million in some years. The net contribution premium was minimal, and there are no more contributions available.

Operating Performance: **Strong**

- Lion has reported very favorable results on its high deductible policy each year in the last decade with periodic returns on net premiums earned outperforming the workers' compensation composite.
- Underwriting results have been favorable with loss and loss adjustment expense ratios markedly lower in each of the last five years compared to the workers' compensation composite.
- Lion's low net investment yield is mainly attributable to the inclusion of 20% collateral funds in Lion's invested assets, but Lion is selling out interest income earned on 20% funds.

Business Profile: **Limited**

- Lion is dedicated to writing a high deductible workers' compensation policy for an affiliate, SEPLI.
- SEPLI and Lion are related through common ownership with the ultimate distributor for Lion being John Perrowe and the ultimate owners of SEPLI being John and Deborah Perrowe.
- SEPLI also has a high deductible policy with an unaffiliated carrier in those states where Lion is not licensed, namely California and New York, all premium covering losses above the high deductible is assumed from that carrier by Lion.
- Lion benefits from its leading position in the construction industry and its ability to write small business risks and start-ups.

Enterprise Risk Management: **Appropriate**

- The company employs traditional risk management techniques focusing on areas such as underwriting, investments, liquidity, credit, regulatory changes, operational, and cyber risk exposure.
- Action plans are developed to measure, monitor and mitigate risks arising from identified and emerging exposures.
- ERM activities were recently enhanced with the introduction of stress testing for a number of the company's large risks.

Outlook

- The rating outlooks reflect AM Best's expectation that the company's overall balance sheet strength assessment will remain in the strongest range and that operating results will be profitable over the intermediate term, contributing to organic surplus growth.

Rating Drivers

- Negative rating actions could be taken should there be a deterioration in the company's operating performance.
- Negative rating actions could be taken should prior year reserve development result in a material decline in the company's overall balance sheet strength assessment.
- Negative rating actions could be taken should there be a material adverse change in the results of affiliate South East Personal Lines, Inc., from which Lion derives virtually all of its premium and has substantial credit exposure.
- While outlooks over the near term, positive rating actions may occur should Lion's overall balance sheet strength assessment improve markedly and at a sustained level.

Key Financial Indicators

Best's Capital Adequacy Ratio (BCAR) Scores (%)

Confidence Level	95.0	99.0	99.5	99.6
BCAR Score	95.0	99.0	99.5	99.6

Source: Best's Capital Adequacy Ratio Model - P/C, US

Key Financial Indicators USD (000)	6-Months		Year End - December 31				
	20XX	20XX	20XX	20XX	20XX	20XX	20XX
Premiums Written:							
Direct	11,000	11,000	11,000	11,000	11,000	11,000	11,000
Assumed*	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Ceded*	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Net	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Net Operating Income	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Net Income	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Total Admitted Assets	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Policyholders' Surplus	100,000	100,000	100,000	100,000	100,000	100,000	100,000

Source: BestLink® - Best's Financial Suite

*Quarterly premiums include affiliated reinsurance premiums that are eliminated in annual assumed and ceded values.

Key Financial Ratios (%)	6-Months		Year End - December 31					Weighted Average
	20XX	20XX	20XX	20XX	20XX	20XX	20XX	
Profitability:								
Combined Ratio	95.0	95.0	95.0	95.0	95.0	95.0	95.0	95.0
Reserve Development Combined Ratio Impact	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Net Investment Yield	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Pre-Tax Operating Return on Net Earned Premiums	95.0	95.0	95.0	95.0	95.0	95.0	95.0	95.0
Net Income Return on Policyholders' Surplus	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Total Return on Policyholders' Surplus	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Leverage:								
Net	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Gross	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Non-affiliated Investment	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0

Source: BestLink® - Best's Financial Suite

Credit Analysis

Balance Sheet Strength

Our insurance carriers through risk-adjusted capitalization as measured by Best's Capital Adequacy Ratio (BCAR), which benefits from a high credit quality investment portfolio and low reinsurance dependence. It is important to note, however, that most of the claims being settled are claims that fall under 95% to 99.5 million deductibles, as such, they are not reflected in our's Income Statement, and the large collateral balance held on our's Balance Sheet that is maintained to pay those claims is not being charged to the BCAR score. Fully offsetting that concern is the collateral balance which is maintained over the actual required amount to meet claim obligations.

