

Best's Credit Rating Effective Date

May 3, 2024

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Information

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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 PC Insurance Group

AMB #: 079600

Best's Credit Ratings – for the Rating Unit Members

Financial Strength Rating (FSR)

<h1 style="margin: 0;">A+</h1> <h2 style="margin: 0;">Superior</h2>
<p>Outlook: Stable Action: Affirmed</p>

Issuer Credit Rating (ICR)

<h1 style="margin: 0;">aa</h1> <h2 style="margin: 0;">Superior</h2>
<p>Outlook: Stable Action: Affirmed</p>

Assessment Descriptors

Assessment Descriptors	
Balance Sheet Strength	Strongest
Operating Performance	Strong
Business Profile	Favorable
Enterprise Risk Management	Very Strong

Rating Unit - Members

Rating Unit: Sample PC Insurance Group | AMB #: 079600

AMB # Rating Unit Members
111111 Sample PC Ins Company 1
222222 Sample PC Ins Company 2

AMB # Rating Unit Members
333333 Sample PC Ins Company 3
444444 Sample PC Ins Company 4

Rating Rationale

Balance Sheet Strength: **Strongest**

- The risk-adjusted capitalization of the group, as measured by Best's Capital Adequacy Ratio (BCAR), is within the strongest category, at the 99.6% VaR level.
- Comprehensive catastrophe reinsurance program that targets less than annual aggregate catastrophe losses, net of reinsurance, not to exceed 5.0% of surplus.
- Financial flexibility, efficient management of capital within the organization and diversified invested asset base provide supportive liquidity levels.
- Over the past five-year period, the group has recorded surplus growth despite continued dividend payments to the parent company.

Operating Performance: **Strong**

- The group's favorable underwriting results continue to demonstrate its ability to manage its market position in a very competitive U.S. auto and homeowners market.
- Returns on revenue and equity measures have historically outpaced the industry composite metrics, although the group continues to be impacted by the continued exposure to natural catastrophes, e.g., floods and earthquakes.
- Favorable investment income continues at a sizeable pace, augmenting underwriting profitability, which the group continues to develop with new and profitable business.

Business Profile: **Favorable**

- Established position of a market leader in multiple property and casualty markets including private passenger auto, homeowners, and small to mid-size commercial book of business surplus lines.
- The group maintains extensive geographic diversity and market position, which helps to mitigate impact from continued weather-related events, potential regulatory issues, and/or competitive market pressures.
- Engagement of current and potential customers is established through multiple distribution channels and through multiple legal entity platforms.
- National brand recognition across the group's multiple lines of business, and it is distinguished as a leader in pricing sophistication.

Enterprise Risk Management: **Very Strong**

- Extensive risk management capabilities continue to demonstrate an adherence to established risk tolerance levels, capital management and corporate governance frameworks.
- The group focuses on maintaining a strong foundation, building value, and optimizing risk-adjusted returns, with robust internal structures measuring and monitoring the alignment of risk exposures.
- The group performs comprehensive capital stress testing associated with numerous weather, economic, operational, liquidity and solvency scenarios to ensure proper risk selection and establish return profiles.
- Continuous development and implementation of risk management tools that are used to analyze weather and wildfire exposures, complemented by prudent reinsurance programs.

Outlook

- The stable outlooks reflect the expectation that the group will continue to maintain the strongest level of risk-adjusted capitalization, as measured by BCAR, supplemented by its consistently profitable operating performance, which continues to benefit from its position as a market leader in its segment.

Rating Drivers

- While the expectation of the current rating level is not anticipated to change in the near term, as indicated by the group's stable outlooks, negative rating action could occur if there is a material decline in the group's risk-adjusted capitalization and overall balance sheet strength. Potential rating impact: Minor

Key Financial Indicators

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

Confidence Level	95.0	99.0	99.5	99.6
BCAR Score	71.3	57.8	44.4	37.4

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

Year End - December 31

Key Financial Indicators USD (000)

