

BEST'S RATING REPORT

HOUSTON CASUALTY GROUP

AMB #: 018421

NAIC #: N/A

FEIN #: N/A

Phone:

Fax:

Website: N/A

Amer Contractors Indemnity Co	A++
Avemco Insurance Company	A++
HCC Reinsurance Company Ltd	A++
Houston Casualty Company	A++
Producers Agriculture Ins Co	A++
Producers Lloyds Insurance	A++
U.S. Specialty Insurance Co	A++
United States Surety Company	A++

HCC LIFE INSURANCE COMPANY

Domiciliary Address: 150 West Market Street, Suite 800, Indianapolis, Indiana 46204 United States

Administrative Office: 225 Town Park Drive, Suite 350, Kennesaw, Georgia 30144 United States

AMB #: 009081

NAIC #: 92711

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Best's Credit Rating Effective Date

December 09, 2021

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Information

[Best's Credit Rating Methodology](#)

[Guide to 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](#).

Houston Casualty Group

AMB #: 018421

Associated Ultimate Parent: AMB # 058633 - Tokio Marine Holdings, Inc.

Best's Credit Ratings - for the Rating Unit Members

Financial Strength Rating (FSR)

A++
Superior
Outlook: Stable
Action: Affirmed

Issuer Credit Rating (ICR)

aa+
Superior
Outlook: Stable
Action: Affirmed

Assessment Descriptors

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

Rating Unit - Members

Rating Unit: Houston Casualty Group | **AMB #:** 018421

AMB #	Rating Unit Members
011019	Amer Contractors Indemnity Co
000191	Avemco Insurance Company
072473	HCC Reinsurance Company Ltd
003286	Houston Casualty Company

AMB #	Rating Unit Members
012485	Producers Agriculture Ins Co
002729	Producers Lloyds Insurance Co
000747	U.S. Specialty Insurance Co
012009	United States Surety Company

Rating Rationale

Balance Sheet Strength: **Strongest**

- Strongest risk-adjusted capitalization level as measured by the Best's Capital Adequacy Ratio (BCAR) scores at the 99.6% level. Capital position is supported by strong returns across underwriting income, investment income, and realized & unrealized capital gains.
- The invested asset portfolio is predominantly concentrated in high-quality fixed-income securities, with an emphasis on municipal bonds, asset-backed securities, and corporate bonds and, to a lesser extent, treasury securities.
- Financial flexibility available within the group and from the intermediate holding company, if necessary.
- Historically, the group has maintained conservative reserve positions.

Operating Performance: **Strong**

- Consistently strong operating results across both underwriting and investment results contribute to annual retained earnings. Operating results are significantly favorable compared to peer companies and the insurance industry.
- Results for Houston Casualty Group in 2020 were negatively impacted by COVID-19-related losses, most of which were related to the event cancellation book of business.
- Investment income provides considerable support to operating performance on both a dollar and a ratio basis.
- Underwriting results benefit from consistency in rate management, expense advantages, and line of business proficiency.

Business Profile: **Favorable**

- Well-established leader in multiple specialty markets.
- Exceptionally well diversified by product line, market segment, distribution channel, and jurisdiction.
- Extensive use of proprietary systems to support all facets of marketing, distribution, and product offerings.
- Acutely knowledgeable senior management team with lengthy history of successful execution of strategies.

Enterprise Risk Management: **Very Strong**

- Risk management capabilities are very strong for the risk profile of the group and are in excess of comparable organizations.
- The group's enterprise risk management (ERM) is fully integrated with Tokio Marine's framework. Best practices are shared across insurance operating entities.
- Utilizes economic capital modeling aligned with Tokio Marine's for informing and quantifying the impact of various strategic options.

Rating Lift/Drag

- Strategic importance to the parent through material earnings contribution and diversification. In addition, there is significant integration with the rest of the organization through ERM, investment management and various operational synergies.

Outlook

- Factors supporting the stable outlooks include risk-adjusted capital at the strongest level as measured by BCAR, an extended history of consistently profitable underwriting and operating results, robust product and geographic diversification and very strong enterprise risk management capabilities. The outlooks further consider the strategic importance to the parent through material earnings contribution and diversification.

Rating Drivers

- Downward movement in the ratings could result from deterioration in underwriting results, adverse loss reserve development trends, a decline in capitalization, eroding premium levels, or a significant change in the strategic importance of the group to the Tokio Marine organization.

Key Financial Indicators

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

Confidence Level	95.0	99.0	99.5	99.6
BCAR Score	64.5	57.6	54.4	53.3

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

Key Financial Indicators USD (000)	6-Months		Year End - December 31				
	2021	2020	2020	2019	2018	2017	2016
Premiums Written:							
Direct	1,206,248	997,388	2,207,464	1,925,495	1,890,163	1,732,808	1,711,327
Assumed*	434,958	336,680	179,620	280,055	117,004	167,758	134,118
Ceded*	661,979	559,909	776,857	652,107	634,095	506,052	452,182
Net	979,227	774,159	1,610,228	1,553,442	1,373,072	1,394,515	1,393,262
Net Operating Income	241,161	75,907	62,685	210,770	207,710	228,746	239,466
Net Income	242,164	77,799	64,259	228,019	203,772	229,405	254,610
Total Admitted Assets	7,181,324	6,743,635	6,603,406	6,384,141	5,968,645	5,639,199	5,433,873
Policyholders' Surplus	2,219,587	2,194,740	2,323,734	2,379,875	2,316,804	2,162,829	2,191,134

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
	2021	2020	2020	2019	2018	2017	2016	
Profitability:								
Combined Ratio	90.5	103.8	106.7	92.9	93.1	87.2	89.0	94.0
Reserve Development Combined Ratio Impact	9.7	2.7	3.2	-3.7	0.5	-6.0	-2.1	-1.6
Net Investment Yield	9.0	5.6	4.0	3.1	3.4	3.2	4.2	3.6
Pre-Tax Operating Return on Net Earned Premiums	35.1	12.8	5.2	16.9	19.2	22.8	22.2	17.0
Net Income Return on Policyholders' Surplus	21.3	6.8	2.7	9.7	9.1	10.5	11.6	8.7
Total Return on Policyholders' Surplus	13.3	4.1	6.6	13.3	15.9	1.4	14.3	10.3
Leverage:								
Net	3.0	2.8	2.5	2.3	2.1	2.2	2.1	...
Gross	...	...	4.1	3.2	3.1	3.0	2.8	...
Non-affiliated Investment	27.0	21.0	23.8	22.0	19.2	29.1	27.1	...

Source: BestLink® - Best's Financial Suite

Credit Analysis

Balance Sheet Strength

As measured by Best's Capital Adequacy Ratio (BCAR), the group's capital position is more than supportive of an assessment of "strongest". Excellent operating results over an extended time frame have provided the financial means to support the group's business risks. The appreciation in the group's policyholders' surplus over the 2016 to 2020 period was driven primarily by operating earnings and both realized and unrealized gains. Subsequently, very prudent management of capital needs and dividend payments has led to policyholders' surplus remaining remarkably stable over the past five years. Despite the challenging market and limited opportunities for top line growth, the group's earnings have benefited from a fairly stable level of earned premiums due in part to increased premium retention levels.