The balance sheet has some unique aspects as a result of the high deductible policy written by affiliate South East Personal Lines, Inc. (SEPL). Collateral funds from SEPL to cover its obligations have comprised around two-thirds of our's total liabilities in each of the last five years. In 20XX, it was 50%.

The company's underwriting leverage ratio compares favorably to the averages for the workers compensation industry composite. Leverage ratios have been very conservative with 95% / Surplus of 1.12 and 100% / Surplus of 1.00 at year-end 20XX. The largest item in our liabilities, as mentioned above, has been the collateral funds from affiliate SEPL. The net leverage ratio at year-end 20XX was 1.16, slightly lower than the prior year. The year-end net leverage ratio benefits from any 95% unearned premium underwriting on the policy to SEPL renews on January 1.

Balance Sheet Strength (Continued...)

SPC retains the first \$1 million of losses under a large deductible with Lion and State National Insurance Company. The company's net retention is the next \$0.1 million excess of the SPC deductible. The first year is \$1.1 million excess \$1.1 million with a 20% co-participation. Terms years are \$1.1 million excess \$1.1 million with a 20% co-participation, \$11.1 million excess \$11.1 million, and \$11.1 million excess \$11.1 million.

Capitalization

The company has grown surplus organically in each of the last 3 years. The compound annual growth rate of surplus over the latest five-year period was 1.2% which compares favorably to the rate of 1.4% for net premiums written in the same period.

Capital Generation Analysis USD (000)	6-Months		Year End - December 31				
	20XX	20XX	20XX	20XX	20XX	20XX	20XX
Beginning Policyholders' Surplus	25,000	25,000	25,000	25,750	26,500	27,250	28,000
Net Operating Income	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Net Realized Capital Gains (Losses)	50	50	50	50	50	50	50
Net Unrealized Capital Gains (Losses)	50	1,100	1,000	1,000	1,000	1,000	1,000
Net Change in Paid-In Capital and Surplus	-	-	-	-	-	-	500
Other Changes in Capital and Surplus	50	50	50	50	50	50	50
Net Change in Policyholders' Surplus	1,600	1,600	1,600	1,600	1,600	1,600	1,600
Ending Policyholders' Surplus	26,600	26,600	26,600	27,350	28,100	28,850	29,600
Net Change in Policyholders' Surplus (%)	6.4	6.4	6.4	6.2	6.1	6.0	5.8
Net Change in Policyholders' Surplus (5 yr CAGR)	-	-	5.2	-	-	-	-

Source: BestLink® - Best's Financial Suite

Liquidity Analysis	6-Months		Year End - December 31				
	20XX	20XX	20XX	20XX	20XX	20XX	20XX
Net Operating Cash Flow USD (000)	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Current Liquidity (%)	175	180	182	185	187	190	192

Source: BestLink® - Best's Financial Suite

Asset Liability Management - Investments

SPC's investment portfolio is relatively conservative with a heavy allocation to common equities and no alternative assets. Management reports that the fixed income portfolio, which is actively managed, has an average duration of 4.04 years (20% have a duration less than 1 year, 20% have a duration less than 1 year). The company's asset liability ratio reflects this conservative allocation of assets and has been well above the industry conservative composite in each of the last five years as have been the current and trend liability ratios, although not to the same degree. Invested assets include the collateral funds provided by SPC to fund losses under its large deductible policy.

Composition of Cash and Invested Assets	6-Months		Year End - December 31				
	20XX	20XX	20XX	20XX	20XX	20XX	20XX
Total Cash and Invested Assets USD (000)	25,000	25,000	25,000	25,750	26,500	27,250	28,000
Composition Percentages (%)							
Unaffiliated:							
Cash and Short Term Investments	50	50	50	50	50	50	50
Bonds	750	750	750	750	750	750	750
Stocks	10	10	10	10	10	10	10
Other Invested Assets	50	-	-	-	-	-	-
Total Unaffiliated	810	810	810	810	810	810	810
Total	25,810	25,810	25,810	26,560	27,310	28,060	28,810

Source: BestLink® - Best's Financial Suite

Balance Sheet Strength (Continued...)

