BEST'S COMPANY REPORT

PALOMAR HOLDINGS, INC.

Domiciliary Address: 1209 Orange Street, Wilmington, Delaware 19801 United States
Administrative Office: 7979 Ivanhoe Avenue, Suite 500, La Jolla, California 92037 United States

AMB #: 033566 **NAIC #:** N/A **FEIN #:** 83-3972551

Phone: +1-619-567-5290 **Fax:** +1-619-567-6954 **Website:** www.plmr.com

PALOMAR SPECIALTY INSURANCE COMPANY A-

Domiciliary Address: 1050 S.W. 6th Avenue, Suite 1100, Portland, Oregon 97204 United States
Administrative Office: 7979 Ivanhoe Avenue, Suite 500, La Jolla, California 92037 United States

AMB #: 022031 **NAIC #:** 20338 **FEIN #:** 95-2379438

Phone: +1-619-567-5290 **Fax:** +1-619-567-6954 **Website:** www.plmr.com

A- Excellent

Best's Credit Rating Effective Date
June 16, 2022

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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.

Palomar Holdings, Inc.

AMB #: 033566 | **FEIN #:** 83-3972551
Ultimate Parent: AMB # 033566 - Palomar Holdings, Inc.

Best's Credit Ratings - for the Rating Unit Members

Financial Strength Rating (FSR)	Issuer Credit Rating (ICR)
A-	**a-**
Excellent	**Excellent**
Outlook: **Stable**	Outlook: **Stable**
Action: **Affirmed**	Action: **Affirmed**

Assessment Descriptors

Balance Sheet Strength	**Very Strong**
Operating Performance	**Adequate**
Business Profile	**Limited**
Enterprise Risk Management	**Appropriate**

Rating Unit - Members

Rating Unit: Palomar Holdings, Inc. | AMB #: 033566

AMB #	Rating Unit Members	AMB #	Rating Unit Members
020907	Palomar Excess and Surplus Ins	022031	Palomar Specialty Insurance Co
094465	Palomar Spec Reins Co BM Ltd		

Best's Credit Rating - for the Holding Company

Issuer Credit Rating (ICR)

bbb- **Good**	Outlook: **Stable** Action: **Affirmed**

Rating Rationale - for the Rating Unit Members

The Issuer Credit Ratings and Financial Strength Ratings of the member operating companies of the rating unit are determined in accordance with Best's building block rating methodology as applied to the consolidated group's financial statements, and the supporting analytics and results are described in the following sections of this report.

Balance Sheet Strength: Very Strong

- Palomar Holdings, Inc. (Palomar), maintains the strongest level of risk-adjusted capitalization as measured by Best's Capital Adequacy Ratio (BCAR) at the 99.6% VaR level.
- The group maintains sound balance sheet liquidity as current and overall liquidity ratios compare favorably to its industry composite average.
- Loss reserve development has been favorable in all calendar years and accident years. Reserve leverage is lower than its industry composite average.
- Significantly dependent on reinsurance coverage for surplus protection.

Operating Performance: Adequate

- Palomar has produced solid operating earnings in recent years as the group ramped up new business writings. Gross written premium has increased considerably, primarily from earthquake business in California; however, a fair amount of growth has also come from expansion into new territories and lines of business.
- On average, the group has produced a five-year combined ratio below 90, primarily driven by low loss experience paired with an elevated expense ratio. As the group grows, the larger premium base is expected to improve the expense ratio.
- Consistently positive return on revenue and equity results over the most recent five-year period.
- Performance is highly influenced by extensive use of quota share reinsurance contracts and other forms of reinsurance to moderate volatility.

Business Profile: Limited

- Palomar writes primarily residential and commercial earthquake, inland marine and specialty homeowners business. The profile exposes Palomar to catastrophic loss accumulation, as well as regulatory and legislative changes and judicial decisions, particularly in California.
- Positioned as one of the largest earthquake coverage providers within California.
- Management has local market expertise in the California residential and commercial earthquake segments.
- Extensive distribution channels that leverages retail agents, wholesale brokers, program administrators and other insurance carriers.

Enterprise Risk Management: Appropriate

- Palomar utilizes a conservative risk management philosophy. Risk management capabilities are appropriately matched to its risk profile and the complexity of the organization.
- The group has a formalized ERM framework that includes risk identification and reporting, risk appetite and tolerances, risk management and controls, stress testing and corporate governance.
- The group utilizes probabilistic modeling and deterministic modeling of historical events to determine the appropriateness of its reinsurance coverage.
- Catastrophe and quota share reinsurance contracts help to mitigate Palomar's risk; however, there is material tail risk as reflected in the BCAR at the 99.8% VaR level.