Capitalization

Capital position is supported by strong returns across underwriting income, investment income, and realized & unrealized capital gains. Even with extremely large levels of stockholder dividends (\$983M during 2016 - 2020), policyholder surplus remains supportive of the variety of exposures in the book of business (policyholder surplus remained over \$2.0B since 2012). If necessary, capital is expected to move freely down to the insurance operating companies from an intermediate holding company. Dividends paid upstream are balanced with ongoing capital and operational needs within the Houston Casualty Group and more broadly the Tokio Marine organization.

Balance Sheet Strength (Continued...)

Capital Generation Analysis USD (000)	6-Months		Year End - December 31				
	2021	2020	2020	2019	2018	2017	2016
Beginning Policyholders' Surplus	2,323,734	2,379,875	2,379,875	2,316,804	2,162,829	2,191,134	2,200,603
Net Operating Income	241,161	75,907	62,685	210,770	207,710	228,746	239,466
Net Realized Capital Gains (Losses)	1,003	1,892	1,575	17,249	-3,938	659	15,143
Net Unrealized Capital Gains (Losses)	-91,479	-30,731	91,152	83,670	153,130	-197,979	58,481
Net Change in Paid-In Capital and Surplus	...	...	...	-17,001	...	420	-333
Stockholder Dividends	-251,900	-227,655	-227,655	-216,100	-205,800	...	-333,600
Other Changes in Capital and Surplus	-2,932	-4,547	16,102	-15,517	2,874	-60,151	11,373
Net Change in Policyholders' Surplus	-104,147	-185,135	-56,142	63,071	153,975	-28,305	-9,469
Ending Policyholders' Surplus	2,219,587	2,194,740	2,323,734	2,379,875	2,316,804	2,162,829	2,191,134
Net Change in Policyholders' Surplus (%)	-4.5	-7.8	-2.4	2.7	7.1	-1.3	-0.4
Net Change in Policyholders' Surplus (5 yr CAGR)	...	...	1.1	...	...	...	...

Source: BestLink® - Best's Financial Suite

Liquidity Analysis	6-Months		Year End - December 31				
	2021	2020	2020	2019	2018	2017	2016
Net Operating Cash Flow USD (000)	384,597	206,965	289,276	223,964	331,178	281,963	107,729
Current Liquidity (%)	84.8	87.9	97.9	99.5	105.6	107.5	105.9

Source: BestLink® - Best's Financial Suite

Asset Liability Management - Investments

Sister company Delphi financial Group manages 20% of TMHCC's total investments. The invested asset portfolio is predominately concentrated in high-quality fixed-income securities, with an emphasis on municipal bonds, asset-backed securities, and corporate bonds and to a lesser extent, treasury securities. The average maturity of the fixed income portfolio is 8.7 years which leaves an exposure to duration risk in the event of a liquidity need. The group's high risk assets exposure is above average compared to the benchmark and in-line with prior year. Composition of high risk assets for the group are mostly Class 3-6 bonds and to a lesser degree home office property. The amount of investments allocated to class 3-6 bonds remains within the risk tolerance of the organization.

Composition of Cash and Invested Assets	6-Months		Year End - December 31				
	2021	2020	2020	2019	2018	2017	2016
Total Cash and Invested Assets USD (000)	5,068,161	4,839,461	5,090,150	4,857,569	4,649,887	4,351,663	4,239,106
Composition Percentages (%)							
Unaffiliated:							
Cash and Short Term Investments	6.6	6.3	7.0	3.7	3.1	3.9	5.3
Bonds	74.5	74.3	72.5	75.8	77.6	78.4	72.1
Stocks	0.8	0.8	0.7	1.2	0.7	1.9	1.9
Other Invested Assets	5.2	5.2	5.0	5.8	5.9	5.8	5.8
Total Unaffiliated	87.1	86.6	85.2	86.5	87.3	90.0	85.2
Investments in Affiliates	13.0	13.5	14.9	13.6	12.7	10.0	14.8
Non-Admitted	-0.1	-0.1	-0.1	-0.1	...	...	...
Total	100.0	100.0	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	2.0	0.4	0.7	0.3	6.6
Government Agencies and Municipal Bonds	3.7	13.7	5.8	9.8	8.6	10.8
Industrial and Miscellaneous Bonds	3.1	21.5	16.7	2.2	6.1	7.6
Bank Loans	0.4	3.2	0.2	...	...	2.9
Hybrid Securities	0.1	0.4	0.2	...	0.1	6.3
Total Bonds	8.1	40.8	23.3	12.7	15.1	8.7

Source: BestLink® - Best's Financial Suite

Reserve Adequacy

On a calendar year basis, the group has historically reported favorable loss reserve development in most of the last ten years. In the aggregate, accident year reserve development trends have also mostly been favorable over the past ten years. With the coverages the group provides having a mix of claim cycle times, reserve development can occur across wide range of time frames. Management proactively evaluates accident year reserves with regards to frequency and severity of claims.

In 2020, the company recorded \$50.1M of adverse reserve development mostly in casualty lines of business. The development was mostly related to loss notices related to construction defect claims. New chief actuary took a pro-active approach to this issue which resulted adverse development for the year. In 2019 the favorable reserve development was \$54.3M and was mostly driven by favorable reserve releases in surety and property. Most of the lines of business experienced favorable development. For 2018, there was \$67.4M of adverse development for other liability - Occurrence line primarily driven by reserve strengthening in casualty reserves due to management's recognition of the deterioration in the construction defect portion of its primary casualty business and a separate claims analysis that included HCC's own actual experience and industry patterns. There was also a decrease in Other Specialty reserves of \$24.2 million and a decrease in Agriculture reserves of \$15.0 million as a result of this internal analysis. Reserves allocated to lines that have been negatively impacted by loss trends are adjusted as necessary to mitigate any potential adverse impact.

Loss and Loss Adjustment Expense Reserves and Development - Calendar Year	6-Months		Year End - December 31				
	2021	2020	2020	2019	2018	2017	2016
Loss and ALAE* Reserves USD (000)	2,114,960	1,910,515	1,984,804	1,846,374	1,755,839	1,714,018	1,556,676
Loss and ALAE* Reserves Development USD (000)	69,071	16,917	...	50,813	-25,235	-29,482	-131,197
Development to:							
Original Reserves (%)	...	...	...	2.8	-1.4	-1.7	-7.8
Prior Year End Reserves (%)	3.4	0.9	...	...	...	...	...
Prior Year End Surplus (%)	3.0	0.7	...	2.1	-1.1	-1.4	-6.0

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				
	2020	2019	2018	2017	2016
Original Loss and ALAE Reserves USD (000)	693,843	587,519	568,594	612,245	591,371
Loss and ALAE Reserves Developed thru Latest Year End USD (000)	693,843	609,231	573,418	628,280	556,394
Development to Original Reserves (%)	...	3.7	0.8	2.6	-5.9
Accident Year Loss and LAE Ratio (%)	71.3	71.9	64.9	67.3	59.9
Accident Year Combined Ratio (%)	103.5	97.9	92.9	94.5	88.8

Source: BestLink® - Best's Financial Suite

Operating Performance

On a five-year basis, the group's pre-tax and after-tax returns substantially surpass the average produced by the industry composite. This level of performance is driven by the group's underwriting discipline, consolidated expense ratio advantage, and the sizeable income garnered from its high quality investment portfolio. Despite overall market softening that has caused margin compression in recent years, the group has focused on specific lines of business it feels still offer the greatest profit potential. These more desirable lines include professional liability, certain surety lines, medical stop loss, offshore energy, and aviation. Strong net investment income generated by the group's growing, conservative portfolio has also helped drive profits.