Bonds and Short Term Investments - Distribution by Maturity (%)	Years					Average (Years)
	0-1	1-5	5-10	10-20	20+	
Government Bonds	55	27	18	0	0	33
Government Agencies and Municipal Bonds	12	11.2	11.2	17	55	18
Industrial and Miscellaneous Bonds	28	58.8	68.8	18	35	38
Total Bonds	95	96.8	86.8	35	90	31

Source: BestLink® - Best's Financial Suite

Reserve Adequacy

Over the last five years, BEST has completed approximately 95% of total net loss and LAE reserves, compared with an average of approximately 75% for the national compensation companies. As a result of the high deductible policy with 50%, the losses are from the frequency, high severity type claims that penetrate through the deductible. Calendar year loss reserve development has been substantial in each of the last five calendar years. In turn, 50% funds the calendar to meet the actuarially reported amount of future reserves together with an additional reserve of \$25.0 million. These delinquencies and receipts do not flow through year's underwriting account or cash flow.

Loss and Loss Adjustment Expense Reserves and Development - Calendar Year	6-Months		Year End - December 31				
	20XX	20XX	20XX	20XX	20XX	20XX	20XX
Loss and ALAE* Reserves USD (000)	7,100	6,500	7,100	6,500	6,500	6,500	6,500
Loss and ALAE* Reserves Development USD (000)	50	75	50	75	75	75	75
Development to:							
Original Reserves (%)	0.7	1.1	0.7	1.1	1.1	1.1	1.1
Prior Year End Reserves(%)	0.8	1.1	0.8	1.1	1.1	1.1	1.1
Prior Year End Surplus (%)	0.2	0.1	0.2	0.1	0.1	0.1	0.1

Source: BestLink® - Best's Financial Suite

* Interim LAE reserves balances displayed include Adjusting and Other Unpaid as well as Defense and Cost Containment Unpaid. Year End LAE balances include Defense and Cost Containment Unpaid only.

Loss and Loss Adjustment Expense Reserves and Development - Accident Year	Year End - December 31				
	20XX	20XX	20XX	20XX	20XX
Original Loss and ALAE Reserves USD (000)	6,500	6,500	6,500	6,500	6,500
Loss and ALAE Reserves Developed thru Latest Year End USD (000)	6,500	6,500	6,500	6,500	6,500
Development to Original Reserves (%)	100	100	100	100	100
Accident Year Loss and LAE Ratio (%)	91.1	91.1	91.1	91.1	91.1
Accident Year Combined Ratio (%)	91.1	91.1	91.1	91.1	91.1

Source: BestLink® - Best's Financial Suite

Holding Company Assessment

The holding company assessment is Neutral.

Operating Performance

Loss has reported very favorable results on its high deductible policy each year in the last decade with gross loss returns on net premiums earned averaging approximately 31.4% over that period compared with 23.2% for the national compensation companies. The gross loss return on surplus over the same period is 1.1% compared with 1.4% for the companies, most is due to the lower operating leverage being generated from the high deductible policy compared with the companies' business which is comprised predominantly of low or no deductible policies.

Operating Performance (Continued...)

Underwriting results have been very favorable with a loss & LAE ratio that has not exceeded 90% in any year over the last decade compared with the workers' compensation composite that has never been below that level (lowest ratio for the composite was 85.4% in 2017) and the first year loss and loss adjustment expense ratio exceeded 90% at 98.4% due to higher frequency with four major claims reported by 1/30/2018. Despite higher than average expense ratios, the company has reported combined ratios below 90% over the last decade including 2018, whereas the lowest combined ratio reported by the composite in the last decade resulted in 2018 and was 86.4%. Such results reflect its relatively higher severity / lower frequency book of business as coverage is provided to 90% above a \$1.2 million deductible policy.

The low net investment yield posted by Lion over the last few years is mainly attributable to the inclusion in invested assets of collateral funds maintained by 90% to cover its obligations falling under the policy deductible, and Lion placing the interest income attributable to those collateral funds to 90%. Other factors affecting the net yield is the high balance maintained in cash and short term investments, which comprised 17.70% of total invested assets at year-end 2018.