Outlook

- The stable outlooks reflect the expectation that the group will maintain its overall balance sheet assessment of very strong, supported by risk-adjusted capitalization at the strongest level as measured by BCAR, while ongoing strategic initiatives implemented by management will maintain stable operating performance over the intermediate term.

Rating Drivers

- Negative rating action could occur if risk-adjusted capitalization as measured by Best's Capital Adequacy Ratio were to materially decline, whether through equity erosion or changes to the reinsurance program.

- Negative rating action could occur if unfavorable volatility in operating performance developed, pressuring the current assessment.

Rating Rationale - for the Holding Company

The rating of the holding company is determined by reference to the Issuer Credit Rating (ICR) of the operating insurance company members. It reflects consideration of holding company sources and uses of cash, the competing demands placed upon holding company resources and normal subordination of holding company creditors to claims of the policyholders of the operating insurance companies. In general, therefore, the holding company's Issuer Credit Rating is notched from those assigned to the operating companies of the rating unit.

Credit Analysis

Balance Sheet Strength

Palomar Holdings, Inc. has a balance sheet assessment categorized as very strong, supported by its strongest level of risk-adjusted capitalization as measured by Best's Capital Adequacy Ratio (BCAR) at the 99.6 VaR, which is driven by moderate underwriting leverage, favorable loss reserve development and a conservative investment risk profile. The primary offsetting factors are significant dependence on reinsurance and modeled risk, as a writer of catastrophe-exposed business.

Capitalization

Palomar Holdings, Inc. maintains the strongest level of risk-adjusted capitalization as measured by its Best Capital Adequacy Ratio (BCAR). The company's capital position reflects its moderate net underwriting leverage and conservative investment risk profile, partially offset by significant reinsurance dependence and off balance sheet catastrophe exposure. GAAP equity has increased $321.1M over the last five years. The group's main driver of surplus appreciation were proceeds from an initial public offering (IPO) in April 2019 and additional follow-on equity issuances completed in January and June 2020 with improvement in retained earnings derived from net income supporting the position. Subsequently, $40 million of capital was contributed to Palomar Specialty Insurance Company, and Palomar Excess and Surplus Insurance Company was launched in August 2020 with $100 million of capital. The surplus note at Palomar Specialty Insurance Company was paid off in 2018 from the proceeds of the issuance of $20 million of senior debt at Palomar Insurance Holdings, Inc. The senior debt was paid off in 2019, following the completion of the IPO.

The group maintains sound balance sheet liquidity as measured by current and overall liquidity ratios that compare favorably to its industry composite average. Operating cash flows have been solid over the past five years, driven by a significant increase in premiums collected. Underwriting leverage has remained moderate as the group ramped up new business writings following the completion of the IPO and follow-on equity offerings. The gross, ceded and net underwriting leverages remain moderate but are somewhat higher than its industry composite average.

Based on the company's business concentration in catastrophe-exposed lines of business and geographic locations, overall capitalization is susceptible to aggregate losses, primarily resulting from earthquake occurrences. The group effectively manages this exposure through its sophisticated catastrophe modeling techniques and a comprehensive catastrophe reinsurance program. The net probable maximum loss from an All Peril event is contemplated within the BCAR calculation.

Asset Liability Management - Investments

The group maintains a conservative investment risk profile primarily comprised of long-term bonds with the remainder held in cash and short-term investments and common stocks. The investment risk profile is modest as non-affiliated investment leverage is significantly below the composite average. Non-affiliated investment leverage is comprised of common stock leverage and non-investment grade bond leverage. Common stock leverage has declined in recent years as GAAP equity growth has outpaced growth in the equity portfolio. Annual proceeds have generally been invested in fixed income.

Reserve Adequacy

The group maintains a conservative loss reserve posture as demonstrated by favorable development in all calendar years and accident years since its inception. Loss and LAE reserves are allocated to the property, property reinsurance and homeowners lines of business. As nearly all writings are property business, the loss reserve tail is short as claims are closed quickly. The group's primary line of business is residential and commercial earthquake coverage, which is a low frequency and high severity line of business, loss reserve leverage is nominal and significantly lower than its industry composite average. In 2021, on a one-year basis, overall reserves developed favorably as some of the 2020 hurricane ultimates were revised downward.