Over the last five years, the group's underwriting performance has been very strong as evidenced by a combined ratio during that period that is significantly better than that of the industry composite. A distinct loss ratio advantage supports underwriting performance. This group has generally been able to drive exceptional results from nearly all of its core business units, despite factors impacting specific niche lines

Results in 2020 were negatively impacted by COVID-19 related losses most of which were related to event cancellation book of business. The net written premium growth in 2020 at 3.7% was below five year average of 4.2% and was supported by rate increases in long-tailed lines. Offsetting rate increases in long-tailed lines was lower growth in CAT exposed lines due to less favorable market conditions. In addition, the company's outlook for primary casualty profitability deteriorated in 2020 with HCC making decision to exit primary casualty market. In light of this the company has re-focused their efforts on excess casualty, products liability and artisan contractors where the company believes it can effectively meet their ROR targets. Despite COVID-19 related challenges, net income was positive in 2020 albeit much lower than in 2019. The results through 3Q 2021 have improved materially from prior year due to lack of COVID-19 related losses and favorable market conditions. Through third quarter 2021, pre-tax earnings were materially above the prior and budget due to out performance in cyber & professional lines, US surety, aviation and other specialty lines, partially offset by the casualty line of business. The favorable market conditions led to significant premium growth through 3Q 2021 driven by strong rate increases.

Across the portfolio, the group should continue to generate better than average earnings given its accomplished specialty underwriting approach, product diversification, and ability to focus on lines of business less impacted by market pressures. Considering the group's successful history in managing the cycle and its steadfast application of conservative operating fundamentals, operating results are expected to remain favorable.

Operating and Financial Performance Ratios (%) - Company	6-Months		Year End - December 31					Weighted Average
	2021	2020	2020	2019	2018	2017	2016	
Calendar Year Loss and LAE Ratio	69.8	78.8	74.5	66.9	65.1	60.1	60.1	65.5
Expense and Policyholder Dividend Ratio	20.6	25.0	32.2	26.0	28.0	27.2	28.9	28.5
Combined Ratio	90.5	103.8	106.7	92.9	93.1	87.2	89.0	94.0
Reserve Development Ratio Impact	9.7	2.7	3.2	-3.7	0.5	-6.0	-2.1	-1.6
Net Investment Yield	9.0	5.6	4.0	3.1	3.4	3.2	4.2	3.6
Pre-Tax Operating Return on Net Earned Premiums	35.1	12.8	5.2	16.9	19.2	22.8	22.2	17.0
Net Income Return on Policyholders' Surplus	21.3	6.8	2.7	9.7	9.1	10.5	11.6	8.7
Total Return on Policyholders' Surplus	13.3	4.1	6.6	13.3	15.9	1.4	14.3	10.3

Source: BestLink® - Best's Financial Suite

Operating and Financial Performance Ratios (%) - Composite	6-Months		Year End - December 31					Weighted Average
	2021	2020	2020	2019	2018	2017	2016	
Calendar Year Loss and LAE Ratio	54.9	70.4	66.4	58.1	70.9	77.8	51.5	65.0
Expense and Policyholder Dividend Ratio	29.9	32.4	36.4	40.4	40.9	38.5	39.0	39.0
Combined Ratio	84.9	102.8	102.8	98.5	111.8	116.3	90.5	103.9
Reserve Development Ratio Impact	-1.7	0.8	-1.3	-3.9	-5.8	-6.5	-11.3	-5.3
Net Investment Yield	1.4	1.8	1.7	2.3	2.3	2.1	2.1	2.1
Pre-Tax Operating Return on Net Earned Premiums	15.7	-1.9	1.8	7.6	-4.6	-7.3	18.8	3.1
Net Income Return on Policyholders' Surplus	9.4	1.6	3.6	7.0	1.4	0.4	6.8	3.8
Total Return on Policyholders' Surplus	17.5	-4.1	6.2	12.3	-5.3	7.9	8.1	5.9

Source: BestLink® - Best's Financial Suite

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

Business Profile

The eight insurance companies comprising the Houston Casualty Group, led by Houston Casualty Company, provide a wide range of products and coverages including group life, accident and health, aviation, property, marine, energy, professional liability including directors' and officers' liability, surety, excess casualty, agriculture, and niche specialty lines. The group's business is produced directly and through independent agents, brokers and third-party administrators on a worldwide basis. Affiliated underwriting agencies act on behalf of insurance companies within the group, as well as unaffiliated insurance companies, to provide underwriting management and claim administration services.

Professional liability, including directors' and officers' liability is written through acquired underwriting agencies. Surety operations in the U.S. include contract and commercial surety bonds, written primarily through American Contractors Indemnity Company, United States Surety Company, and U.S. Specialty Insurance Company. These are managed together as the U.S. Surety division. The company also writes surety and credit business in the UK and throughout Europe through HCC International Insurance Company PLC and Tokio Marine Europe S.A.

Aviation coverage is marketed to offshore operations, corporations, cargo operations, commuter airlines, governments and private aircraft owners on both a domestic and international basis. Operations are primarily dedicated to the underwriting of aircraft hull and liability insurance. In addition to conventional corporate and personal aircraft, the group covers specialty types, such as sport and antique airplanes, amphibians and seaplanes.

Accident and health coverage (primarily medical stop loss and its recently acquired organ transplant business) is provided through the group's affiliate HCC Life Insurance Company, marketed directly through unaffiliated agents, brokers and third-party administrators.

Operations of the lead company include a branch office in London, England. This location writes property coverage for large multinational corporations, marine hull and liability coverage for ocean-going vessels, onshore and offshore energy coverage for large oil companies and drilling contractors, and other specialty and contingency lines of business. This office also coordinates assumed reinsurance coverage consisting of property treaty reinsurance, accident and health reinsurance, facultative aviation, property, and energy reinsurance. Additionally, in 2020 Tokio Marine HCC completed its acquisition of specialist renewable energy underwriter, GCube, with its primary office in London, creating a new 'centre of excellence' in global renewable energy insurance.

TMHCC supplements the activities of its risk-bearing companies with underwriting agencies who write on behalf of its insurance carriers and, in certain situations, other non-affiliated companies. These organizations generate fee and commission income, including profit commissions, for the group while bearing no insurance risk. The principal agencies operating within TMHCC are HCC Global Financial Products, LLC, HCC Indemnity Guaranty Agency, Inc., HCC Specialty Underwriters, Inc., Professional Indemnity Agency, Inc., HCC Casualty Insurance Services, Inc. and HCC Medical Insurance Services, LLC. The underwriting agencies specialize in the various lines of business written by the group's insurance carriers.