Operating and Financial Performance Ratios (%) - Company	6-Months		Year End - December 31				Weighted Average
	20XX	20XX	20XX	20XX	20XX	20XX	
Calendar Year Loss and LAE Ratio	88.0	89.0	88.0	88.0	88.0	88.0	88.0
Expense and Policyholder Dividend Ratio	21.0	21.0	21.0	21.0	21.0	21.0	21.0
Combined Ratio	76.0	76.0	76.0	76.0	76.0	76.0	76.0
Reserve Development Ratio Impact	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Net Investment Yield	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Pre-Tax Operating Return on Net Earned Premiums	40.0	40.0	40.0	40.0	40.0	40.0	40.0
Net Income Return on Policyholders' Surplus	30.0	30.0	30.0	30.0	30.0	30.0	30.0
Total Return on Policyholders' Surplus	1.0	1.0	1.0	1.0	1.0	1.0	1.0

Source: BestLink® - Best's Financial Suite

Operating and Financial Performance Ratios (%) - Composite	6-Months		Year End - December 31				Weighted Average
	20XX	20XX	20XX	20XX	20XX	20XX	
Calendar Year Loss and LAE Ratio	88.0	89.0	88.0	88.0	88.0	88.0	88.0
Expense and Policyholder Dividend Ratio	21.0	21.0	21.0	21.0	21.0	21.0	21.0
Combined Ratio	76.0	76.0	76.0	76.0	76.0	76.0	76.0
Reserve Development Ratio Impact	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Net Investment Yield	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Pre-Tax Operating Return on Net Earned Premiums	40.0	40.0	40.0	40.0	40.0	40.0	40.0
Net Income Return on Policyholders' Surplus	30.0	30.0	30.0	30.0	30.0	30.0	30.0
Total Return on Policyholders' Surplus	1.0	1.0	1.0	1.0	1.0	1.0	1.0

Source: BestLink® - Best's Financial Suite

Industry Composite: XXXX Composite - BestLink® - Best's Financial Suite

Business Profile

Lion Insurance Company (Lion) is dedicated to writing a high deductible workers' compensation policy for an affiliate, South East Financial Group, Inc. (SEFI). The policy is a Professional Employer Organization (PEO), which is an entity that enters into an arrangement with a client whereby employee responsibilities are shared or allocated between the client and the PEO. Under the PEO contract, clients lease their employees from SEFI, which provides payroll services and other work related costs and benefits including workers' compensation insurance. While SEFI clients are spread over a wide variety of businesses and geographies, there is a relatively heavy emphasis in the construction industry with 80% of all 2018 direct premiums written in Florida.

For a brief period, 2016 through 2017, Lion offered coverage to entities outside of the employee leasing model through independent agents with policy deductibles ranging from none to large deductible programs. While Lion discontinued that book, it still writes a small number of minimum premium policies to provide supplemental workers' compensation coverage to SEFI clients.

SEFI and Lion are related through common ownership with the ultimate distribution for Lion being John Perrowe and Deborah Perrowe and the ultimate owner of SEFI being John Perrowe. The immediate holding company for Lion is SouthEast Holding Corp. In addition to the common ownership and business relationship between Lion and SEFI, Lion itself is a client of SEFI from which it leases employees under a client leasing agreement.



Business Profile (Continued...)

Other affiliated companies include National Claims Administration, which handles the majority of auto claims, and Plymouth Insurance Agency, Inc., both companies directly owned by John and Deborah Thomas.

PCI also has a high deductible policy with an unaffiliated carrier in those states where cover is not licensed, primarily for business in California and New York. The premium covering losses above the high deductible is ceded to PCI, which pays a loading fee as well as all premium taxes and fees on the ground up policy. A collateral trust is maintained by PCI with that unaffiliated carrier.

PCI benefits from its leading position in the construction industry and its ability to write small business rates and markets. Construction claims are a major part of the book, but the bulk of business from PCI is well diversified by SIC class code and includes agriculture, trading, chemicals, food & tobacco, retailing & retail farming, quarrying & related operations, wholesaling & freight handling and services.

Premium Composition and Growth	6-Months		Year End - December 31					5 Year CAGR
	20XX	20XX	20XX	20XX	20XX	20XX	20XX	
Direct Premiums Written USD (000)	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1.0
% Change	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reinsurance Premiums Assumed USD (000)*	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1.0
% Change	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reinsurance Premiums Ceded USD (000)*	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1.0
% Change	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Premiums Written USD (000)	2,000	2,000	2,000	2,000	2,000	2,000	2,000	1.0
% Change	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: BestLink® - Best's Financial Suite

*Quarterly premiums include affiliated reinsurance premiums that are eliminated in annual assumed and ceded values.