	2023	2022	2021	2020	2019
Premiums Written:					
Direct	65,045,332	62,089,151	62,768,004	60,776,813	59,098,277
Assumed	996,825	634,769	450,264	465,801	427,394
Ceded	4,540,724	4,380,673	4,513,400	4,587,515	4,872,113
Net	61,501,433	58,343,246	58,704,868	56,655,099	54,653,558
Net Operating Income	4,614,248	4,343,056	4,319,666	2,931,713	2,218,530
Net Income	6,354,436	5,672,833	4,574,385	2,663,411	2,644,556
Total Admitted Assets	135,919,539	127,789,642	123,713,970	117,964,567	117,911,551
Policyholders' Surplus	43,643,645	43,973,351	41,728,543	37,763,165	38,368,249

Source: BestLink® - Best's Financial Suite

Year End - December 31

Key Financial Ratios (%)

	2023	2022	2021	2020	2019	Average
Profitability:						
Combined Ratio	100.0	96.4	97.5	99.8	102.4	99.2
Reserve Development Combined Ratio Impact	...	0.3	0.3	-0.1	-0.4	...
Net Investment Yield	4.5	2.6	3.1	3.2	3.5	3.4
Pre-Tax Operating Return on Net Earned Premiums	7.6	9.0	8.4	6.3	4.8	7.3
Net Income Return on Policyholders' Surplus	14.5	13.2	11.5	7.0	7.0	10.8
Total Return on Policyholders' Surplus	15.7	13.3	17.8	5.9	12.1	13.1
Leverage:						
Net	3.5	3.2	3.4	3.6	3.5	...
Gross	4.1	3.7	3.9	4.2	4.0	...
Non-affiliated Investment	81.0	53.8	59.7	51.2	54.9	...

Source: BestLink® - Best's Financial Suite

Credit Analysis

Balance Sheet Strength

Capitalization

The group continues to maintain the strongest level of overall risk-adjusted capitalization, as measured by Best's Capital Adequacy Ratio (BCAR), with a significant level of capital that supports its ratings. The capital position is reflective of its consistently favorable operating performance, combined with a high-quality and well-diversified investment portfolio. The capital position is further enhanced by financial flexibility through its holding company. In addition, the group's historical reported strong liquidity measures, favorable cash flows and solid reinsurance programs protect the overall capital position. Partially offsetting these positive factors is the group's moderately above-average underwriting leverage, as well as exposure to both frequent and severe catastrophe losses in multiple exposed states. In addition, the group has been affected by annual stockholder dividend payments to its parent and a modest financial leverage level, which continues to place a certain amount of pressure regarding interest coverage. The capital position is also being impacted by increased loss costs tied to inflationary pressures and continued weather-related events, although these are mitigated by its comprehensive reinsurance program.

Balance Sheet Strength (Continued...)

Year End - December 31

Capital Generation Analysis USD (000)	2023	2022	2021	2020	2019
Beginning Policyholders' Surplus	43,977,152	41,728,543	37,905,270	38,363,008	36,943,821
Net Operating Income	4,614,248	4,343,056	4,319,666	2,931,713	2,218,530
Net Realized Capital Gains (Losses)	1,740,188	1,329,777	254,719	-268,302	426,025
Net Unrealized Capital Gains (Losses)	519,481	25,587	2,519,579	-427,062	1,908,774
Net Change in Paid-In Capital and Surplus	-246,808	1,367,701	-19,364	-81,762	155,392
Stockholder Dividends	-6,665,884	-4,718,026	-2,808,981	-2,999,338	-1,917,151
Other Changes in Capital and Surplus	-294,731	-103,288	-442,346	244,908	-1,367,143
Net Change in Policyholders' Surplus	-333,507	2,244,808	3,823,272	-599,843	1,424,428
Ending Policyholders' Surplus	43,643,645	43,973,351	41,728,543	37,763,165	38,368,249
Net Change in Policyholders' Surplus (%)	-0.7	5.4	10.5	-1.6	3.9
Net Change in Policyholders' Surplus (5 yr CAGR)	3.4	...	...	...	...

