



Best's Credit Rating Effective Date

August 18, 2020

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Information

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

Financial Data Presented

Financial data in this report: (i) includes data of affiliated entities that are not rating unit members where analytics benefit from inclusion; and/or (ii) excludes data of rating unit member entities if they operate in different segments or geographic areas than the Rating Unit generally. See [list of companies](#) for details of rating unit members and any such included and/or excluded entities.

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](#).

Benchmark Insurance Group

AMB #: 018922

Associated Ultimate Parent: AMB # 044768 - Trean Insurance Group, Inc.

Best's Credit Ratings – for the Rating Unit Members

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	Very Strong
Operating Performance	Strong
Business Profile	Limited
Enterprise Risk Management	Appropriate

Rating Unit - Members

Rating Unit: Benchmark Insurance Group | AMB #: 018922

AMB # Rating Unit Members
010138 American Liberty Insurance Co

AMB # Rating Unit Members
011205 Benchmark Insurance Company

Rating Rationale

Balance Sheet Strength: **Very Strong**

- Benchmark Insurance Group (BIG) has the strongest level of risk-adjusted capitalization, as measured by Best's Capital Adequacy Ratio (BCAR) scores at all confidence levels through the 99.6% VaR.
- Conservative investment portfolio of highly rated, diversified fixed income securities with an intermediate duration that has supplied a steady stream of investment income.
- Strong current liquidity, underwriting and operating cash flow measures that favorably compare to Workers' Compensation composite measures.
- Quality of capital is very good as it is derived primarily from increasingly strong underwriting results supplemented by net investment income and capital contributions from its former ultimate parent, BIC Holdings, LLC.
- Elevated net and gross underwriting leverage ratios that compare unfavorably to the composite, partially offset by a sufficient level of collateral and funds held.
- The group's financial flexibility and access to capital markets has markedly improved since its new ultimate parent, Trean Insurance Group, Inc. (TIG: Nasdaq), went public with an initial public offering in July.

Operating Performance: **Strong**

- Strong operating performance driven by increasing underwriting profitability augmented by favorable net investment income from a growing invested asset base.
- Five- and ten-year average pre-tax and total returns on revenue and equity outperform the Workers' Compensation composite measures.
- Consistent and improving combined and operating ratios as a result of sound loss ratios, aggressive expense reductions and a conservative investment portfolio.
- Strong direct and net written premium growth produced by a multi-channel distribution system that generated ten new programs over the past five years, many of which were "seasoned" by Trean Corporation (Trean), Benchmark's affiliated insurance services company.
- Investment portfolio yields and return measures on invested assets lag composite measures as the fixed-income portfolio is heavily weighted with lower-yielding tax-exempt municipal and government agency bonds with no common stock holdings.

Business Profile: **Limited**

- BIG is a specialist within its niche of small commercial workers' compensation program business.
- Geographically diversified as it writes business in 49 states. However, California and Michigan account for nearly 60% of direct written premium at year-end 2019.
- An affiliated company, Trean Corporation, is an integrated insurance management company that provides several services for Benchmark including underwriting and claims servicing.
- Trean Corporation provides Benchmark a competitive advantage through sustainable lower acquisition costs and ability to build long-term relationships with program partners.

Enterprise Risk Management: **Appropriate**

- BIG maintains a formalized ERM program focused on identifying, measuring and mitigating risks and events that pose a threat to the overall organization.
- ERM Committee established to review and evaluate management's identification of all major risks to the business and their potential impact.
- ERM Committee reports on its activities to the board and makes such recommendations as it deems appropriate.
- Senior management along with the ERM Committee is responsible for disseminating ERM goals, training and key tasks within their respective domains within the group.



Outlook

- The stable outlooks reflect the group's very strong balance sheet strength, strong operating performance and proven track record as a niche writer of workers' compensation program business.

Rating Drivers

- Negative rating action could occur with a material decline in overall risk-adjusted capitalization.
- Negative rating action could occur as a result of a trend of negative operating results.