20XX By Line Business	Direct Premiums Written		Reinsurance Premiums Assumed		Reinsurance Premiums Ceded		Net Premiums Written		Business Retention
	USD (000)	%	USD (000)	%	USD (000)	%	USD (000)	%	%
Top 5	1,100	55.0	1,000	50.0	1,000	50.0	1,000	50.0	50.0
Total	2,000	100.0	2,000	100.0	2,000	100.0	2,000	100.0	100.0

Source: BestLink® - Best's Financial Suite

Geographic Breakdown by Direct Premiums Written USD (000)	Year End - December 31				
	20XX	20XX	20XX	20XX	20XX
State	1,000	1,000	1,000	1,000	1,000
Foreign	0	0	0	0	0
Other	0	0	0	0	0
Top 5 States	1,000	1,000	1,000	1,000	1,000
All Other	0	0	0	0	0
Total	1,000	1,000	1,000	1,000	1,000

Source: BestLink® - Best's Financial Suite

Enterprise Risk Management

The company employs traditional risk management techniques focusing on areas such as underwriting, treatment, quality, credit, regulatory changes, operational and other risk exposure. Action plans are developed to reduce, transfer and mitigate risk among these identified exposures, as well as consideration of new risks as they emerge (e.g. non-licensed or licensed (PCI) can be transferred an annual risk assessment review for its top ten risks. One of the top ten risks is the credit risk exposure to PCI, an affiliated PCI, from which the company derives all of its business. The company has eliminated this risk by requiring PCI to pre-fund its annual expected deductible losses. The collateral fund is currently over-funded approximately 120% at each year end).

Enterprise Risk Management (Continued...)

XXXXXX risk framework has proven to be effective as it has proven resilient against the impacts from the climate risk, COVID, inflation and economic turmoil.

Reinsurance Summary

XXXXXX retains the first \$1 million of losses under a large deductible with Lion and State National Insurance Company. The company's net retention is the next \$1.1 million excess of the \$1.1 deductible. The first year is \$1.1 million excess \$1.1 million with a 20% co-participation. Future years are \$1.1 million excess \$1.1 million with a 50% co-participation, \$1.1 million excess \$1.1 million, and \$1.1 million excess \$1.1 million.

Environmental, Social & Governance

XXXXXX does consider the credit quality of Lion to be low risk as the insurer's exposure to ESG factors is limited. Weather-related events and climate risk do not pose significant threats to the company at this time. XXXXX risk framework includes a component devoted to the sustainability of the government and risk culture. The company closely monitors the current economic and political environment and maintains an appropriate reinsurance program in conjunction with a conservative portfolio. At present, it is unlikely that the credit quality of Lion will be impacted by ESG factors over the short term.

Financial Statements

	6-Months		Year End - December 31			
	20XX		20XX		20XX	
	USD (000)	%	USD (000)	%	USD (000)	%
Balance Sheet						
Cash and Short Term Investments	10,000	25%	10,000	25%	10,000	25%
Bonds	10,000	25%	10,000	25%	10,000	25%
Preferred and Common Stock	1,000	2%	1,000	2%	1,000	2%
Other Invested Assets	50	0%	50	0%	50	0%
Total Cash and Invested Assets	20,050	50%	20,050	50%	20,050	50%
Premium Balances	100	0%	100	0%	100	0%
Net Deferred Tax Asset	1,000	2%	1,000	2%	1,000	2%
Other Assets	10,000	25%	10,000	25%	10,000	25%
Total Assets	31,050	77%	31,050	77%	31,050	77%
Loss and Loss Adjustment Expense Reserves:						
Net Reported Loss Reserves*	1,000	2%	1,000	2%	1,000	2%
Net IBNR Loss Reserves*	1,000	2%	1,000	2%	1,000	2%
Net LAE Reserves	1,000	2%	1,000	2%	1,000	2%
Total Net Loss and LAE Reserves	3,000	7%	3,000	7%	3,000	7%
Net Unearned Premiums	1,000	2%	1,000	2%	1,000	2%
Other Liabilities	10,000	25%	10,000	25%	10,000	25%
Total Liabilities	15,000	37%	15,000	37%	15,000	37%
Capital Stock	1,000	2%	1,000	2%	1,000	2%
Paid-In and Contributed Surplus	10,000	25%	10,000	25%	10,000	25%
Unassigned Surplus	10,000	25%	10,000	25%	10,000	25%
Total Policyholders' Surplus	20,050	50%	20,050	50%	20,050	50%
Total Liabilities and Surplus	31,050	77%	31,050	77%	31,050	77%

Source: BestLink® - Best's Financial Suite

* Interim reserves balances include LAE.