Balance Sheet Strength (Continued...)

Holding Company Assessment

Palomar Holdings, Inc. is the ultimate parent and holding company of Palomar Specialty Insurance Company, Palomar Specialty Reinsurance Company Bermuda Ltd. and Palomar Excess and Surplus Insurance Company. Publicly traded under NASDAQ ticker PLMR. The consolidated group has low financial leverage, reflecting a small piece of debt taken through the Federal Home Loan Bank program. The holding company provides a level of financial flexibility as evidenced by the recent IPO.

In 2021, the Board approved a share repurchase program of $40M, Palomar repurchased $15.9M under this program. In 2022, the board approved a new share repurchase program up to $100M through Q1 2024 and repurchased $13M under this program. Excess of repurchase price over par value is entirely charged to retained earnings.

Operating Performance

Palomar Holdings Inc.'s operating strategy is premised around limited fixed cost investment through the use of third-party outsourced vendors. Management has developed a business plan that incorporates controlled growth and significant reinsurance to endure catastrophic events and capitalize on opportunities post-event. Management has considerable experience in the residential and commercial earthquake industry with combined tenure of over 40 years.

Palomar has reported net income in each of the last five years, with the most on an absolute basis reported in 2021, driven by more robust underwriting income. As Palomar has continued to expand its premium base, revenue has consistently increased year over year. The most recent full calendar year benefited from comparatively lighter catastrophe losses when viewing the five-year history. Most notably, elevated frequency in 2020 generated considerable catastrophe losses via Hurricanes Hanna, Laura, Sally, Delta and Zeta. In 2021, the results were impacted by Winter Storm Uri and Hurricane Ida. Nonetheless, Palomar has averaged a five-year combined ratio of 89.9, which compares favorably to the statutory commercial property composite average. The position benefits from better-than-average loss experience paired against an elevated expense position. In 2019 Palomar processed a one-time stock compensation charge of $23M related to the modification of the former parent company's management incentive plan which resulted in an abnormally higher expense ratio.

Management continues to refine the underlying portfolio to optimize returns while leveraging extensive reinsurance programs to reduce net exposure to both catastrophes and attritional losses. The organization has grown considerably over the last five years with Palomar on-boarding $414.9M of additional gross written premium since YE 2017. Growth has been led by residential and commercial earthquake as well as inland marine and other lines of business. Given the growth in earthquake premium, it is unsurprising that California reported the most growth over that time period; however, Palomar continues to geographically diversify with roughly 30% of the on-boarded premium coming from states outside of the top five. Expansion has benefited from the establishment of the E&S company in 2020, leading growth in more recent years. While new lines of business have been added, such as non-admitted builders risk and excess liability, management has also made the decision to exit admitted specialty homeowners and commercial all peril risks in an effort to reduce unsatisfactory loss exposure. Starting in 2021, the organization also announced its entrance into the fronting arena in an effort to generate fee income that will ultimately help offset expenses.

Net return on revenue and equity have been positive in each of the last five years. Net return on revenue averages 13.8 while net return on equity averages 7.4.

Business Profile

The group writes 49% of its direct business in California - primarily earthquake coverage which represents over 50% of net written premiums. The concentration exposes it to catastrophic loss accumulation, as well as regulatory and legislative changes, and judicial decisions. The remainder of business is primarily written in Texas, Hawaii, Florida and Washington; however, the geographic diversification has been improving with introduction of the non-admitted insurance entity in 2020. Aside from earthquake, other primary lines of business include inland marine and Hawaii hurricane. The group has been expanding into other areas as well, such as non-admitted builders risk and excess liability.

The group is comprised of Palomar Specialty Insurance Company (PSIC), Palomar Specialty Reinsurance Company Bermuda Ltd. (Palomar Re) and Palomar Excess and Surplus Insurance Company (PESIC). The primary operating subsidiary, PSIC, is an insurance company domiciled in the state of Oregon that was formed in February 2014. Palomar Re is a Bermuda-based reinsurance subsidiary that was incorporated in August 2014 and provides reinsurance support exclusively to PSIC. PESIC is domiciled in the state of Arizona to write surplus lines business on a nationwide basis across all of the group's existing lines of business. PESIC received regulatory approval in 2020 and was capitalized with approximately $100 million in initial surplus. Prospect General Insurance Agency, Inc. was formed in 2015 to underwrite specialty insurance products on behalf of third-party insurance companies.