Over the years, the organization has made numerous strategic transactions that have furthered its overall business strategy. These acquisitions have allowed the enterprise to expand its product and geographic diversification. Many of these opportunities also advanced the distribution channels. In addition, TMHCC has recognized synergy opportunities with TMNF affiliated entities that has advanced premium writings.

Premium Composition and Growth	6-Months		Year End - December 31					5 Year CAGR
	2021	2020	2020	2019	2018	2017	2016	
Direct Premiums Written USD (000)	1,206,248	997,388	2,207,464	1,925,495	1,890,163	1,732,808	1,711,327	...
% Change	20.9	9.6	14.6	1.9	9.1	1.3	0.5	5.3
Reinsurance Premiums Assumed USD (000)*	434,958	336,680	179,620	280,055	117,004	167,758	134,118	...
% Change	29.2	-5.8	-35.9	139.4	-30.3	25.1	-27.2	-0.5
Reinsurance Premiums Ceded USD (000)*	661,979	559,909	776,857	652,107	634,095	506,052	452,182	...
% Change	18.2	4.2	19.1	2.8	25.3	11.9	-21.5	6.2
Net Premiums Written USD (000)	979,227	774,159	1,610,228	1,553,442	1,373,072	1,394,515	1,393,262	...
% Change	26.5	6.0	3.7	13.1	-1.5	0.1	6.3	4.2

Source: BestLink® - Best's Financial Suite

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

Business Profile (Continued...)

2020 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)	%	%
Other Liab Claims made	686,475	31.1	25,131	14.0	214,107	27.6	497,499	30.9	69.9
Allied Lines	611,023	27.7	52,231	29.1	235,221	30.3	428,033	26.6	64.5
Other Liab Occurrence	164,491	7.5	5,555	3.1	47,964	6.2	122,081	7.6	71.8
Surety	146,184	6.6	12,130	6.8	17,538	2.3	140,776	8.7	88.9
Ocean Marine	144,146	6.5	4,070	2.3	94,730	12.2	53,486	3.3	36.1
Top 5	1,752,318	79.4	99,117	55.2	609,560	78.5	1,241,875	77.1	67.1
All Other	455,146	20.6	80,503	44.8	167,297	21.5	368,353	22.9	68.8
Total	2,207,464	100.0	179,620	100.0	776,857	100.0	1,610,228	100.0	67.5

Source: BestLink® - Best's Financial Suite

Year End - December 31

Geographic Breakdown by Direct Premiums Written USD (000)	2020	2019	2018	2017	2016
California	378,279	346,176	309,347	280,163	282,653
Texas	272,022	220,560	248,492	212,979	203,160
New York	187,762	159,199	180,188	159,318	165,158
Illinois	91,485	90,281	76,584	70,448	80,883
Florida	78,036	67,184	52,219	48,848	51,113
Top 5 States	1,007,584	883,400	866,830	771,757	782,967
All Other	1,199,880	1,042,095	1,023,333	961,052	928,359
Total	2,207,464	1,925,495	1,890,163	1,732,808	1,711,327
Geographic Concentration Index	0.06	...	...	...	...

Source: BestLink® - Best's Financial Suite

Enterprise Risk Management

The Group's Enterprise Risk Management (ERM) process is very well-developed, assessing the organization's risks systematically and determining the most appropriate responses to them. The Enterprise Risk Committee is responsible for the ongoing enhancement and integration of the ERM process throughout the organization. ERM policies and procedures are central to the organization's operations and strategic planning. Clearly defined and detailed risk appetite and tolerance statements have been implemented and proactively applied across all operations.

Reinsurance Summary

Reinsurance is maintained on a quota share and excess of loss basis with a separate program maintained for each major line of business. Catastrophe coverage is purchased for property, property treaty, marine, energy, aviation, and other catastrophe exposed lines of business. Facultative reinsurance is also purchased when deemed appropriate.

Rating Lift/Drag

The recommendation is to apply +1 lift due to strategic importance to the overall organization. HCC is an important source of both earnings and diversification to The Tokio Marine North American Operations. Other synergies include:

Multiple synergies with rest of the portfolio companies, including the fact that HCC now manages A&H (medical stop loss book of business for Reliance Standard Life)

Large portion of HCC portfolio is managed by Delphi

HCC is fully integrated into Tokio Marine ERM process

The company continues to achieve costs savings as they are sharing various services such as software, hardware, professional / third party services, elements of the corporate insurance program, employee benefits etc.

Rating Lift/Drag (Continued...)

HCC actuarial team is assisting other group companies in area of predictive analytics

HCC is also proving its expertise in the M&A space and has assisted other group companies

Financial Statements

	6-Months		Year End - December 31			
	2021		2020		2019	
Balance Sheet	USD (000)	%	USD (000)	%	USD (000)	%
Cash and Short Term Investments	332,752	4.6	354,322	5.4	179,772	2.8
Bonds	3,777,135	52.6	3,689,660	55.9	3,680,900	57.7
Preferred and Common Stock	683,521	9.5	779,084	11.8	703,032	11.0
Other Invested Assets	274,752	3.8	267,084	4.0	293,865	4.6
Total Cash and Invested Assets	5,068,161	70.6	5,090,150	77.1	4,857,569	76.1
Premium Balances	1,185,096	16.5	774,982	11.7	814,817	12.8
Net Deferred Tax Asset	66,047	0.9	70,276	1.1	51,718	0.8
Other Assets	862,020	12.0	667,998	10.1	660,037	10.3
Total Assets	7,181,324	100.0	6,603,406	100.0	6,384,141	100.0
Loss and Loss Adjustment Expense Reserves:						
Net Reported Loss Reserves*	805,935	11.2	668,160	10.1	542,907	8.5
Net IBNR Loss Reserves*	1,309,025	18.2	1,210,662	18.3	1,159,575	18.2
Net LAE Reserves	...	...	124,675	1.9	114,256	1.8
Total Net Loss and LAE Reserves	2,114,960	29.5	2,003,497	30.3	1,816,739	28.5
Net Unearned Premiums	1,059,245	14.7	794,678	12.0	686,314	10.8
Other Liabilities	1,787,533	24.9	1,481,497	22.4	1,501,212	23.5
Total Liabilities	4,961,737	69.1	4,279,672	64.8	4,004,265	62.7
Capital Stock	15,623	0.2	15,623	0.2	15,623	0.2
Paid-In and Contributed Surplus	685,847	9.6	685,847	10.4	685,847	10.7
Unassigned Surplus	1,518,116	21.1	1,622,264	24.6	1,678,405	26.3
Total Policyholders' Surplus	2,219,587	30.9	2,323,734	35.2	2,379,875	37.3
Total Liabilities and Surplus	7,181,324	100.0	6,603,406	100.0	6,384,141	100.0

Source: BestLink® - Best's Financial Suite

* Interim reserves balances include LAE.