Key Financial Indicators

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

Confidence Level	95.0	99.0	99.5	99.6
BCAR Score	75.3	65.7	61.8	60.5

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

Key Financial Indicators USD (000)	3-Months		Year End - December 31				
	2020	2019	2019	2018	2017	2016	2015
Premiums Written:							
Direct	105,977	100,482	405,886	350,105	313,910	242,638	154,827
Assumed*	2,709	3,406	7,111	13,551	16,247	20,108	12,653
Ceded*	82,244	82,566	326,305	287,187	259,943	203,875	120,643
Net	26,442	21,322	86,691	76,469	70,215	58,872	46,837
Net Operating Income	2,892	4,676	23,843	15,135	12,313	5,899	4,827
Net Income	3,012	4,554	23,735	14,337	12,305	6,194	5,006
Total Admitted Assets	504,759	472,167	497,457	460,106	380,677	303,712	239,082
Policyholders' Surplus	143,069	120,904	141,488	123,050	107,343	95,555	73,063

Source: BestLink® - Best's Financial Suite

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

Key Financial Ratios (%)	3-Months		Year End - December 31					Weighted Average
	2020	2019	2019	2018	2017	2016	2015	
Profitability:								
Combined Ratio	84.5	77.8	70.9	77.1	78.3	85.6	88.0	78.7
Reserve Development Combined Ratio Impact	-5.5	-7.1	-11.0	-9.9	-1.7	-3.0	-0.4	-6.0
Net Investment Yield	1.5	1.7	1.6	1.4	1.5	1.4	1.6	1.5
Pre-Tax Operating Return on Net Earned Premiums	17.3	28.7	34.9	27.9	26.5	17.6	16.4	26.2
Net Income Return on Policyholders' Surplus	8.5	14.9	17.9	12.4	12.1	7.3	7.4	12.3
Total Return on Policyholders' Surplus	6.6	13.9	18.0	12.4	11.9	8.4	6.4	12.3
Leverage:								
Net	3.2	3.6	3.1	3.4	3.2	2.8	2.9	...
Gross	...	...	7.0	7.0	6.9	6.0	5.4	...
Non-affiliated Investment	1.9	0.2	0.3	...	...	7.5	13.1	...

Source: BestLink® - Best's Financial Suite

Credit Analysis

Balance Sheet Strength

Benchmark Insurance Group's balance sheet strength supports the rating based on the strongest level of risk-adjusted capitalization at the 99.6% VaR level which is reflective of its low net underwriting leverage as measured by its Best's Capital Adequacy Ratio (BCAR).

**Balance Sheet Strength (Continued...)****Capitalization**

The capital position remains reflective of its conservative investment leverage, as well as positive earnings trend both of which have been maintained by the group for five consecutive years. Also benefiting the group's capitalization is the significant amount of collateral held by the company to secure sizable reinsurance recoverables credit risk from a number of its partner reinsurers. As a result, gross leverage is partially mitigated and credit risk is significantly reduced. Partially offsetting these factors is the heavy dependence on reinsurance, primarily driven by its affinity programs. In earlier years, the owners of Benchmark partnered with Altaris Capital Partners, LLC, a private equity firm that has contributed \$21.4 million in additional capital over the last five years.

Although the group's quick liquidity measure lags the composite, all other measures of liquidity compare very favorably to composite measures. Underwriting and operating cash flows have been strongly positive in each year over the past five years. There is debt at the holding company, however, A.M. Best does not anticipate the debt leverage and service will place a strain on the balance sheet of the operating group.