Business Profile (Continued...)

Palomar Re was originally formed to cede a pro rata share of PSIC's catastrophe retention. The cession was focused on specified lines of business to build capital in a more tax efficient manner. The core role of Palomar Re was modified, with the domestication of the parent company to the U.S. to facilitate the IPO, and it became a full U.S. tax paying entity. Consequently, it was decided to freeze earthquake and Hawaii hurricane cessions effective July 1, 2019. However, Palomar Re maintains an important risk transfer affiliate of the group with its ability to spread risk and provide surplus relief for PSIC and PESIC.

The strategic rationale for the creation of PESIC was the logical progression of the group's property franchise and opportunity to selectively extend into other specialty segments. The primarily lines of business are non-admitted commercial earthquake, commercial all risk and inland marine. PESIC is actively writing in-house business as well as through select program administrators.

PSIC, PESIC and Palomar Re have an intercompany pooling agreement, whereby all premiums, losses and expenses are ceded to the lead member of the pool, PSIC, and redistributed to PSIC, PESIC and Palomar Re.

The group distributes its products through a multi-channel, open architecture distribution model which includes retail agents, wholesale brokers, program administrators and carrier partnerships. They have a well-defined underwriting criteria and have designed their distribution model to access their targeted risks through what they believe to be the most efficient channels. The group more recently entered the fronting market as a way to generate fee income and leverage program relationships.

Enterprise Risk Management

Palomar Holdings, Inc.'s enterprise risk management is appropriate for its risk profile and the complexity of the organization. An ERM sub-committee meets with senior management and reports to the Audit Committee to keep practices consistent. The sub-committee consists of 2 board members and 2 senior officers meeting at least bi-annually. The ERM sub-committee is responsible for: setting general ERM strategy, assisting in overseeing internal and external communications, evaluating current/emerging risks and suggesting how to address such risks, assessing and monitoring risk framework. The program bolstered by adherence to SOX and ORSA-inspired governance. Includes established benchmarks and KPIs to manage/monitor potential outcomes.

Management is aware of its tail risk exposure and monitors tail events and limits exposure accumulations in areas designated as high risk in terms of vulnerability. A conservative reinsurance strategy is imposed to preserve capital and purchase to a minimum of the 1/250-year total all perils gross PML. Catastrophe and quota share reinsurance contracts help to mitigate Palomar Holdings, Inc.'s risk; however, there is material tail risk as reflected in the BCAR at the 99.8% VaR level. Nonetheless, deterministic testing models known events within the current tower coverage, namely the 1906 San Francisco Earthquake and the 1994 Northridge Earthquake.

Additionally, Palomar Holdings, Inc. intends to underwrite and manage its portfolio beyond the results of the model and hedge against "model miss" through quarterly multi-model portfolio processing, geographic diversification, conservative limit management and risk accumulation management.

Reinsurance Summary

The group utilizes catastrophe excess of loss and aggregate reinsurance coverage to protect against large single and aggregate losses. Access to reinsurance is through multi-channels such as brokers, direct access and insurance-linked securities (Torrey Pines Re). Management employs value-added features including dynamic coverage to match growth; multi-year purchasing strategies; inuring, underlying and cascading coverages; as well as the complimentary utilization of quota shares, excess of loss and facultative coverage. Management maintains a large diversified panel of reinsurers with year-round planning and execution.

The Core Cat XOL tower provides ground up earthquake limit of $2.08B, ground up Hawaii hurricane limit of $900M and ground up all perils limit of $250M. All layers are fully placed and all include a $12.5M retention. The cat program is further strengthened by a cat aggregate treaty that comes with a $30M retention and provides an additional $25M of coverage, partially mitigating against the frequency of events. Three programs inure to the benefit of the core XOL tower - first the Texas Homeowners program that was converted to a fronting program has a $175M occurrence cap, second there are earthquake-only inuring layers that provide $875M excess $250M via cat bonds and traditional reinsurance and finally, the CA commercial earthquake 20% QS. A number of other quota shares are strategically used for program and internally managed business to mitigate volatility.