	6-Months		Year End - December 31	
	2021	2020	2020	2019
Income Statement USD (000)				
Net Premiums Earned	714,661	617,507	1,501,864	1,479,889
Net Losses and LAE Incurred:				
Current Accident Year	429,977	469,743	1,070,447	1,044,921
Prior Accident Years	69,071	16,917	48,327	-54,895
Underwriting Expenses Incurred	201,880	193,644	518,119	403,690
Dividends to Policyholders	124	112	219	220
Net Underwriting Income	13,608	-62,908	-135,249	85,953
Net Investment Income	230,970	137,503	201,373	150,964
Other Income (Expense)	6,513	4,664	11,671	12,456
Pre-Tax Operating Income	251,091	79,259	77,795	249,373
Income Taxes Incurred	9,930	3,352	15,111	38,603
Net Operating Income	241,161	75,907	62,685	210,770
Net Realized Capital Gains (Losses)	1,003	1,892	1,575	17,249
Net Income	242,164	77,799	64,259	228,019

Source: BestLink® - Best's Financial Suite

Statement of Operating Cash Flows USD (000)	6-Months		Year End - December 31	
	2021	2020	2020	2019
Net Premiums Collected	867,587	693,423	1,589,655	1,503,918
Net Losses Paid	452,464	405,152	856,428	864,839
Expenses Paid	258,083	227,283	590,470	480,758
Dividends to Policyholders	138	105	182	156
Net Underwriting Cash Flow	156,902	60,882	142,576	158,164
Net Investment Income	240,115	150,904	148,303	90,834
Other Income (Expense)	7,094	5,417	12,129	12,560
Income Taxes Paid (Recovered)	19,515	10,239	13,732	37,595
Net Operating Cash Flow	384,597	206,965	289,276	223,964

Source: BestLink® - Best's Financial Suite

Last Update

December 17, 2021

Identifiers**AMB #:** 018421

This company is a data record that AM Best utilizes to represent the AM Best Consolidated financials for the Property/Casualty business of AMB#: [058633 Tokio Marine Holdings, Inc.](#)

AMB#: [003286 Houston Casualty Company](#) has been assigned as the AMB Group Lead for this consolidation and should be used to access name, address, or other contact information for this AM Best Consolidated Group.

Financial Data Presented

See [LINK](#) for details of the entities represented by the data presented in this report.

Houston Casualty Group

Operations

Domiciled: Texas, United States**Business Type:** Property/Casualty**Organization Type:** Stock**Marketing Type:** MGA

Best's Credit Ratings

Rating Relationship

This group represents an AM Best Rating Unit. In our opinion, companies under this Rating Unit have a Superior ability to meet their ongoing insurance obligations and a Superior ability to meet their ongoing senior financial obligations.

Best's Credit Rating Effective Date: December 09, 2021

Rating rationale and credit analysis can be found in the [Best's Credit Report for AMB# 018421 - Houston Casualty Group](#).

AMB#	Rating Unit Members	Best's Credit Ratings	
		Financial Strength Rating	Long-Term Issuer Credit Rating
011019	Amer Contractors Indemnity Co	A++	aa+
000191	Avemco Insurance Company	A++	aa+
072473	HCC Reinsurance Company Ltd	A++	aa+
003286	Houston Casualty Company	A++	aa+
012485	Producers Agriculture Ins Co	A++	aa+
002729	Producers Lloyds Insurance Co	A++	aa+
000747	U.S. Specialty Insurance Co	A++	aa+
012009	United States Surety Company	A++	aa+

Corporate Structure

Associated Ultimate Parent: AMB # 058633 - Tokio Marine Holdings, Inc.

Based on AM Best's analysis, AMB# 058633 Tokio Marine Holdings, Inc. is the Associated Ultimate Parent to this group. Its current data structure is based on the corporate structure for the associated ultimate parent and the non-legal entities such as data records and AM Best Groups. Access current [Data Structure](#) in BestLink.

Financial Results

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

Currency: US Dollars

Balance Sheet Highlights

Year End - December 31

Ceded Reinsurance Analysis

	2020	2019	2018	2017	2016
Houston Casualty Group					
Ceded Reinsurance USD (000)	3,648,316	2,209,714	2,136,175	1,746,182	1,444,273
Business Retention (%)	67.5	71.3	69.1	73.4	77.4
Reinsurance Recoverables to PHS (%)	120.2	64.6	63.3	55.2	44.6
Ceded Reinsurance to PHS (%)	157.0	92.8	92.2	80.7	65.9
Commercial Property Composite					
Business Retention (%)	45.1	47.0	43.6	38.4	36.6
Reinsurance Recoverables to PHS (%)	43.4	40.2	44.3	46.3	37.7
Ceded Reinsurance to PHS (%)	75.7	69.3	78.8	80.3	78.9

Source: BestLink® - Best's Financial Suite

	Paid & Unpaid Losses	Incurred but not reported (IBNR) losses	Unearned premiums	Other Recoverables	Total Reinsurance Recoverables
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2020 Reinsurance Recoverables USD (000)

US Affiliates	215,219	161,623	50,121	-37	426,926
Foreign Affiliates	63,689	29,246	87,217	-28,262	151,890
US Insurers	247,106	304,440	152,342	428	704,317
Pools/Associations	157,748	104,706	15,183	...	277,637
Other Non-US	1,069,302	477,541	164,946	-51,823	1,659,965
Total (excluding US Affiliates)	1,537,845	915,933	419,688	-79,657	2,793,809
Grand Total	1,753,064	1,077,556	469,809	-79,694	3,220,735

Source: BestLink® - Best's Financial Suite

Asset Liability Management | Investments

9-Months

Year End - December 31

	2021	2020	2020	2019	2018	2017	2016
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Bond Portfolio

Bonds & Short Term Investments USD(000)	3,914,646	3,634,511	3,689,660	3,680,950	3,608,293	3,412,290	3,176,397
By Issuer (%)							
Unaffiliated Bonds:							
US Government	...	...	4.1	4.4	4.7	5.4	6.2
Foreign Government	...	...	0.2	0.3	0.8	1.1	0.3
Foreign - All other	...	...	2.5	2.6	2.3	3.0	3.4
State, Municipal & Special Revenue	...	...	41.6	42.3	42.5	56.7	57.6
Industrial and Misc, Hybrid and SVO Identified	...	...	51.7	50.4	49.6	33.8	32.5
Bonds and Short Term Investments By Private vs Public (%)							
Private issues	...	...	36.6	36.5	33.6	21.2	19.9
Public issues	...	...	63.4	63.5	66.4	78.8	80.1
Bonds and Short Term Investments By Quality (%)							
Class 1	75.4	79.1	78.1	82.2	85.7	81.9	83.6
Class 2	16.4	15.0	14.4	12.4	10.2	8.8	7.4
Class 3	3.9	2.5	3.4	2.1	1.8	6.9	6.2
Class 4	3.7	2.7	3.3	2.9	1.9	2.0	2.7
Class 5	0.6	0.6	0.8	0.4	0.4	0.4	0.1
Below Investment Grade (NAIC 3-6)	8.3	5.9	7.5	5.4	4.2	9.3	8.9
Below Investment Grade - % of Policyholders' Surplus	14.1	9.3	11.9	8.4	6.5	14.7	13.0

Source: BestLink® - Best's Financial Suite

Balance Sheet Highlights

Asset Liability Management | Investments (Continued...)