Capital Generation Analysis USD (000)	3-Months		Year End - December 31				
	2020	2019	2019	2018	2017	2016	2015
Beginning Policyholders' Surplus	141,488	123,050	117,425	107,343	95,555	73,063	62,359
Net Operating Income	2,892	4,676	23,843	15,135	12,313	5,899	4,827
Net Realized Capital Gains (Losses)	120	-122	-109	-798	-9	295	179
Net Unrealized Capital Gains (Losses)	-675	-313	10	-15	-261	916	-701
Net Change in Paid-In Capital and Surplus	...	...	900	...	261	15,525	4,683
Stockholder Dividends	-100	-1,100	-1,100	...	...	...	...
Other Changes in Capital and Surplus	-657	-5,287	519	1,385	-517	-143	1,716
Net Change in Policyholders' Surplus	1,581	-2,146	24,063	15,707	11,787	22,492	10,705
Ending Policyholders' Surplus	143,069	120,904	141,488	123,050	107,343	95,555	73,063
Net Change in Policyholders' Surplus (%)	1.1	-1.7	15.0	14.6	12.3	30.8	17.2
Net Change in Policyholders' Surplus (5 yr CAGR)	...	...	17.8	...	...	...	...

Source: BestLink® - Best's Financial Suite

Liquidity Analysis	3-Months		Year End - December 31				
	2020	2019	2019	2018	2017	2016	2015
Net Operating Cash Flow USD (000)	6,066	5,671	40,350	23,893	26,827	15,097	8,135
Current Liquidity (%)	202.0	200.1	203.1	212.3	210.2	213.7	214.8

Source: BestLink® - Best's Financial Suite

Asset Liability Management - Investments

Total invested assets have increased at a double digit compounded annual rate during the latest five-year period. The allocation of stocks and bonds was realigned earlier in the period to reflect the sale of almost all of its common stock positions; moderately increasing its longer dated fixed income maturities, adding exposure to foreign bonds and increasing agency and tax-exempt municipals. Over the most recent three-year period, the group has increased its allocation to higher yielding corporate bonds which now comprise over half of its bond portfolio. The portfolio is comprised of NAIC highly rated Class1 issues with an average credit rating of A+. Net investment income has increased by double digits primarily due to the increase in its invested asset base while yields continue to reflect the company's large allocation to lower yielding tax-exempt municipals and the drag from the continuing low-yield environment. However, the investment expense ratio is growing and is elevated, both on a dollars basis and in percentage terms of gross investment income that consequently impact investment yield and total return on invested assets that have trailed composite measures.



Balance Sheet Strength (Continued...)

Composition of Cash and Invested Assets	3-Months		Year End - December 31				
	2020	2019	2019	2018	2017	2016	2015
Total Cash and Invested Assets USD (000)	405,884	366,267	399,218	365,367	305,248	244,105	195,836
Composition Percentages (%)							
Unaffiliated:							
Cash and Short Term Investments	14.0	11.0	15.6	12.1	12.6	14.9	12.8
Bonds	83.8	87.1	82.6	86.0	84.5	79.6	79.5
Stocks	0.4	0.1	0.2	0.1	0.1	3.1	5.0
Other Invested Assets	0.2	...	...	...	0.3	0.6	0.5
Total Unaffiliated	98.4	98.2	98.4	98.2	97.6	98.1	97.7
Investments in Affiliates	1.6	1.8	1.6	1.8	2.4	1.9	2.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: BestLink® - Best's Financial Suite

Bonds and Short Term Investments - Distribution by Maturity (%)	Years					Average (Years)
	0-1	1-5	5-10	10-20	20+	
Government Bonds	1.8	4.0	0.7	0.1	...	3.1
Government Agencies and Municipal Bonds	4.6	17.8	13.7	3.7	1.8	6.2
Industrial and Miscellaneous Bonds	5.0	34.8	11.6	0.1	...	3.8
Hybrid Securities	0.1	...	...	...	...	2.6
Total Bonds	11.5	56.7	26.1	3.9	1.9	4.8

Source: BestLink® - Best's Financial Suite

Reserve Adequacy

The group's calendar and accident year loss reserve development has generally been favorable with redundancies reported in four of the last five years. Accident year 2015 has become slightly redundant despite some additional adverse development in 2019. This adverse development primarily resulted from a program that has since then been terminated. Workers' Compensation reserves represent 76% and Other Liability represents 21% of total reserves.