Income Statement USD (000)	6-Months		Year End - December 31	
	20XX	20XX	20XX	20XX
Net Premiums Earned	10,000	10,000	20,000	20,000
Net Losses and LAE Incurred:				
Current Accident Year	6,000	6,000	12,000	12,000
Prior Accident Years	100	100	1,000	1,000
Underwriting Expenses Incurred	1,000	1,000	2,000	2,000
Net Underwriting Income	2,900	2,900	5,000	5,000
Net Investment Income	1,000	1,000	2,000	2,000
Other Income (Expense)	-	-	-	-
Pre-Tax Operating Income	3,900	3,900	7,000	7,000
Income Taxes Incurred	1,000	1,000	2,000	2,000
Net Operating Income	2,900	2,900	5,000	5,000
Net Realized Capital Gains (Losses)	100	100	100	100
Net Income	3,000	3,000	5,100	5,100

Source: BestLink® - Best's Financial Suite

Statement of Operating Cash Flows USD (000)	6-Months		Year End - December 31	
	20XX	20XX	20XX	20XX
Net Premiums Collected	10,000	10,000	20,000	20,000
Net Losses Paid	6,000	6,000	12,000	12,000
Expenses Paid	1,000	1,000	2,000	2,000
Net Underwriting Cash Flow	2,900	2,900	5,000	5,000
Net Investment Income	1,000	1,000	2,000	2,000
Other Income (Expense)	-	-	-	-
Income Taxes Paid (Recovered)	1,000	1,000	2,000	2,000
Net Operating Cash Flow	2,900	2,900	5,000	5,000

Source: BestLink® - Best's Financial Suite

Sample Property/Casualty Insurance Company

Last Update

September 23, 20XX

Identifiers

AMB #: XXXXXX

NAIC #: XXXXX

FEIN #: XX-XXXXXXX

Contact Information

Administrative Office:

123 Main Street

Oldwick, NJ 08858

United States

Web: samplepccompany.com

Phone: +1-XXX-XXX-XXXX

Financial Data Presented

The financial data in this report reflects the most current data available at the time the report was printed.

Filing Date History

August 20, 20XX (6-Month)

May 15, 20XX (3-Month)

February 18, 20XX (April Annual)

February 18, 20XX (March Annual)

November 5, 20XX (9-Month)

Operations

Date Incorporated: April 19, 1953 | **Date Commenced:** April 19, 1953

Domiciled: New Jersey, United States

Licensed: (Current since 10/16/20XX). The company is licensed in THE STATES OF ALABAMA, ARIZONA, ARKANSAS, CALIFORNIA, COLORADO, CONNECTICUT, DELAWARE, FLORIDA, GEORGIA, ILLINOIS, INDIANA, IOWA, KANSAS, KENTUCKY, LOUISIANA, MAINE, MARYLAND, MASSACHUSETTS, MICHIGAN, MINNESOTA, MISSISSIPPI, MISSOURI, MONTANA, NEBRASKA, NEVADA, NEW HAMPSHIRE, NEW JERSEY, NEW YORK, NORTH CAROLINA, NORTH DAKOTA, OHIO, OKLAHOMA, PENNSYLVANIA, RHODE ISLAND, SOUTH CAROLINA, SOUTH DAKOTA, TENNESSEE, TEXAS, UTAH, VERMONT, VIRGINIA, WASHINGTON, WEST VIRGINIA, WISCONSIN, WYOMING

Business Type:

Organization Type:

Marketing Type:

Best's Financial Size

Category:

Property/Casualty

Stock

Direct Response

100-250 (100 Million to Less than 250 Million)

Best's Credit Ratings

Rating Relationship

AM Best Rating Unit: XXXXXX - Sample Property/Casualty Insurance Company

Best's Credit Rating Effective Date: September 23, 20XX

Refer to the [Best's Credit Report for AM Best XXXXXX - Sample Property/Casualty Insurance Company](#) for details regarding the rating criteria, credit criteria, and financial criteria available at the time the credit analysis was performed.

Best's Credit Rating History

AM Best has assigned ratings to this company since 2000. In our opinion, the company has an excellent ability to meet their ongoing insurance obligations and an excellent ability to meet their ongoing other financial obligations.

