



Best's Credit Rating Effective Date

September 24, 2020

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Information

- [Best's Credit Rating Methodology](#)
- [Understanding 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](#).

Spinnaker Insurance Company

AMB #: 022321 | **NAIC #:** 24376 | **FEIN#:** 93-0928517

Ultimate Parent: AMB # 044794 - Hippo Enterprises Inc.

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



Rating Rationale

Balance Sheet Strength: **Very Strong**

- Strongest level of risk-adjusted capitalization as measured by Best's Capital Adequacy Ratio (BCAR) scores at the 99.6% level.
- Moderate but increasing net underwriting leverage associated with the ramp up of new and existing programs.
- Low-risk investment portfolio consisting of investment-grade fixed-income securities and cash and cash equivalents.
- The ultimate parent, Hippo Enterprises, Inc., is primarily capitalized with convertible preferred stock, which results in high adjusted financial leverage per AM Best's guidelines. This is mitigated by the equity-like characteristics of the convertible preferred stock, the parent's adequate liquidity position and its ongoing capital support from investors.

Operating Performance: **Adequate**

- Operating performance has shown a positive trend as the company increases in scale and generates growth in ceding commissions.
- Underwriting results in 2015 to 2017 were largely expense driven, attributed to salaries, commissions, premium taxes and other expenses associated with the start up of operations in October 2015 and the introduction of new programs.
- The company faces potential execution risk if the books of business underwritten by program administrator partners do not perform as expected.

Business Profile: **Limited**

- Spinnaker specializes in sourcing small to medium-sized market risks from program administrators, with a focus on short-tail, U.S. property catastrophe-exposed programs, specialty lines and fronting business.
- Limited product diversification, writing primarily voluntary homeowners and renters insurance.
- The company's management and board of directors are composed of several veteran insurance professionals with experience in both the primary and reinsurance markets.

Enterprise Risk Management: **Appropriate**

- Risk management capabilities are considered appropriate for the risk profile of the company, with rigorous program administrator oversight and strict underwriting guidelines and controls in place.
- Spinnaker is committed to auditing each program administrator for adherence to acceptable risk tolerances.
- Natural catastrophe exposures are closely managed through program-specific reinsurance, catastrophe reinsurance coverage at the corporate level and geographic dispersion.

Outlook

- The stable outlooks reflect AM Best's expectation that the company's near-term operating performance will be profitable and that its balance sheet strength will remain supportive of the current ratings level.

Rating Drivers

- Negative rating actions could occur if the company's risk-adjusted capitalization deteriorates from planned levels.
- Negative rating actions could occur if the company's operating performance falls markedly short of AM Best's expectations.
- Negative rating actions could occur if there is a material deterioration in Hippo Enterprises, Inc.'s balance sheet strength, operating performance or liquidity profile, including its ability to raise additional capital.

Key Financial Indicators

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

Confidence Level	95.0	99.0	99.5	99.6
BCAR Score	78.8	65.7	55.5	37.7

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



Key Financial Indicators USD (000)	6-Months		Year End - December 31				
	2020	2019	2019	2018	2017	2016	2015
Premiums Written:							
Direct	133,033	93,030	208,395	79,960	32,397	12,958	287
Ceded*	131,425	89,704	200,812	67,278	16,526	4,588	...
Net	1,607	3,326	7,583	12,682	15,871	8,370	287
Net Operating Income	3,687	1,328	4,311	5,123	-1,107	-4,045	-1,003
Net Income	3,726	1,328	4,308	5,120	-1,138	-4,034	-997
Total Admitted Assets	134,335	106,358	110,117	74,367	48,509	39,149	33,905
Policyholders' Surplus	41,633	34,275	37,996	33,017	27,948	29,096	33,184