Source: BestLink® - Best's Financial Suite

Year End - December 31

Liquidity Analysis	2023	2022	2021	2020	2019
Net Operating Cash Flow USD (000)	5,857,792	5,041,640	4,991,794	3,094,331	3,923,752
Current Liquidity (%)	79.1	85.7	85.0	83.6	86.1

Source: BestLink® - Best's Financial Suite

Asset Liability Management - Investments

Although the group continues to produce solid investment returns and maintains an overall conservative portfolio, it does have a higher-than-average amount of assets that are classified as "other invested assets" as compared to the industry composite, which are indicated on NAIC Schedule BA. Although the group's holdings of non-investment-grade bonds are greater than industry composite norms, they are not considered to be excessive, and most of them are related to private placements, which continue to perform extremely well from a cash flow and return position. In 2019, the group sold a considerable portion of its equity holdings prior to the COVID-19 market crisis, which ultimately lowered its exposure to market volatility. Reinvestment was in the form of a mix of investment-grade fixed-income securities and U.S. Treasury bills. The group's investment philosophy emphasizes safety of principal and consistent after-tax income generation. The composition of its investment portfolio is the result of a focus on the protection of principal, appreciation, and potential tax consequences. Overall, the group's investment portfolio continues to be well diversified.

Year End - December 31

Composition of Cash and Invested Assets	2023	2022	2021	2020	2019
Total Cash and Invested Assets USD (000)	101,669,197	98,084,003	95,163,298	89,801,299	89,791,072
Composition Percentages (%)					
Unaffiliated:					
Cash and Short Term Investments	3.1	3.0	2.1	1.5	1.0
Bonds	60.4	65.9	63.7	67.5	68.5
Stocks	7.4	3.6	6.6	4.8	5.9
Other Invested Assets	18.0	12.7	12.9	11.6	9.8
Total Unaffiliated	88.9	85.1	85.2	85.4	85.2
Investments in Affiliates	11.5	15.2	14.9	14.6	14.8
Non-Admitted	-0.4	-0.3	-0.2	-0.2	-0.1
Total	100.0	100.0	100.0	100.0	100.0

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	0.8	8.8	1.7	0.3	0.6	4.9
Government Agencies and Municipal Bonds	1.5	6.6	4.7	4.9	0.7	7.9
Industrial and Miscellaneous Bonds	4.4	29.1	26.1	3.3	1.9	5.9
Bank Loans	0.1	2.4	1.6	...	...	4.7
Hybrid Securities	...	0.1	...	...	0.6	22.9
Total Bonds	6.8	46.9	34.1	8.4	3.8	6.2

Source: BestLink® - Best's Financial Suite

Reserve Adequacy

Historically, loss reserve development has generally been favorable from its primary personal lines business. Favorable reserve development on its personal lines auto business has been particularly impacted by a materially lower frequency due to the pandemic. However, there has been some modest adverse development in recent years on the commercial auto and multi-peril lines. In addition, a modest amount of unfavorable development has also occurred on the runoff of its annuity business.

Year End - December 31

Loss and Loss Adjustment Expense Reserves and Development - Calendar Year	2023	2022	2021	2020	2019
Loss and ALAE* Reserves USD (000)	38,877,281	36,631,443	36,765,133	36,424,740	36,501,395
Loss and ALAE* Reserves Development USD (000)	...	-8,298	456,018	136,331	312,125
Development to:					
Original Reserves (%)	...	...	1.3	0.4	0.9
Prior Year End Surplus (%)	...	...	1.1	0.4	0.8

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.

Year End - December 31

Loss and Loss Adjustment Expense Reserves and Development - Accident Year	2023	2022	2021	2020	2019
Original Loss and ALAE Reserves USD (000)	16,655,234	14,236,740	14,658,237	14,581,881	14,820,686
Loss and ALAE Reserves Developed thru Latest Year End USD (000)	16,655,234	13,890,424	15,079,579	14,301,794	14,723,232
Development to Original Reserves (%)	...	-2.4	2.9	-1.9	-0.7
Accident Year Loss and LAE Ratio (%)	72.5	66.8	70.3	70.6	73.9
Accident Year Combined Ratio (%)	100.1	95.1	98.0	99.4	102.6

Source: BestLink® - Best's Financial Suite

Holding Company Assessment

Although the group continues to distribute capital to its parent company via dividends, it has helped to bolster the capital position of the overall organization, resulting in financial flexibility for the operating companies when needed. A substantial number of highly liquid cash positions are maintained at the holding company, which can be deployed to the insurance operations to support growth opportunities. The holding company's debt-to-total-capital ratio is within acceptable levels for the ratings and is supported by favorable fixed-charge and interest coverages.