Financial Statements

Balance Sheet	12/31/2021 USD (000)	%	12/31/2020 USD (000)
Cash and Short Term Investments	50,371	5.4	33,786
Bonds	432,682	46.7	397,987
Equity Securities	33,261	3.6	24,322
Total Cash and Invested Assets	516,314	55.8	456,095
Reinsurers' Share of Reserves	186,262	20.1	129,597
Debtors / Amounts Receivable	117,380	12.7	59,004
Other Assets	105,778	11.4	84,396
Total Assets	925,734	100.0	729,092
Gross Technical Reserves:			
Unearned Premiums	284,665	30.8	183,489
Non-Life Reserves	173,366	18.7	129,036
Total Gross Technical Reserves	458,031	49.5	312,525
Other Liabilities	73,534	7.9	52,854
Total Liabilities	531,565	57.4	365,379
Capital Stock	3	...	3
Paid-in Capital	318,902	34.4	310,507
Retained Earnings	69,952	7.6	39,957
Other Capital and Surplus	5,312	0.6	13,246
Total Capital and Surplus	394,169	42.6	363,713
Total Liabilities, Mezzanine Items and Surplus	925,734	100.0	729,092

Source: BestLink® - Best's Financial Suite
US $ per Local Currency Unit 1 = 1 US Dollar (USD)

Last Update
June 16, 2022

Identifiers
AMB #: 033566
FEIN #: 83-3972551

Contact Information

Administrative Office:
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Financial Data Presented

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

Palomar Holdings, Inc.

Operations

Domiciled: Delaware, United States

Business Type: Property/Casualty
Publicly Traded Corp: Palomar Holdings, Inc.
Stock Exchange: NASDAQ: PLMR

Best's Credit Ratings

Rating Relationship

AM Best Rating Unit: **033566 - Palomar Holdings, Inc.**

Refer to the Best's Credit Report for AMB# 033566 - Palomar Holdings, Inc. for details regarding the rating rationale, credit analysis, and financial exhibits available at the time the credit analysis was performed.

		Best's Credit Ratings	
AMB#	Rating Unit Members	Financial Strength Rating	Long-Term Issuer Credit Rating
020907	Palomar Excess and Surplus Ins	A-	a-
094465	Palomar Spec Reins Co BM Ltd	A-	a-
022031	Palomar Specialty Insurance Co	A-	a-

Best's Credit Rating History

AM Best has assigned ratings on this company since 2019. In our opinion, the company has a Good ability to meet their ongoing senior financial obligations.

The following are the most recent rating events, for longer history refer to Rating History in BestLink:

	Best's Long-Term Issuer Credit Ratings		
Effective Date	Rating	Outlook	Action
Current -			
Jun 16, 2022	**bbb-**	**Stable**	**Affirmed**
May 20, 2021	bbb-	Stable	Affirmed
Apr 30, 2020	bbb-	Stable	Affirmed
Apr 18, 2019	bbb-	Stable	Assigned

Palomar Specialty Insurance Company

Last Update
June 24, 2022

Identifiers
AMB #: 022031
NAIC #: 20338
FEIN #: 95-2379438

Contact Information

Administrative Office:
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Financial Data Presented

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

Operations

Date Incorporated: February 14, 1963 **|** **Date Commenced:** March 01, 1963

Domiciled: Oregon, United States

Licensed: (Current since 06/07/2021). The company is licensed in AL, AK, AZ, AR, CA, CO, CT, DE, FL, GA, HI, IL, IN, KS, KY, LA, MD, MS, MO, NV, NJ, NC, OK, OR, PA, RI, SC, TN, TX, UT, VA and WA.

Business Type: Property/Casualty
Organization Type: Stock
Marketing Type: Broker
Financial Size: IX ($250 Million to $500 Million)

Best's Credit Ratings

Rating Relationship

AM Best Rating Unit: **033566 - Palomar Holdings, Inc.**

Palomar Specialty Insurance Company is a member of Palomar Holdings, Inc. (AMB# 033566) rating unit and the rating reflects the pooling arrangement with other members of the rating unit. Refer to the Best's Credit Report for AMB# 033566 - Palomar Holdings, Inc. for details regarding the rating rationale, credit analysis, and financial exhibits available at the time the credit analysis was performed.