Loss and Loss Adjustment Expense Reserves and Development - Calendar Year	3-Months		Year End - December 31				
	2020	2019	2019	2018	2017	2016	2015
Loss and ALAE* Reserves USD (000)	106,652	93,355	98,181	75,915	63,242	59,356	53,855
Loss and ALAE* Reserves Development USD (000)	-1,235	-1,475	...	-10,056	-12,462	-3,681	-1,461
Development to:							
Original Reserves (%)	...	...	...	-11.7	-16.5	-5.8	-2.6
Prior Year End Reserves (%)	-1.2	-1.7	...	...	...	...	...
Prior Year End Surplus (%)	-0.9	-1.2	...	-8.2	-11.6	-3.9	-2.0

Source: BestLink® - Best's Financial Suite

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



Balance Sheet Strength (Continued...)

Year End - December 31

Loss and Loss Adjustment Expense Reserves and Development - Accident Year	2019	2018	2017	2016	2015
Original Loss and ALAE Reserves USD (000)	41,196	34,023	31,450	25,532	19,384
Loss and ALAE Reserves Developed thru Latest Year End USD (000)	41,196	28,412	21,163	21,108	19,361
Development to Original Reserves (%)	...	-16.5	-32.7	-17.3	-0.1
Accident Year Loss and LAE Ratio (%)	65.8	58.9	48.2	61.8	63.1
Accident Year Combined Ratio (%)	81.9	78.7	65.8	82.5	90.1

Source: BestLink® - Best's Financial Suite

Holding Company Assessment

A new combined ultimate parent Trean Insurance Group, Inc. (Ticker symbol "TIG" Nasdaq), was created as it went public with an IPO on July 20, 2020. This new holding company was the combination of two holding companies BIC Holdings, LLC (an unrated insurance underwriting company) and Trean Holdings, LLC (an insurance services company).

BIC Holdings, LLC, the previous ultimate parent, was eliminated in the initial public offering transaction. Benchmark Insurance Group is currently comprised of Benchmark Holding Company, American Liberty Insurance Company, and Benchmark Insurance Company. As of the initial public offering date, all debt is at Trean Corporation, a subsidiary of the new ultimate parent, Trean Insurance Group, Inc. with debt leverage and interest coverage measures within A.M. Best guidelines. Currently, the new ultimate parent holding company is viewed as having a neutral impact on the operating group.

Financial Leverage Summary - Holding Company

Financial Leverage Ratio (%)	22.40
Adjusted Financial Leverage Ratio (%)	19.40
Interest Coverage (x)	16.80

Operating Performance

Benchmark Insurance Group has produced solid underwriting results and consistent investment income over the last five years. The group's five year average pre-tax and total returns on revenue and equity, outperform the composite averages. However, although investment yields are positive over that period, they are lower than the composite averages due to the company's very conservative fixed income portfolio. Total return on invested assets also lag the composite average. However, the group's five year average combined and operating ratios compare favorably to the composite. The main driver of operating earnings is net underwriting income which has been augmented by increasing net investment income. Net investment income is favorable but continues to reflect the drag from the low-yield environment. Despite this challenge the group has reported pre-tax operating gains, favorable net income and additions to surplus for five consecutive years. The group maintains an expense advantage as both its Loss & Loss Adjustment and underwriting expense structures outperform the composite. Further, Benchmark's pure loss ratio is favorable indicative of the sound underlying performance of its book of business.

Direct and net premium revenue has been strong and grown by double digits over the recent five-year period. This profitable growth is the result of successfully implementing various Workers' Compensation and Other Liability programs on a country wide basis. This strategy is executed through utilization of a multi-channel distribution system which includes independent retail and wholesale agents, brokers, producers, managing general agents and an affiliated management company, Trean Corporation.



Operating Performance (Continued...)