Operating Performance

The group has consistently generated operating earnings, as evidenced by its five-year pre-tax returns on revenue (ROR) and equity (ROE), which continue to compare favorably with the industry composite. Pre-tax operating returns have been driven by underwriting profitability in most years, and solid performing investment portfolios have yielded a five-year weighted average total return on policyholders' surplus of 13.1%. From an underwriting perspective, the group reported a combined ratio of 100.0% in 2023, which is a deterioration from the 2022 ratio of 96.4%, due largely to increased frequency trends, which are returning to post-pandemic normalcy. Underwriting results reflect the highly competitive dynamics of its core markets; however, management remains committed to strict underwriting principles including appropriate rates for exposures and adherence to established risk tolerance levels. The implementation of underwriting and agency management strategies, re-underwriting initiatives, and further technological enhancements leveraging analytics has proven successful recently. In addition, the group has sought to limit its aggregate insurance exposure to catastrophe losses in certain regions of the country that are subject to both frequent and severe natural catastrophes. With the group's geographic spread, catastrophic weather events will always impact underwriting results, but it focuses on loss mitigation, pricing, and product initiatives.

Year End - December 31

Operating and Financial Performance Ratios (%) - Company	Year End - December 31					Weighted Average
	2023	2022	2021	2020	2019	
Calendar Year Loss and LAE Ratio	72.5	68.0	69.8	70.9	73.7	71.0
Expense and Policyholder Dividend Ratio	27.5	28.3	27.7	28.9	28.7	28.2
Combined Ratio	100.0	96.4	97.5	99.8	102.4	99.2
Reserve Development Ratio Impact	...	0.3	0.3	-0.1	-0.4	...
Net Investment Yield	4.5	2.6	3.1	3.2	3.5	3.4
Pre-Tax Operating Return on Net Earned Premiums	7.6	9.0	8.4	6.3	4.8	7.3
Net Income Return on Policyholders' Surplus	14.5	13.2	11.5	7.0	7.0	10.8
Total Return on Policyholders' Surplus	15.7	13.3	17.8	5.9	12.1	13.1

Source: BestLink® - Best's Financial Suite

Business Profile

The group is one of the largest U.S. groups in terms of premium and surplus. As a market leader with a significant surplus position, it is afforded the flexibility to underwrite at thinner margins, while continuing to add surplus through profitable investment performance and driving markets in terms of pricing and availability. The group writes multiple lines of personal and commercial insurance throughout all fifty U.S. states and Canada. The group's mix of business is split approximately 55% personal auto, 25% homeowners and 20% small to mid-size commercial lines. With personal lines serving as the primary focus for its products, it allows its agents to cross-sell other products with their policyholders, primarily small to mid-size commercial lines and a modest amount of personal financial products. Having multiple products for agents to sell has historically been an effective strategy in achieving high agent and customer retention. Distribution of its products is primarily through independent agencies, with a direct platform accounting for approximately 25% of its entire production but continuing to grow. The multiple distribution mechanisms have been enhanced over the years by acquisitions of other carriers and internally developed innovative distribution platforms. For example, the group has benefited from building its innovative resources for rating and risk selection processes, promoting telematics technology, which has been implemented in its personal and commercial auto lines.