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
	2020	2019	2019	2018	2017	2016	2015	
Profitability:								
Combined Ratio	-98.9	81.8	46.0	95.7	95.2	137.1	511.8	93.5
Reserve Development Combined Ratio Impact	-1.0	0.3	-13.2	-4.6	-4.9	0.1	-1.2	-5.8
Net Investment Yield	1.6	2.0	2.0	1.7	1.4	1.5	...	...
Pre-Tax Operating Return on Net Earned Premiums	112.9	36.0	70.1	27.3	-9.2	-99.9	-99.9	10.0
Net Income Return on Policyholders' Surplus	18.7	7.9	12.1	16.8	-4.0	-13.0	...	...
Total Return on Policyholders' Surplus	18.7	7.9	12.1	16.8	-4.0	-13.0	...	...
Leverage:								
Net	2.4	2.3	2.1	1.6	1.3	0.6	...	...
Gross	...	...	11.3	5.5	2.3	0.9	...	...

Source: BestLink® - Best's Financial Suite

Credit Analysis

Balance Sheet Strength

The assessment of the balance sheet strength of the company is very strong, which considers the company's strongest BCAR scores, moderate net underwriting leverage and minimal investment risk.

Capitalization

Spinnaker maintains risk-adjusted capitalization in the strongest category, as measured by BCAR, which is reflective of its moderate net underwriting leverage and low investment leverage. The company was initially capitalized in Sept. 2015 with \$34 million from various investors.

Surplus growth has been solid in recent years, with growth of 9.6% during the first half of 2020 and 15.1% in 2019, driven by earnings. During 2018, surplus rose 18.1% driven by execution of an 80% quota share on the company's renters' program in December 2018, which generated significant surplus relief. The quota share resulted in the company ceding \$9.2 million of UPR and \$4.0 million of previously recognized acquisition costs to the reinsurer. There have been no dividends or other contributions to surplus.

Net underwriting leverage of 2.4x at June 30, 2020 is moderately above the personal property composite of 1.5x. Gross leverage is above the composite due to ceded premium and loss reserves from quota share and fully fronted programs. Underwriting leverage metrics have been increasing due to significant premium growth associated with the ramp up of new and existing programs.



Balance Sheet Strength (Continued...)

Capital Generation Analysis USD (000)	6-Months		Year End - December 31				
	2020	2019	2019	2018	2017	2016	2015
Beginning Policyholders' Surplus	37,996	33,017	33,017	27,948	29,096	33,184	...
Net Operating Income	3,687	1,328	4,311	5,123	-1,107	-4,045	-1,003
Net Realized Capital Gains (Losses)	39	...	-3	-3	-31	12	7
Net Change in Paid-In Capital and Surplus	...	...	...	...	...	...	34,126
Other Changes in Capital and Surplus	-89	-71	671	-51	-10	-55	55
Net Change in Policyholders' Surplus	3,637	1,257	4,979	5,069	-1,147	-4,088	33,184
Ending Policyholders' Surplus	41,633	34,275	37,996	33,017	27,948	29,096	33,184
Net Change in Policyholders' Surplus (%)	9.6	3.8	15.1	18.1	-3.9	-12.3	...

Source: BestLink® - Best's Financial Suite

Liquidity Analysis	6-Months		Year End - December 31				
	2020	2019	2019	2018	2017	2016	2015
Net Operating Cash Flow USD (000)	540	16,474	13,763	9,261	4,155	-497	-795
Current Liquidity (%)	77.1	89.4	96.9	121.6	184.7	333.4	999.9

Source: BestLink® - Best's Financial Suite

Asset Liability Management - Investments

The investment portfolio consists of investment grade fixed-income securities (63% of total invested assets at June 30, 2020), with the remainder in cash and cash equivalents (37%). The duration of the bond portfolio is approximately two years. The company has no stocks or high risk assets. The objectives of the investment strategy are to preserve capital and maintain adequate liquidity to pay claims.