The following are the most recent rating events, for longer history refer to [Rating History](#) in BestLink:

Best's Financial Strength Ratings				Best's Long-Term Issuer Credit Ratings		
Effective Date	Rating	Outlook	Action	Rating	Outlook	Action
Current -						
Sep 23, 20XX	A	Stable	Affirmed	a	Stable	Affirmed
Nov 12, 20XX	A	Stable	Affirmed	a	Stable	Affirmed
Dec 7, 20XX	A	Stable	Affirmed	a	Stable	Affirmed
Dec 12, 20XX	A	Stable	Affirmed	a	Stable	Affirmed
Dec 15, 20XX	A	Stable	Affirmed	a	Stable	Affirmed

Corporate Structure

Ultimate Parent: AMB # XXXXXX - Sample Holdings Corp.

Based on AM Best's analysis, AMB # XXXXXX, Sample Holdings Corp., is the AMB Ultimate Parent and identifies the highest entity of the corporate structure. Access to BestLink file company's website [Corporate Structure](#).

Management

The company is a wholly owned subsidiary of Sample Holdings Corp., a privately held Florida corporation owned 100 percent by John A. Horvath. The company is affiliated with South East Personal Holding, Inc., a privately held Florida corporation owned by John A. Horvath and Deborah A. Horvath.

Officers

President: John A. Horvath

Treasurer: Grant Douglas

Directors

- Robert B. Bennett
- Grant A. Douglas
- John A. Horvath
- Stephen L. Kelle
- Mark Ann Miller

Regulatory

Auditor: Thomas Hoyle Ferguson P.A.

Actuary: W. J. Woods, W.C.M., WAAA

An examination of the financial condition was made as of December 31, 20XX, by the Insurance Department of Florida. The 20XX annual independent audit of the company was conducted by Thomas Hoyle Ferguson P.A. The annual statement of actuarial opinion is provided by W. J. Woods, W.C.M., WAAA, SCAPA Actuarial Consulting Group, Inc.

Professional Service Providers

Investment Managers, Advisors, Brokers/Dealers:

- BEST ALLOCATION & MANAGEMENT COMPANY, L.L.C. (NA (unaffiliated Firm))

State Rate Filings

Summary of Approved Filings

The table below shows the number of approved filings in the last five years. For more information, please refer to [Best's State Rate Filings - 2020](#) - [View Insurance Company](#).

Major Line	20XX	20XX	20XX	20XX	20XX
General Insurance	1	1	1	1	1
Total	1	1	1	1	1

Source: Best's State Rate Filings

Financial Results

Financial exhibits presented in this report provide calculated ratios using the most recent company-filed statements available in BestLink - Best's Statement File – P/C, US. Access [Quantitative Analytical Report \(QAR\) Annual](#) and [Quarterly](#) for additional details.

Currency: US Dollars

Balance Sheet Highlights

Ceded Reinsurance Analysis	Year End - December 31				
	20XX	20XX	20XX	20XX	20XX
Sample Property/Casualty Insurance Company					
Ceded Reinsurance USD (000)	10,000	11,000	12,000	13,000	14,000
Business Retention (%)	90%	89%	88%	87%	86%
Reinsurance Recoverables to PHS (%)	10%	11%	12%	13%	14%
Ceded Reinsurance to PHS (%)	80%	81%	82%	83%	84%
Composite					
Business Retention (%)	90%	89%	88%	87%	86%
Reinsurance Recoverables to PHS (%)	10%	11%	12%	13%	14%
Ceded Reinsurance to PHS (%)	80%	81%	82%	83%	84%

Source: BestLink® - Best's Financial Suite

20XX Reinsurance Recoverables USD (000)	Paid & Unpaid Losses	Incurred but not reported (IBNR) losses	Unearned premiums	Other Recoverables	Total Reinsurance Recoverables
US Insurers	1,000	1,000	-	-	2,000
Other Non-US	1,000	1,000	-	-	2,000
Total (excluding US Affiliates)	2,000	2,000	-	-	4,000
Grand Total	2,000	2,000	-	-	4,000