Operating and Financial Performance Ratios (%) - Company	3-Months		Year End - December 31					Weighted Average
	2020	2019	2019	2018	2017	2016	2015	
Calendar Year Loss and LAE Ratio	59.3	59.8	54.8	57.3	60.7	65.0	61.0	59.1
Expense and Policyholder Dividend Ratio	25.2	18.1	16.1	19.8	17.6	20.6	27.0	19.5
Combined Ratio	84.5	77.8	70.9	77.1	78.3	85.6	88.0	78.7
Reserve Development Ratio Impact	-5.5	-7.1	-11.0	-9.9	-1.7	-3.0	-0.4	-6.0
Net Investment Yield	1.5	1.7	1.6	1.4	1.5	1.4	1.6	1.5
Pre-Tax Operating Return on Net Earned Premiums	17.3	28.7	34.9	27.9	26.5	17.6	16.4	26.2
Net Income Return on Policyholders' Surplus	8.5	14.9	17.9	12.4	12.1	7.3	7.4	12.3
Total Return on Policyholders' Surplus	6.6	13.9	18.0	12.4	11.9	8.4	6.4	12.3

Source: BestLink® - Best's Financial Suite

Operating and Financial Performance Ratios (%) - Composite	3-Months		Year End - December 31					Weighted Average
	2020	2019	2019	2018	2017	2016	2015	
Calendar Year Loss and LAE Ratio	73.1	69.7	65.5	66.6	68.5	68.1	69.9	67.7
Expense and Policyholder Dividend Ratio	26.8	29.8	34.1	29.7	30.1	28.7	27.9	30.1
Combined Ratio	99.9	99.6	99.5	96.3	98.6	96.8	97.7	97.8
Reserve Development Ratio Impact	-3.4	-5.2	-13.4	-9.4	-6.3	-6.8	-7.7	-8.8
Net Investment Yield	2.9	3.0	3.1	3.0	2.8	2.8	2.8	2.9
Pre-Tax Operating Return on Net Earned Premiums	12.4	14.8	16.6	17.9	15.5	16.1	15.7	16.4
Net Income Return on Policyholders' Surplus	5.1	7.6	8.7	8.7	8.6	8.5	8.4	8.6
Total Return on Policyholders' Surplus	-22.2	15.8	12.6	4.9	11.6	10.0	6.4	9.2

Source: BestLink® - Best's Financial Suite

Industry Composite: Workers' Compensation Composite - BestLink® - Best's Financial Suite

Business Profile

Benchmark Insurance Group is a multi-line stock insurer that focuses on writing small casualty line specialty programs which includes Benchmark Insurance Company and most recently, American Liberty Insurance Company, a writer of Workers' Compensation coverage. The group works with its affiliated insurance services provider Trean Corporation and its wholly-owned reinsurance broker, Trean Reinsurance Services, LLC, to identify programs in which it can take an initially small "at risk" position that will grow over time as the company becomes more familiar with the underwriting and management approach of each program. As part of its underwriting, this process of "seasoning" enables Benchmark to gain a competitive advantage that has resulted in sustained profitable underwriting results. The company typically writes 15-20 programs per year, mostly covering workers' compensation or general liability business.

The company has added a few workers' compensation and other casualty programs in the last year, all of which are ceded to various reinsurers with varying quota share and excess percentages with high levels of collateral held.

Premium Composition and Growth	3-Months		Year End - December 31					5 Year CAGR
	2020	2019	2019	2018	2017	2016	2015	
Direct Premiums Written USD (000)	105,977	100,482	405,886	350,105	313,910	242,638	154,827	...
% Change	5.5	14.4	15.9	11.5	29.4	56.7	30.3	27.8
Reinsurance Premiums Assumed USD (000)*	2,709	3,406	7,111	13,551	16,247	20,108	12,653	...
% Change	-20.5	31.8	-47.5	-16.6	-19.2	58.9	181.7	9.6
Reinsurance Premiums Ceded USD (000)*	82,244	82,566	326,305	287,187	259,943	203,875	120,643	...
% Change	-0.4	13.0	13.6	10.5	27.5	69.0	52.4	32.7
Net Premiums Written USD (000)	26,442	21,322	86,691	76,469	70,215	58,872	46,837	...
% Change	24.0	23.0	13.4	8.9	19.3	25.7	6.1	14.4

Source: BestLink® - Best's Financial Suite

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



Business Profile (Continued...)