Composition of Cash and Invested Assets	6-Months		Year End - December 31				
	2020	2019	2019	2018	2017	2016	2015
Total Cash and Invested Assets USD (000)	69,774	63,692	68,864	49,400	37,163	33,161	33,511
Composition Percentages (%)							
Unaffiliated:							
Cash and Short Term Investments	34.9	43.8	36.8	37.4	20.8	8.5	6.2
Bonds	65.1	56.2	63.2	62.6	79.2	91.5	93.8
Total Unaffiliated	100.0	100.0	100.0	100.0	100.0	100.0	100.0
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	40.5	10.2	2.6	0.7	0.1	1.5
Government Agencies and Municipal Bonds	0.8	3.0	3.2	0.2	...	5.1
Industrial and Miscellaneous Bonds	9.7	23.8	5.1	...	...	3.0
Total Bonds	51.0	37.0	11.0	0.9	0.1	2.3

Source: BestLink® - Best's Financial Suite

Reserve Adequacy

A full actuarial analysis is performed over each program at a minimum at year-end by the company's external actuary. Management encourages conservative reserving and has established reserve reporting and maximum settlement limits and authorities as prudent by program.

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

Loss and Loss Adjustment Expense Reserves and Development - Calendar Year	6-Months		Year End - December 31				
	2020	2019	2019	2018	2017	2016	2015
Loss and ALAE* Reserves USD (000)	3,671	4,708	2,782	1,761	1,119	553	8
Loss and ALAE* Reserves Development USD (000)	-42	12	...	-775	-938	-595	-6
Development to:							
Original Reserves (%)	...	...	...	-30.6	-45.6	-51.8	-42.9
Prior Year End Reserves (%)	-1.4	0.4	...	...	...	...	...
Prior Year End Surplus (%)	-0.1	...	...	-2.3	-3.4	-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.

Loss and Loss Adjustment Expense Reserves and Development - Accident Year	Year End - December 31				
	2019	2018	2017	2016	2015
Original Loss and ALAE Reserves USD (000)	1,415	2,191	2,046	1,148	14
Loss and ALAE Reserves Developed thru Latest Year End USD (000)	1,415	1,542	1,105	561	8
Development to Original Reserves (%)	...	-29.6	-46.0	-51.1	-42.9
Accident Year Loss and LAE Ratio (%)	64.1	38.3	33.6	50.5	115.4
Accident Year Combined Ratio (%)	59.2	97.0	90.3	117.4	486.1

Source: BestLink® - Best's Financial Suite

Holding Company Assessment

Spinnaker is a wholly owned subsidiary of Hippo Enterprises, Inc. (Hippo). On August 31, 2020, Hippo closed on its acquisition of Spinnaker. Hippo is primarily capitalized with convertible preferred stock. As equity credit is limited to 20% of total capital per AM Best guidelines, adjusted debt leverage is considered high at approximately 138% at July 31, 2020, pro forma for the Spinnaker acquisition. The neutral holding company assessment considers the equity-like characteristics of the convertible preferred stock, including its lack of dividends declared to date or stated maturity, and convertibility into common shares, among other features. The assessment also considers the parent's adequate pro forma liquidity position and its demonstrated ability to raise additional capital if needed. The holding company has no debt.

Effective September 24, 2015, the former parent company, Sojourner Holding Company LLC (Sojourner) purchased Woodridge Insurance Company (Woodridge) from White Mountain Insurance Group. The transaction included a 100% Transfer and Assumption Risk agreement, effective July 15, 2015, with Sirius America Insurance Company for all past and current exposures of Woodridge. Woodridge was renamed Spinnaker Insurance Company. Following the acquisition, Sojourner increased the surplus of Spinnaker to approximately \$34 million through the contribution of cash and invested assets.

Financial Leverage Summary - Holding Company

Financial Leverage Ratio (%)	157.60
Adjusted Financial Leverage Ratio (%)	137.60

Operating Performance

Spinnaker commenced operations in October 2015 and began writing a nationwide renters' insurance program. The company continues to ramp up its direct premium writings. Most of the net exposure growth inception to date has been from established programs or books of business. With increased ceding commissions from fully fronted and partially retained programs, most of the company's operating profits, since the fourth quarter 2018, are from ceding commissions. The company's average cede is currently about 96%.



Operating Performance (Continued...)