Year End - December 31

Premium Composition and Growth	Year End - December 31					5 Year CAGR
	2023	2022	2021	2020	2019	
Direct Premiums Written USD (000)	65,045,332	62,089,151	62,768,004	60,776,813	59,098,277	...
% Change	4.8	-1.1	3.3	2.8	2.0	2.3
Reinsurance Premiums Assumed USD (000)	996,825	634,769	450,264	465,801	427,394	...
% Change	57.0	41.0	-3.3	9.0	-48.7	3.7
Reinsurance Premiums Ceded USD (000)	4,540,724	4,380,673	4,513,400	4,587,515	4,872,113	...
% Change	3.7	-2.9	-1.6	-5.8	39.2	5.3
Net Premiums Written USD (000)	61,501,433	58,343,246	58,704,868	56,655,099	54,653,558	...
% Change	5.4	-0.6	3.6	3.7	-1.1	2.2

Source: BestLink® - Best's Financial Suite

Business Profile (Continued...)

2022 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)	%	%
PP Auto Liab	19,399,340	29.8	117,998	11.8	1,162,840	25.6	18,354,498	29.8	94.0
Auto Phys Dmg	15,848,509	24.4	51,547	5.2	720,129	15.9	15,179,928	24.7	95.5
Homeowners	15,153,336	23.3	55,791	5.6	1,157,955	25.5	14,051,173	22.8	92.4
Comm M.P.	4,016,886	6.2	113,934	11.4	426,076	9.4	3,704,745	6.0	89.7
Comm Auto Liab	2,387,946	3.7	71,887	7.2	279,937	6.2	2,179,896	3.5	88.6
Top 5	56,806,018	87.3	411,158	41.2	3,746,936	82.5	53,470,240	86.9	93.5
All Other	8,239,313	12.7	585,668	58.8	793,787	17.5	8,031,194	13.1	91.0
Total	65,045,332	100.0	996,825	100.0	4,540,724	100.0	61,501,433	100.0	93.1

Source: BestLink® - Best's Financial Suite

Year End - December 31

Geographic Breakdown by Direct Premiums Written USD (000)	2023	2022	2021	2020	2019
California	7,338,221	6,690,742	6,765,675	6,561,327	6,140,474
Texas	6,139,361	5,905,190	5,911,074	5,594,376	5,238,909
New York	4,645,353	4,466,743	4,636,197	4,602,892	4,670,645
Florida	3,842,272	3,542,595	3,563,464	3,452,831	3,401,127
Illinois	3,718,349	3,509,462	3,537,339	3,402,125	3,225,567
Top 5 States	25,683,554	24,114,732	24,413,750	23,613,552	22,676,723
All Other	39,361,777	37,974,419	38,354,254	37,163,261	36,421,555
Total	65,045,332	62,089,151	62,768,004	60,776,813	59,098,277

Source: BestLink® - Best's Financial Suite

Enterprise Risk Management

The group's enterprise risk management (ERM) program operates under a corporate-wide framework, which is a complex structure and manages a diverse set of risks. The program is managed by its chief risk officer and overseen by the chief executive officer and board of directors. ERM at the group provides a framework for risk management activities and promotes a risk management culture throughout the enterprise that enhances risk awareness while supporting the goal of maximizing business opportunities. The board reviews enterprise key risk mitigation strategies, targets, trends, and actions quarterly. A central dedicated ERM department coordinates risk governance practices, as well as enterprise modeling and reporting across the organization. Business unit risk officers and the chief risk officer work together as a group to create an integrated approach to ERM. Internal audits also provide assurance on internal controls to mitigate key risks and evaluate the risk framework and governance. The objectives of the ERM program are to maintain a risk governance structure that facilitates communication across business units and considers the relationship amongst risks. The promotion of a risk management culture is critical and includes the appropriate identification, analysis, treatment, monitoring, and reporting of risk. ERM processes utilize information obtained through risk management activities and financial risk modeling to analyze, understand, and report on enterprise risk. Risk assessments are conducted at least annually in each business unit, as well as economic capital modeling and stress tests. Actual loss experience is continually compared to model output for validation purposes regarding weather-related events and secondary perils for purposes such as concentration and exposure management and pricing. Exposure levels are managed and monitored monthly to ensure compliance with established target levels.

Environmental, Social & Governance

AM Best considers the group's exposure to material environmental, social, and corporate governance (ESG) risks to be low. The group operates in an environment where its underwriting activities have material exposure to climate risk, and its profile on underwriting and investments is exposed to so-called toxic assets and industries. The group operates in line with market peers, and at present, ESG factors are unlikely to impact the credit quality of the group over the short term. There are no regulatory requirements relating to ESG, although the group regularly monitors developments to ensure its practices are compliant.