	9-Months		Year End - December 31				
	2021	2020	2020	2019	2018	2017	2016
Stock Portfolio							
Stocks USD(000)	715,553	707,751	779,084	703,032	613,213	507,307	699,284
By Type (%)							
Unaffiliated Common	...	...	2.4	5.9	3.3	13.5	9.4
Affiliated Common	...	...	95.4	91.7	94.4	83.4	88.4
Unaffiliated Preferred	...	...	2.2	2.4	2.4	3.1	2.2

Source: BestLink® - Best's Financial Suite

Operating Performance Highlights

	Year End - December 31				
	2020	2019	2018	2017	2016
By Line - Net Loss Ratio (%)					
Other Liab	66.3	54.1	61.9	53.0	54.0
Allied Lines	83.9	98.3	84.1	78.4	75.5
Surety	4.9	1.8	6.8	6.8	7.1
Aircraft	47.8	52.1	49.2	55.3	46.7
Comm M.P.	47.2	47.0	45.5	62.5	41.4
Ocean Marine	61.8	67.9	1.1	-26.7	18.8
Rein-NPA Prop	34.2	-60.2	86.1	-2.8	23.8
Credit	27.9	31.6	16.1	5.8	31.8
Inland Marine	495.1	74.0	49.4	132.8	59.0
Earthquake	21.7	21.6	24.2	16.8	1.2
All Other	50.0	45.1	44.5	8.2	31.4
Total	68.3	61.8	58.1	53.7	53.5

Source: BestLink® - Best's Financial Suite

Year End - December 31

Geographic - Direct Loss Ratio (%)

	2020	2019	2018	2017	2016
California	56.4	30.9	60.8	89.3	41.2
Texas	104.6	107.2	84.8	41.9	71.3
New York	332.2	40.3	99.9	27.6	35.5
Illinois	126.9	90.1	13.9	26.7	51.1
Florida	151.6	63.6	61.8	-0.4	80.7
Michigan	57.8	69.8	39.0	65.1	-3.3
North Carolina	109.5	73.1	105.4	66.6	152.6
Louisiana	102.5	58.4	41.7	-11.4	12.5
Ohio	63.0	94.3	4.7	43.2	42.2
Washington	59.9	76.7	93.5	85.2	52.6
All Other	141.3	79.5	64.0	72.7	56.2
Total	128.9	69.5	66.8	60.3	53.5

Source: BestLink® - Best's Financial Suite

Business Profile Highlights

Historical Market Presence

	Year End - December 31				
	2020	2019	2018	2017	2016
By Line Breakdown - NPW USD (000)					
Other Liab	619,581	504,838	490,510	458,310	472,460
Allied Lines	428,033	548,181	411,643	509,713	504,463
Surety	140,776	144,375	146,139	151,626	151,475
Aircraft	102,787	92,838	71,249	93,558	99,384
Comm M.P.	72,402	53,886	47,534	42,135	36,944
Ocean Marine	53,486	39,512	19,266	19,309	15,967
Rein-NPA Prop	41,768	35,708	28,529	24,374	24,868
Inland Marine	29,873	24,626	19,804	12,832	10,798
Credit	28,292	34,023	29,311	24,369	28,296
Fire	19,708	10,793	20,341	-1,543	3,973
All Other	73,523	64,662	88,746	59,830	44,634
Total	1,610,228	1,553,442	1,373,072	1,394,515	1,393,262

Source: BestLink® - Best's Financial Suite

	Year End - December 31		
	2020	2019	2018
By Line Reserves USD (000)			
Other Liab	1,309,636	1,229,786	1,233,043
Allied Lines	144,110	180,528	165,266
Inland Marine	109,418	20,965	15,227
Comm M.P.	101,897	84,319	77,138
Surety	77,772	79,871	80,086
Aircraft	54,187	45,251	45,032
Ocean Marine	44,804	32,770	22,305
Group A&H	39,069	44,447	53,602
Fidelity	21,989	26,085	24,373
Credit	21,463	15,626	12,580
All Other	79,152	57,091	73,860
Total	2,003,497	1,816,739	1,802,510

Source: BestLink® - Best's Financial Suite

Best's Credit Rating Effective Date

December 09, 2021

Analytical Contacts

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Information

[Best's Credit Rating Methodology](#)

[Guide to Best's Credit Ratings](#)

[Market Segment Outlooks](#)

Financial Data Presented

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

HCC Life Insurance Company

AMB #: 009081 | **NAIC #:** 92711 | **FEIN #:** 35-1817054

Ultimate Parent: AMB # 058633 - Tokio Marine Holdings, Inc.

Best's Credit Ratings

**Financial Strength Rating
(FSR)**

A++ Superior
Outlook: Stable Action: Affirmed

**Issuer Credit Rating
(ICR)**

aa+ Superior
Outlook: Stable Action: Affirmed

Assessment Descriptors

Balance Sheet Strength	Very Strong
Operating Performance	Strong
Business Profile	Neutral
Enterprise Risk Management	Very Strong

Rating Rationale

Balance Sheet Strength: **Very Strong**

- Capital and surplus increased over the past five years despite stockholder dividends and capital deployed for acquisitions.
- HCC Life maintains the strongest level of risk-adjusted capitalization as measured by Best's Capital Adequacy Model.
- The investment portfolio remains relatively conservative, as 99.6% of its fixed-income securities are investment grade with no material exposure to higher-risk assets.
- The investment portfolio does maintain a concentration in municipal bonds, which represent approximately half of the fixed-income securities portfolio.

Operating Performance: **Strong**

- Continued profitability within HCC Life's core group accident and health line of business due to favorable loss ratios in its medical stop-loss line of business.
- HCC Life has experienced consistent growth in premiums over the past five years due to good retention of existing business and increasing sales. Premiums increased significantly in 2019 and have benefited from the acquisition of AIG's medical stop-loss business in 2017.
- Net investment yields have been challenged in recent years.

Business Profile: **Neutral**

- HCC Life has maintained a top-five market position with the acquisition of AIG's medical stop-loss operations, which have added scale and other efficiencies as the business becomes integrated.
- HCC Life benefits from the financial strength and support of its ultimate parent, Tokio Marine Holdings, Inc., and has increased synergies with its U.S. affiliates.
- HCC Life maintains a significant concentration in medical stop-loss business, which represents nearly all of its premiums as the company has exited several ancillary lines of business in recent years. This concentration exposes the company to a changing regulatory environment. The organ transplant product included as part of the aforementioned acquisition will add some diversity.

Enterprise Risk Management: **Very Strong**

- The organization maintains a robust enterprise risk management program that is fully integrated into Tokio Marine's framework.
- Utilizes economic capital modeling aligned with Tokio Marine's for informing and quantifying the impact of various strategic options.

Rating Lift/Drag

- HCC Life benefits from the financial strength and support of Tokio Marine.
- HCC Life has become well integrated within the Tokio Marine organization.

Outlook

- The stable outlooks reflect HCC Life's very strong balance sheet strength and strong operating performance. The outlooks further consider the strategic importance to the parent through material earnings contribution and diversification.