The upfront recognition of net commissions, premium taxes and other acquisition expenses from the ramp up of premium was a significant driver of underwriting and operating losses in 2015 to 2017. Both the expense ratio and the loss and loss adjustment expense ratio have declined substantially since 2016 due to traction in premium writings and favorable loss experience. In 2018, the company reported a \$4.4 million underwriting profit as the mismatch from the upfront expensing of acquisition costs compared to earned premium significantly lessened. This was driven by surplus relief from execution of the 80% quota share on the company's renters' program, effective Dec. 1, 2018. Because Spinnaker previously retained 100% of incurred losses up to \$1.0 million on this program, significant upfront acquisition costs were freed up with the quota share. During 2019, underwriting income was \$4.0 million, with a combined ratio of 46%, attributed to increased earned fronting/ ceding commissions and favorable net loss experience. Increased fronting/ ceding fees led to the company's expense ratio declining substantially to -5% in 2019. During the first half of 2020, the company reported a combined ratio of -98.9% and underwriting income of \$4.0 million, attributed primarily to ceding commissions in excess of underwriting expenses.

Operating and Financial Performance Ratios (%) - Company	6-Months		Year End - December 31					Weighted Average
	2020	2019	2019	2018	2017	2016	2015	
Calendar Year Loss and LAE Ratio	66.1	56.9	50.9	37.0	38.5	70.2	141.1	42.7
Expense and Policyholder Dividend Ratio	-99.9	24.9	-4.9	58.7	56.7	66.9	370.7	50.8
Combined Ratio	-98.9	81.8	46.0	95.7	95.2	137.1	511.8	93.5
Reserve Development Ratio Impact	-1.0	0.3	-13.2	-4.6	-4.9	0.1	-1.2	-5.8
Net Investment Yield	1.6	2.0	2.0	1.7	1.4	1.5	...	...
Pre-Tax Operating Return on Net Earned Premiums	112.9	36.0	70.1	27.3	-9.2	-99.9	-99.9	10.0
Net Income Return on Policyholders' Surplus	18.7	7.9	12.1	16.8	-4.0	-13.0	...	...
Total Return on Policyholders' Surplus	18.7	7.9	12.1	16.8	-4.0	-13.0	...	...

Source: BestLink® - Best's Financial Suite

Operating and Financial Performance Ratios (%) - Composite	6-Months		Year End - December 31					Weighted Average
	2020	2019	2019	2018	2017	2016	2015	
Calendar Year Loss and LAE Ratio	...	68.6	67.3	69.7	79.8	65.0	59.7	68.3
Expense and Policyholder Dividend Ratio	...	31.2	29.5	30.4	29.9	30.1	30.4	30.1
Combined Ratio	...	99.8	96.8	100.1	109.7	95.1	90.1	98.3
Reserve Development Ratio Impact	...	-2.5	-1.1	-2.9	-2.0	-0.5	-2.2	-1.7
Net Investment Yield	...	2.6	2.6	2.4	2.3	2.3	2.2	2.4
Pre-Tax Operating Return on Net Earned Premiums	...	7.9	9.9	6.5	-2.7	11.8	16.6	8.5
Net Income Return on Policyholders' Surplus	...	4.5	5.5	4.0	-0.2	7.0	10.4	5.2
Total Return on Policyholders' Surplus	...	8.6	8.6	1.9	2.9	6.9	8.6	5.8

Source: BestLink® - Best's Financial Suite

Industry Composite: Personal Property Composite - BestLink® - Best's Financial Suite

Business Profile

Spinnaker is an Illinois domiciled P&C insurer licensed in 50 states and the District of Columbia, and currently writes business in 50 states and the District of Columbia. The company writes primarily voluntary homeowners and renters insurance sourced through program administrators (PAs).

As a property/ casualty insurer that is widely licensed, the company sources business from PAs with substantial reinsurance protection and fronting business. Spinnaker focuses on short-tail, property catastrophe exposed programs, consisting of personal lines and main street commercial insurance. The company also seeks to write short-tail specialty lines and other high margin programs.