Financial Statements

	Year End - December 31			
	2023		2022	
Balance Sheet	USD (000)	%	USD (000)	%
Cash and Short Term Investments	3,101,689	2.3	2,895,292	2.3
Bonds	61,452,648	45.2	64,607,780	50.6
Preferred and Common Stock	16,325,673	12.0	15,615,898	12.2
Other Invested Assets	20,789,187	15.3	14,965,033	11.7
Total Cash and Invested Assets	101,669,197	74.8	98,084,003	76.8
Premium Balances	23,411,471	17.2	19,721,132	15.4
Net Deferred Tax Asset	2,174,899	1.6	2,874,990	2.2
Other Assets	8,663,972	6.4	7,109,518	5.6
Total Assets	135,919,539	100.0	127,789,642	100.0
Loss and Loss Adjustment Expense Reserves:				
Net Reported Loss Reserves	22,828,899	16.8	20,717,753	16.2
Net IBNR Loss Reserves	10,540,984	7.8	10,130,544	7.9
Net LAE Reserves	7,296,069	5.4	7,892,586	6.2
Total Net Loss and LAE Reserves	40,665,952	29.9	38,740,883	30.3
Net Unearned Premiums	23,846,062	17.5	22,328,131	17.5
Other Liabilities	27,763,879	20.4	22,747,278	17.8
Total Liabilities	92,275,893	67.9	83,816,291	65.6
Capital Stock	115,053	0.1	119,053	0.1
Paid-In and Contributed Surplus	4,983,473	3.7	5,234,209	4.1
Unassigned Surplus	34,925,790	25.7	34,997,417	27.4
Treasury Stock	-45	...	-45	...
Other Surplus	3,619,374	2.7	3,622,716	2.8
Total Policyholders' Surplus	43,643,645	32.1	43,973,351	34.4
Total Liabilities and Surplus	135,919,539	100.0	127,789,642	100.0

Source: BestLink® - Best's Financial Suite

	Year End - December 31	
	2023	2022
Income Statement USD (000)		
Net Premiums Earned	59,983,506	57,869,930
Net Losses and LAE Incurred:		
Current Accident Year	43,505,562	39,165,608
Prior Accident Years	-22,058	192,085
Underwriting Expenses Incurred	16,915,449	16,523,985
Dividends to Policyholders	12,057	13,178
Net Underwriting Income	-427,505	1,975,074
Net Investment Income	4,532,885	2,567,032
Other Income (Expense)	459,274	667,462
Pre-Tax Operating Income	4,564,654	5,209,568
Income Taxes Incurred	-49,594	866,512
Net Operating Income	4,614,248	4,343,056
Net Realized Capital Gains (Losses)	1,740,188	1,329,777
Net Income	6,354,436	5,672,833

Source: BestLink® - Best's Financial Suite



Statement of Operating Cash Flows USD (000)	Year End - December 31	
	2023	2022
Net Premiums Collected	60,522,163	58,244,678
Net Losses Paid	36,526,399	32,846,760
Expenses Paid	21,845,236	22,251,217
Dividends to Policyholders	12,557	13,973
Net Underwriting Cash Flow	2,137,972	3,132,728
Net Investment Income	4,359,270	2,505,669
Other Income (Expense)	329,825	566,853
Income Taxes Paid (Recovered)	969,274	1,163,610
Net Operating Cash Flow	5,857,792	5,041,640

Source: BestLink® - Best's Financial Suite

Related Methodology and Criteria

[Best's Credit Rating Methodology, 10/13/2017](#)

[Catastrophe Analysis in A.M. Best Ratings, 10/13/2017](#)

[Available Capital & Holding Company Analysis, 10/13/2017](#)

[Gauging the Basis Risk of Catastrophe Bonds, 12/19/2017](#)

[Scoring and Assessing Innovation, 03/05/2020](#)

[Understanding BCAR for U.S. Property/Casualty Insurers, 04/30/2018](#)

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.

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