Rating Drivers

- Downward movement in the ratings could result from deterioration in underwriting results, adverse loss reserve development trends, a decline in capitalization, eroding premium levels, or a significant change in the strategic importance of the company to the Tokio Marine organization.

Key Financial Indicators

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

Confidence Level	95.0	99.0	99.5	99.6
BCAR Score	71.5	58.1	53.0	51.5

Source: Best's Capital Adequacy Ratio Model - L/H, US

Key Financial Indicators USD (000)	9-Months		Year End - December 31				
	2021	2020	2020	2019	2018	2017	2016
Assets:							
General Account	1,447,272	1,358,552	1,346,466	1,182,575	1,096,984	994,758	981,612
Total	1,447,272	1,358,552	1,346,466	1,182,575	1,096,984	994,758	981,612
Liabilities:							
Net Life Reserves	75	166	105	174	180	288	316
Net Accident & Health Reserves	567,656	500,661	430,875	407,627	410,479	436,494	315,538
Asset Valuation Reserve	4,190	3,636	3,775	3,293	3,070	2,812	2,758
Other General Account	191,452	177,073	168,353	126,708	121,707	149,006	61,150
Total	763,373	681,535	603,109	537,802	535,435	588,600	379,763
Total Capital and Surplus	683,899	677,018	743,357	644,773	561,549	406,158	601,849
Net Income	106,352	97,682	165,829	85,915	121,364	90,872	104,763
Net Premiums Earned	1,121,904	1,053,067	1,399,046	1,248,740	1,365,756	1,095,489	987,676
Net Investment Income	24,320	26,098	34,285	34,369	30,315	28,592	25,890

Source: BestLink® - Best's Financial Suite

Key Financial Ratios (%)	9-Months		Year End - December 31					Weighted Average
	2021	2020	2020	2019	2018	2017	2016	
Operating Return on Revenue	8.9	8.7	11.1	6.4	8.6	7.2	10.1	8.7
Operating Return on Capital and Surplus	19.9	19.7	23.9	14.2	25.1	18.0	18.2	19.9
Net Investment Yield	2.5	2.9	2.9	3.2	3.1	3.1	2.9	3.0
Pre-Tax Investment Total Return	2.5	2.9	2.9	3.3	2.9	3.2	3.0	3.0

Source: BestLink® - Best's Financial Suite

Leverage (%)	9-Months		Year End - December 31				
	2021	2020	2020	2019	2018	2017	2016
General Account Liabilities to Capital and Surplus	1.1	1.0	0.8	0.8	1.0	1.4	0.6
Higher Risk Assets to Capital and Surplus:							
All Other Higher Risk Assets	0.5	0.1	0.6	...	...	...	0.7

Source: BestLink® - Best's Financial Suite

Liquidity Analysis	9-Months		Year End - December 31				
	2021	2020	2020	2019	2018	2017	2016
Current Liquidity (%)	205.9	213.8	242.7	237.4	210.4	164.1	255.5
Net Operating Cash Flow USD (000)	241,335	168,046	188,358	82,161	139,972	202,812	105,777

Source: BestLink® - Best's Financial Suite

Credit Analysis

Balance Sheet Strength

Capitalization

HCC Life's capital and surplus has historically had consistent growth as a result of substantial net income, less stockholder dividend distributions. Capital and surplus declined modestly in 2015 due to a \$116 million dollar stockholder dividend to its parent. While capital and surplus increased in 2016, it declined again in 2017 due to the acquisition of AIG's medical stop-loss business. However, A.M. Best notes that from 2018 through 2020, capital and surplus has increased substantially from 2017 levels as the acquisition has been accretive to earnings and minimal stockholder dividends have been paid since 2016 (\$64.5M in 2020). HCC Life maintains the strongest level of risk-adjusted capitalization as measured by Best's Capital Adequacy Model. A.M. Best will continue to monitor HCC Life's ability to keep its capitalization level adequate to support its premium growth.

Balance Sheet Strength (Continued...)

Capital Generation Analysis USD (000)	9-Months		Year End - December 31				
	2021	2020	2020	2019	2018	2017	2016
Beginning Capital and Surplus	743,357	644,773	644,773	561,549	406,158	601,849	552,677
Net Operating Gain	106,352	97,682	165,829	85,915	121,364	90,872	105,000
Net Realized Capital Gains (Losses)	...	...	...	...	...	...	-237
Net Unrealized Capital Gains (Losses)	24	...	...	73	377	125	615
Stockholder Dividends	-165,800	-64,477	-64,477	...	...	...	-55,000
Other Changes in Capital and Surplus	-34	-960	-2,767	-2,765	33,651	-286,689	-1,206
Net Change in Capital and Surplus	-59,458	32,245	98,584	83,224	155,391	-195,692	49,172
Ending Capital and Surplus	683,899	677,018	743,357	644,773	561,549	406,158	601,849
Net Change in Capital and Surplus (%)	-8.0	5.0	15.3	14.8	38.3	-32.5	8.9
Net Change in Capital and Surplus (5 yr CAGR)	...	...	6.1	...	...	...	...

Source: BestLink® - Best's Financial Suite

Asset Liability Management - Investments

HCC Life maintains a conservative investment portfolio that has generated consistent but below average returns. The company has utilized a conservative investment strategy to preserve and maintain capital. Nearly all of invested assets are comprised of investment-grade bonds, most of which are publicly-traded with an average duration of approximately 5 years. HCC Life has no direct exposure to investments in sub-prime mortgage loans. The remainder of HCC Life's investment portfolio consists of affiliated common stock, cash and short-term investments.

While net investment income has generally been on an upward trend over the past five years as a result of growth in the investment balances, the company has experienced a general decline in investment yields that has dampened investment results. HCC Life continues to invest in fixed maturity securities with longer durations in an effort to improve investment returns. While its intermediate parent, HCC, has been investing in more opportunistic investments in recent years, HCC Life has not incorporated that investment strategy within its own investment portfolio at this time.

HCC Life incurred very modest realized capital losses in its bond portfolio over the past five years. On October 27, 2015 HCC Benefits Corporation was contributed to the company. On October 19, 2018 HCC Benefits Corporation was dissolved. With the sale of Perico Life in June 2014, HCC Life owns 100% of the common stock of HCC Risk Solutions Company, HCC Benefits Corporation and US Holdings Inc. The company's common stock value in HCC Benefits Corporation and US Holdings Inc. has an admitted value of 0. The company's common stock value in HCC Risk Solutions Company is \$1.5 million. On May 20, 2019, HCC Captive Solutions Company was formed as a Tennessee captive and has an admitted value of \$250 thousand. HCC Life owns 100% of the common stock of HCC Captive Solutions Company.