Best's Credit Rating History

AM Best has assigned ratings on this company since 2014. In our opinion, the company has an Excellent ability to meet their ongoing insurance obligations and an Excellent ability to meet their ongoing senior 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**	**Affiliation**	**Outlook**	**Action**	**Rating**	**Outlook**	**Action**
Current - Jun 16, 2022	**A-**	**p (Pooled Rating)**	**Stable**	**Affirmed**	**a-**	**Stable**	**Affirmed**
May 20, 2021	A-	p (Pooled Rating)	Stable	Affirmed	a-	Stable	Affirmed
Apr 30, 2020	A-	g (Group Rating)	Stable	Affirmed	a-	Stable	Affirmed
Apr 18, 2019	A-	g (Group Rating)	Stable	Affirmed	a-	Stable	Affirmed
Feb 26, 2019	A-	g (Group Rating)	Stable	Affirmed	a-	Stable	Affirmed

Management

Palomar Insurance Holdings, Inc. (PIH) (formerly known as Cottage Insurance Holdings, Inc.) owns 100% of Palomar Specialty Insurance Company through common stock.

The principals of Palomar Specialty and Genstar Capital Management LLC committed $75.0M of equity capital to the creation of Palomar Specialty.

Palomar Specialty is led by David "Mac" Armstrong, the former President and COO of Arrowhead General Insurance Agency, one of the largest program administrators in the P&C segment. Management and Genstar have developed a business plan that incorporates moderate growth and considerable reinsurance to endure catastrophic events and capitalize on opportunities post-event.

In early 2014, PIH acquired Northwestern Pacific Indemnity Company, an Oregon shell insurance company with active licenses in 7 states, from The Chubb Corporation.

Officers

President: D. McDonald Armstrong
Chief Underwriting Officer: Jon M. Christianson
EVP: Heath A. Fisher
SVP: Jeffery D. Lim
Secretary: Angela L. Grant
Treasurer: Elizabeth W. Seitz

Directors

D. McDonald Armstrong (Chairman)
Heath A. Fisher
Francis K. Lee
Cameron K. Martin
Toshio C. Uchida

History

Northwestern Pacific Indemnity Company is an Oregon corporation formed on February 14, 1963. Following its name change in January, the company commenced operations under its new ownership in February 2014.

Financial Statements

Financial Statements reflected were compiled from the most recent company-filed statement available in BestLink - Best's Statement File – P/C, US.

Currency: USD **Company's local Currency:** US Dollar

Balance Sheet

	3-Months 2022		Year End - December 31 2021		2020	
	USD (000)	%	USD (000)	%	USD (000)	%
Cash and Short Term Investments	21,765	4.0	35,990	7.4	17,770	5.9
Bonds	270,160	49.1	235,528	48.6	198,555	65.9
Preferred and Common Stock	28,689	5.2	29,385	6.1	20,681	6.9
Total Cash and Invested Assets	320,613	58.2	300,903	62.1	237,005	78.7
Premium Balances	104,581	19.0	87,684	18.1	34,803	11.5
Net Deferred Tax Asset	13,393	2.4	12,692	2.6	6,380	2.1
Other Assets	111,971	20.3	83,030	17.1	23,147	7.7
Total Assets	550,558	100.0	484,310	100.0	301,335	100.0
Loss and Loss Adjustment Expense Reserves:						
Net Reported Loss Reserves*	27,007	4.9	25,483	5.3	17,524	5.8
Net IBNR Loss Reserves*	24,380	4.4	15,550	3.2	13,450	4.5
Net LAE Reserves	...	...	4,386	0.9	3,397	1.1
Total Net Loss and LAE Reserves	51,387	9.3	45,419	9.4	34,372	11.4
Net Unearned Premiums	231,700	42.1	226,350	46.7	130,140	43.2
Other Liabilities	83,758	15.2	49,477	10.2	23,486	7.8
Total Liabilities	366,845	66.6	321,246	66.3	187,998	62.4
Capital Stock	5,000	0.9	5,000	1.0	5,000	1.7
Paid-In and Contributed Surplus	126,591	23.0	126,586	26.1	126,580	42.0
Unassigned Surplus	52,123	9.5	31,478	6.5	-18,243	-6.1
Total Policyholders' Surplus	183,714	33.4	163,063	33.7	113,337	37.6
Total Liabilities and Surplus	550,558	100.0	484,310	100.0	301,335	100.0

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.

In arriving at a rating decision, AM Best relies on third-party audited financial data and/or other information provided to it. While this information is believed to be reliable, AM Best does not independently verify the accuracy or reliability of the information. Any and all ratings, opinions and information contained herein are provided "as is," without any express or implied warranty.

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