2019 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)	%	%
Workers Comp	334,928	82.5	7,111	100.0	267,624	82.0	74,414	85.8	21.8
Other Liab Occurrence	20,129	5.0	...	...	14,860	4.6	5,269	6.1	26.2
Comm M.P.	17,662	4.4	...	...	13,603	4.2	4,059	4.7	23.0
Comm Auto Liab	9,935	2.4	...	...	8,461	2.6	1,474	1.7	14.8
Group A&H	7,678	1.9	...	...	7,676	2.4	3	...	...
Top 5	390,332	96.2	7,111	100.0	312,224	95.7	85,219	98.3	21.4
All Other	15,553	3.8	...	...	14,081	4.3	1,472	1.7	9.5
Total	405,886	100.0	7,111	100.0	326,305	100.0	86,691	100.0	21.0

Source: BestLink® - Best's Financial Suite

Year End - December 31

Geographic Breakdown by Direct Premiums Written USD (000)	2019	2018	2017	2016	2015
California	202,446	153,611	119,503	92,214	65,828
Michigan	38,174	37,084	38,389	35,057	9,152
Arizona	34,215	28,350	25,078	14,370	7,558
Alabama	12,946	11,907	11,930	11,237	10,988
Nevada	11,869	12,460	13,138	13,086	11,463
Top 5 States	299,649	243,412	208,038	165,965	104,989
All Other	106,236	106,693	105,872	76,674	49,838
Total	405,886	350,105	313,910	242,638	154,827
Geographic Concentration Index	0.27	...	...	...	...

Source: BestLink® - Best's Financial Suite

Enterprise Risk Management

The group's risk management operation is managed through its affiliated management company Trean Corporation and is deemed appropriate for the size and complexity of the company. The group's ERM framework is driven by the ERM Committee with a charter to identify, evaluate and monitor numerous risk categories. Broad risk categories include strategic operational risks (such as market, underwriting, claims, reinsurance), financial risks (including interest rate, equities, tax, accounting, regulatory and capital deployment decisions), as well as technology, legislative, legal, business interruption, disaster recovery, and human resource risk categories. The committee's charter includes the creation of a systematic and effective ERM process that documents and communicates the results of its risk analysis to various stakeholders within the organization. As an example of the committee's monitoring efforts, it mitigates substantial credit risk through use of funds held, letters of credit and trust funds. Trean management monitors these collateral balances on a monthly basis and has had no collectible write offs in the past. The ERM framework is overseen by the group's Board of Directors through its Audit and Executive Management Committees.

Reinsurance Summary

The group's current reinsurance program reflects the specialty program nature of the business, with individual reinsurance programs in place for each program. Many of these programs involve cession of a significant portion of the risk to the reinsured, either directly or through an alternative risk transfer program. The group has an extensive collateral monitoring program in place to ensure proper security is maintained against losses. The group's current program limit is \$30m in four layers with a \$2m retention and \$6.2 m in co-participations. The authorized reinsurers include Markel, Lloyd's and Arch Re.