Business Profile (Continued...)

Premium Composition and Growth	6-Months		Year End - December 31					5 Year CAGR
	2020	2019	2019	2018	2017	2016	2015	
Direct Premiums Written USD (000)	133,033	93,030	208,395	79,960	32,397	12,958	287	...
% Change	43.0	225.2	160.6	146.8	150.0	999.9	...	...
Reinsurance Premiums Assumed USD (000)	...	...	...	...	...	...	...	...
% Change	...	...	...	...	...	...	...	...
Reinsurance Premiums Ceded USD (000)*	131,425	89,704	200,812	67,278	16,526	4,588	...	...
% Change	46.5	372.4	198.5	307.1	260.2	-99.9	...	...
Net Premiums Written USD (000)	1,607	3,326	7,583	12,682	15,871	8,370	287	...
% Change	-51.7	-65.4	-40.2	-20.1	89.6	999.9	...	...

Source: BestLink® - Best's Financial Suite

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

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)	%	%
Homeowners	196,042	94.1	...	...	188,737	94.0	7,305	96.3	3.7
Allied Lines	7,879	3.8	...	...	7,663	3.8	216	2.8	2.7
Fire	1,614	0.8	...	...	1,601	0.8	13	0.2	0.8
Comm M.P.	1,237	0.6	...	...	1,192	0.6	45	0.6	3.6
Comm Auto Liab	907	0.4	...	...	907	0.5	...	...	...
Top 5	207,679	99.7	...	...	200,100	99.6	7,580	100.0	3.6
All Other	716	0.3	...	...	712	0.4	4	...	0.5
Total	208,395	100.0	...	...	200,812	100.0	7,583	100.0	3.6

Source: BestLink® - Best's Financial Suite

Year End - December 31

Geographic Breakdown by Direct Premiums Written USD (000)	2019	2018	2017	2016	2015
Texas	104,313	22,375	3,915	1,326	...
Florida	10,324	4,413	130	...	...
Louisiana	8,576	8,627	7,558	2,318	...
Oklahoma	8,526	6,980	4,853	3,615	26
Illinois	6,502	1,498	431	336	64
Top 5 States	138,241	43,893	16,888	7,595	90
All Other	70,154	36,067	15,509	5,363	197
Total	208,395	79,960	32,397	12,958	287
Geographic Concentration Index	0.26	...	...	...	...

Source: BestLink® - Best's Financial Suite

Enterprise Risk Management

Spinnaker has an ERM framework in place which focuses on operating, insurance and underwriting risks. The company operates on the premise that risk management practices are critical to the success of the company.

Management regularly meets to identify and discuss material risks to the company's operations or financial position. The company employs traditional risk management techniques focusing on such areas as information systems, investments, liquidity, market conditions, operational risks, counterparty and contractual risks, and the regulatory environment. Significant resources have been devoted to mitigate against cyber risks, including insurance purchasing, security protocols, and third-party risk management. The company's board of directors is regularly apprised of risk management activities.

Monthly reports are provided to the board detailing updates on key metrics, important program updates, and other issues of note.



Enterprise Risk Management (Continued...)

The company has several internal control processes that are designed to ensure sound program development and oversight, from initial diligence to underwriting, and management during the term of the program. Prospective and in-force programs are assigned a Spinnaker Account Manager ("AM") whose responsibilities include sourcing business, pricing, catastrophe modeling, auditing, processing monthly accounts and coordinating the claims management process in conjunction with Spinnaker's management team and third-party claims adjusters. All material underwriting decisions are made by three (or more) executives: the AM and at least two other senior officers.

Reinsurance Summary

Reinsurance plays an important role in the company's risk management and capital strategy and is, accordingly, managed closely. The company has implemented minimum rating thresholds for all reinsurers to safeguard the company's credit risk.