Source: BestLink® - Best's Financial Suite

Asset Liability Management | Investments

Bond Portfolio	6-Months		Year End - December 31				
	20XX	20XX	20XX	20XX	20XX	20XX	20XX
Bonds & Short Term Investments USD(000)	10,000	10,000	10,000	10,000	10,000	10,000	10,000
By Issuer (%)							
Unaffiliated Bonds:							
US Government	10%	10%	10%	10%	10%	10%	10%
Foreign Government	10%	10%	10%	10%	10%	10%	10%
Foreign - All other	10%	10%	10%	10%	10%	10%	10%
State, Municipal & Special Revenue	10%	10%	10%	10%	10%	10%	10%
Industrial and Misc, Hybrid and SVO Identified	10%	10%	10%	10%	10%	10%	10%
Bonds and Short Term Investments By Private vs Public (%)							
Private issues	10%	10%	10%	10%	10%	10%	10%
Public issues	10%	10%	10%	10%	10%	10%	10%
Bonds and Short Term Investments By Quality (%)							
Class 1	10%	10%	10%	10%	10%	10%	10%
Class 2	10%	10%	10%	10%	10%	10%	10%
Class 3	10%	10%	10%	10%	10%	10%	10%
Below Investment Grade (NAIC 3-6)	10%	10%	10%	10%	10%	10%	10%
Below Investment Grade - % of Policyholders' Surplus	10%	10%	10%	10%	10%	10%	10%

Source: BestLink® - Best's Financial Suite

Stock Portfolio	6-Months		Year End - December 31				
	20XX	20XX	20XX	20XX	20XX	20XX	20XX
Stocks USD(000)	1,000	1,000	1,000	1,000	1,000	1,000	1,000
By Type (%)							
Unaffiliated Common	10%	10%	10%	10%	10%	10%	10%

Source: BestLink® - Best's Financial Suite



Operating Performance Highlights

Operating and Financial Performance Ratios (%)	6-Months		Year End - December 31					Weighted Average
	20XX	20XX	20XX	20XX	20XX	20XX	20XX	
Composite								
Calendar Year Loss and LAE Ratio	85.1	87.1	85.1	85.1	87.1	87.1	85.1	85.1
Expense and Policyholder Dividend Ratio	85.1	85.1	85.1	85.1	85.1	85.1	85.1	85.1
Combined Ratio	85.1	85.1	85.1	85.1	85.1	85.1	85.1	85.1
Reserve Development Ratio Impact	85.1	85.1	85.1	85.1	85.1	85.1	85.1	85.1
Net Investment Yield	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7
Pre-Tax Operating Return on Net Earned Premiums	85.1	85.1	85.1	85.1	85.1	85.1	85.1	85.1
Net Income Return on Policyholders' Surplus	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7
Total Return on Policyholders' Surplus	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7

Source: BestLink® - Best's Financial Suite

By Line - Net Loss Ratio (%)	Year End - December 31				
	20XX	20XX	20XX	20XX	20XX
Total	85.1	85.1	85.1	85.1	85.1

Source: BestLink® - Best's Financial Suite

Geographic - Direct Loss Ratio (%)	Year End - December 31				
	20XX	20XX	20XX	20XX	20XX
Total	85.1	85.1	85.1	85.1	85.1

Source: BestLink® - Best's Financial Suite

Business Profile Highlights

Historical Market Presence

By Line Breakdown - NPW USD (000)	Year End - December 31				
	20XX	20XX	20XX	20XX	20XX
Total	10,000	10,000	10,000	10,000	10,000

Source: BestLink® - Best's Financial Suite

By Line Reserves USD (000)	Year End - December 31		
	20XX	20XX	20XX
Total	10,000	10,000	10,000

Source: BestLink® - Best's Financial Suite

A Best's Financial Strength Rating opinion addresses the relative ability of an insurer to meet its ongoing insurance obligations. The ratings are not assigned to specific insurance policies or contracts and do not address any other risk, including, but not limited to, an insurer's claims-payment policies or procedures; the ability of the insurer to dispute or deny claims payment on grounds of misrepresentation or fraud; or any specific liability contractually borne by the policy or contract holder. A Financial Strength Rating is not a recommendation to purchase, hold or terminate any insurance policy, contract or any other financial obligation issued by an insurer, nor does it address the suitability of any particular policy or contract for a specific purpose or purchaser.

A Best's Issue/Issuer Credit Rating is an opinion regarding the relative future credit risk of an entity, a credit commitment or a debt or debt-like security.

Credit risk is the risk that an entity may not meet its contractual, financial obligations as they come due. These credit ratings do not address any other risk, including but not limited to liquidity risk, market value risk or price volatility of rated securities. The rating is not a recommendation to buy, sell or hold any securities, insurance policies, contracts or any other financial obligations, nor does it address the suitability of any particular financial obligation for a specific purpose or purchaser.

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