Comprehensive Adjustment



Financial Statements

	3-Months		Year End - December 31			
	2020		2019		2018	
Balance Sheet	USD (000)	%	USD (000)	%	USD (000)	%
Cash and Short Term Investments	56,925	11.3	62,390	12.5	44,324	9.6
Bonds	339,932	67.3	329,641	66.3	314,258	68.3
Preferred and Common Stock	1,674	0.3	829	0.2	325	0.1
Other Invested Assets	7,353	1.5	6,358	1.3	6,460	1.4
Total Cash and Invested Assets	405,884	80.4	399,218	80.3	365,367	79.4
Premium Balances	89,020	17.6	86,232	17.3	80,249	17.4
Net Deferred Tax Asset	3,249	0.6	3,146	0.6	2,648	0.6
Other Assets	6,606	1.3	8,862	1.8	11,842	2.6
Total Assets	504,759	100.0	497,457	100.0	460,106	100.0
Loss and Loss Adjustment Expense Reserves:						
Net Reported Loss Reserves*	31,968	6.3	25,694	5.2	24,464	5.3
Net IBNR Loss Reserves*	74,684	14.8	52,323	10.5	45,772	9.9
Net LAE Reserves	...	...	24,694	5.0	19,124	4.2
Total Net Loss and LAE Reserves	106,652	21.1	102,711	20.6	89,360	19.4
Net Unearned Premiums	27,468	5.4	23,701	4.8	24,615	5.3
Other Liabilities	227,569	45.1	229,558	46.1	223,081	48.5
Total Liabilities	361,690	71.7	355,969	71.6	337,056	73.3
Capital Stock	7,483	1.5	7,483	1.5	6,221	1.4
Paid-In and Contributed Surplus	42,986	8.5	42,986	8.6	48,809	10.6
Unassigned Surplus	92,600	18.3	91,020	18.3	68,019	14.8
Total Policyholders' Surplus	143,069	28.3	141,488	28.4	123,050	26.7
Total Liabilities and Surplus	504,759	100.0	497,457	100.0	460,106	100.0

Source: BestLink® - Best's Financial Suite

* Interim reserves balances include LAE.

Income Statement USD (000)	3-Months		Year End - December 31	
	2020	2019	2019	2018
Net Premiums Earned	22,459	20,751	87,605	69,823
Net Losses and LAE Incurred:				
Current Accident Year	14,555	13,878	57,611	46,938
Prior Accident Years	-1,235	-1,475	-9,643	-6,925
Underwriting Expenses Incurred	6,597	3,810	13,375	14,362
Dividends to Policyholders	58	39	600	702
Net Underwriting Income	2,484	4,499	25,662	14,745
Net Investment Income	1,511	1,599	6,266	4,794
Other Income (Expense)	-121	-150	-1,336	-51
Pre-Tax Operating Income	3,875	5,948	30,593	19,489
Income Taxes Incurred	982	1,272	6,749	4,354
Net Operating Income	2,892	4,676	23,843	15,135
Net Realized Capital Gains (Losses)	120	-122	-109	-798
Net Income	3,012	4,554	23,735	14,337

Source: BestLink® - Best's Financial Suite



Statement of Operating Cash Flows USD (000)	3-Months		Year End - December 31	
	2020	2019	2019	2018
Net Premiums Collected	15,703	19,349	95,189	64,674
Net Losses Paid	5,446	5,976	28,676	22,001
Expenses Paid	5,991	8,600	25,048	20,930
Dividends to Policyholders	58	39	600	702
Net Underwriting Cash Flow	4,207	4,735	40,864	21,040
Net Investment Income	2,023	1,087	8,044	6,585
Other Income (Expense)	-121	-150	-1,336	-51
Income Taxes Paid (Recovered)	44	...	7,222	3,682
Net Operating Cash Flow	6,066	5,671	40,350	23,893

Source: BestLink® - Best's Financial Suite

Related Methodology and Criteria

[Best's Credit Rating Methodology, 03/05/2020](#)[Catastrophe Analysis in A.M. Best Ratings, 10/13/2017](#)[Available Capital & Holding Company Analysis, 10/13/2017](#)[Scoring and Assessing Innovation, 03/05/2020](#)[The Treatment of Terrorism Risk in the Rating Evaluation, 10/13/2017](#)[Understanding BCAR for U.S. Property/Casualty Insurers, 05/28/2020](#)

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