Spinnaker has reinsurance on specific programs and on a corporate catastrophe basis. On a per program basis, the company buys quota share reinsurance, providing a per occurrence cap to reinsurers on most programs. In addition, the company buys natural catastrophe excess of loss reinsurance on its net retained share when appropriate. The company also maintains natural catastrophe reinsurance coverage at the corporate level, which provides \$70 million of limit for all losses from each occurrence. The corporate catastrophe cover attaches at the top of the per occurrence cap of any and all per program reinsurance, except for the fully fronted programs.



Financial Statements

	6-Months		Year End - December 31			
	2020		2019		2018	
Balance Sheet	USD (000)	%	USD (000)	%	USD (000)	%
Cash and Short Term Investments	24,345	18.1	25,364	23.0	18,460	24.8
Bonds	45,406	33.8	43,499	39.5	30,940	41.6
Other Invested Assets	23	...	...	...	...	...
Total Cash and Invested Assets	69,774	51.9	68,864	62.5	49,400	66.4
Premium Balances	31,259	23.3	31,232	28.4	19,731	26.5
Net Deferred Tax Asset	727	0.5	734	0.7	...	...
Other Assets	32,574	24.2	9,288	8.4	5,236	7.0
Total Assets	134,335	100.0	110,117	100.0	74,367	100.0
Loss and Loss Adjustment Expense Reserves:						
Net Reported Loss Reserves*	1,631	1.2	1,137	1.0	1,174	1.6
Net IBNR Loss Reserves*	2,040	1.5	1,644	1.5	1,363	1.8
Net LAE Reserves	...	...	249	0.2	312	0.4
Total Net Loss and LAE Reserves	3,671	2.7	3,030	2.8	2,849	3.8
Net Unearned Premiums	568	0.4	3,038	2.8	2,912	3.9
Other Liabilities	88,462	65.9	66,053	60.0	35,589	47.9
Total Liabilities	92,702	69.0	72,121	65.5	41,350	55.6
Capital Stock	4,200	3.1	4,200	3.8	4,200	5.6
Paid-In and Contributed Surplus	28,900	21.5	28,900	26.2	28,900	38.9
Unassigned Surplus	8,533	6.4	4,896	4.4	-83	-0.1
Total Policyholders' Surplus	41,633	31.0	37,996	34.5	33,017	44.4
Total Liabilities and Surplus	134,335	100.0	110,117	100.0	74,367	100.0

Source: BestLink® - Best's Financial Suite

* Interim reserves balances include LAE.

Income Statement USD (000)	6-Months		Year End - December 31	
	2020	2019	2019	2018
Net Premiums Earned	4,077	3,719	7,458	18,757
Net Losses and LAE Incurred:				
Current Accident Year	2,737	2,106	4,780	7,793
Prior Accident Years	-42	12	-985	-861
Underwriting Expenses Incurred	-2,653	828	-371	7,445
Net Underwriting Income	4,035	773	4,034	4,380
Net Investment Income	560	561	1,177	742
Other Income (Expense)	9	5	15	1
Pre-Tax Operating Income	4,603	1,339	5,225	5,123
Income Taxes Incurred	917	10	914	...
Net Operating Income	3,687	1,328	4,311	5,123
Net Realized Capital Gains (Losses)	39	...	-3	-3
Net Income	3,726	1,328	4,308	5,120

Source: BestLink® - Best's Financial Suite



Statement of Operating Cash Flows USD (000)	6-Months		Year End - December 31	
	2020	2019	2019	2018
Net Premiums Collected	28,563	18,539	20,255	20,604
Net Losses Paid	24,591	6,466	6,839	9,837
Expenses Paid	3,839	-3,832	617	2,311
Net Underwriting Cash Flow	132	15,906	12,799	8,456
Net Investment Income	630	563	1,198	805
Other Income (Expense)	9	5	15	1
Income Taxes Paid (Recovered)	230	...	250	...
Net Operating Cash Flow	540	16,474	13,763	9,261

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](#)

[Understanding BCAR for U.S. Property/Casualty Insurers, 05/28/2020](#)

[Understanding Universal BCAR, 06/11/2020](#)

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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