Composition of Cash and Invested Assets	9-Months		Year End - December 31				
	2021	2020	2020	2019	2018	2017	2016
Total Cash and Invested Assets USD (000)	1,359,436	1,261,178	1,265,403	1,117,752	1,024,449	916,250	921,476
Composition Percentages (%)							
Unaffiliated:							
Cash and Short Term Investments	2.4	2.7	0.8	4.0	2.1	0.3	2.1
Bonds	97.5	97.2	99.1	95.9	97.7	99.5	97.7
Total Unaffiliated	99.9	99.9	99.9	99.9	99.9	99.8	99.8
Investments in Affiliates	0.1	0.1	0.1	0.2	0.1	0.2	0.2
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	0.7	1.4	0.2	...	...	2.9
Government Agencies and Municipal Bonds	3.5	11.8	9.8	9.7	8.8	10.9
Industrial and Miscellaneous Bonds	4.4	25.6	17.4	1.7	5.0	6.7
Total Bonds	8.6	38.8	27.4	11.5	13.7	8.4

Source: BestLink® - Best's Financial Suite

Balance Sheet Strength (Continued...)**Year End - December 31**

Bonds - Distribution by Issuer	2020	2019	2018	2017	2016
Bonds USD (000)	1,253,654	1,071,506	1,000,981	911,870	900,631
US Government (%)	2.4	2.4	3.6	4.0	4.1
Foreign - All Other (%)	1.9	1.2	1.0	1.1	1.3
State, Municipal & Special Revenue (%)	43.5	49.1	52.1	75.7	69.3
Industrial & Miscellaneous (%)	52.3	47.3	43.4	19.2	25.3
Total Bonds (%)	100.0	100.0	100.0	100.0	100.0

Source: BestLink® - Best's Financial Suite

Operating Performance

HCC Life has reported positive operating earnings in each of the past five years despite the challenging low interest rate environment. While investment income has been impacted by decreasing investment yields, this has been partially offset by ongoing expense management and premium revenue growth within its medical stop-loss line of business. As the company has substantially grown its book of business over time, it has consistently reported sizable net operating gains. A.M. Best notes that despite the increasing competition within the industry, the company has been able to maintain its medical stop-loss net loss ratio within its target range. Additionally, HCC Life has been able to effect pricing adjustments where needed and modify its commission schedule to keep its competitive pricing and maintain profit margins. The recent acquisition of AIG's stop-loss business has added additional scale and other synergies resulting in improving profitability over the medium-term.

Although statutory net operating earnings have rebounded in 2020, there have been on a decline over the last five years, primarily due to lower investment yields and an increase in claims in its medical stop-loss insurance line of business. Net operating earnings increased in 2020 due to significant improvement in loss ratio. Net written premiums continue to increase due to increased writing in the medical stop-loss. A.M. Best notes that the company exited the short-term medical line of business in 2017.

A.M. Best has remained cautious for some time of the prolonged downturn in the underwriting cycle of the medical stop-loss market given HCC Life's reliance on this business for both premium revenue and net income. However, A.M. Best notes that the company has exhibited discipline in responding to the pressures of a more competitive environment, and as a market leader in the medical stop-loss market, has a competitive advantage with its lower expense structure. Additionally, all of HCC Life's other ancillary product lines contributed to the organization's profitability. The company will continue to look at increasing its earned premium and operating earnings from the growth of its medical stop-loss insurance product line.

Year End - December 31

Net Operating Gain By LOB USD (000)	2020	2019	2018	2017	2016
Individual Life	...	...	...	26	27
Group Life	92	-3	49	83	49
Accident & Health	165,737	85,918	121,314	90,763	104,925
Total	165,829	85,915	121,364	90,872	105,000

Source: BestLink® - Best's Financial Suite

Year End - December 31

Accident & Health Statistics	2020	2019	2018	2017	2016
Net Premiums Written USD (000)	1,399,042	1,248,705	1,365,674	1,095,330	987,450
Net Premiums Earned USD (000)	1,391,812	1,243,650	1,366,119	1,112,474	988,925
Claims and Cost Containment Ratio (%)	75.2	82.0	78.7	88.9	74.2
Expense Ratio (%)	12.9	12.6	12.1	12.4	13.5
Combined Ratio (%)	88.0	94.5	90.8	101.2	87.7
Underwriting Results USD (000)	165,717	63,272	111,666	-11,681	121,375

Source: BestLink® - Best's Financial Suite

Business Profile

HCC Life Insurance Company (HCC Life), based in Kennesaw, GA, is licensed in all states and the District of Columbia. The company specializes in marketing medical stop-loss insurance for self-insured corporations and groups. HCC Life provides a good source of

Business Profile (Continued...)

product and earnings diversification for HCC Insurance Holdings, Inc. (TMHCC). The company is a wholly owned subsidiary of Houston Casualty Company (HCC), who is ultimately 100% owned by Tokio Marine Holdings, Inc. (TMHD).

TMHCC, based in Houston, TX, is a specialty insurance holding company that markets property and casualty, life, accident and health (primarily medical stop-loss) and credit and surety insurance worldwide through its operating insurance subsidiaries and affiliated underwriting agencies. TMHCC was acquired by Tokio Marine Holdings, Inc., through its subsidiary, Tokio Marine & Nichido Fire Insurance Co., Ltd. in 2015. The acquisition provided an international footprint to expand its diverse portfolio and expertise globally, and build a financial foundation on which to compete with larger insurers and the opportunity to offer clients expanded coverages.

HCC Life's products include medical stop-loss and organ transplant written in the United States, and a limited program of disability insurance. The majority of the business covers employer sponsored groups of employees, and claims are reported and settled within 12 to 15 months for each reporting year. The company has achieved growth primarily through numerous acquisitions and ongoing product development. Through acquisitions, HCC Life has grown its market position and retained an experienced senior management team with an average of over 20 years of experience. While recent growth has been organic as the company leverages its scale and relationships with brokers, HCC Life acquired the medical stop-loss operations and organ transplant product of American International Group, Inc. in 2017. The acquisition, which includes renewal rights, inforce business and employees, increased HCC Life's MSL premiums by approximately one-third to over \$1.3 billion, making it one of the top three largest carriers in the industry. In addition to the MSL block of business, HCC Life also acquired a smaller block of organ transplant business, which represents approximately 10% of the total amount of business being acquired in the transaction.

The company's medical stop-loss insurance provides protection for catastrophic losses to employers that self-fund their employee benefit plans by allowing them to manage the risk of excessive health insurance exposure by limiting aggregate and specific losses to a predetermined amount. HCC Life markets medical stop-loss to employers through insurance brokers, consultants and third-party administrators (TPA). Underwriting offices are located throughout the United States to allow geographic management of the business, deal with catastrophic health claims and work with employers and their plan administrators to control plan costs. The Company's organ transplant insurance is a fully insured, first dollar carve-out product for self-funded employers which covers organ transplant and tissue costs, including transplant related physician, hospital, pharmacy, and travel expenses.

In 2012 and 2019, respectively, HCC Risk Solutions Company (HCCRS) and HCC Captive Solutions Company (HCCCSC) were created as wholly owned subsidiaries of HCC Life. Both operate as sponsored cells (captive) for the benefit of protected cells. Protected cells are created for unaffiliated policyholders to participate in underwriting risk. HCC Life does not have an ownership interest in any of the protected cells under HCCRS and HCCCSC.

HCC Life is a market leader in stop-loss insurance, with over \$1.4 billion in stop-loss gross premium written in 2019. The company has been able to build its medical stop-loss book of business with high quality, profitable contracts while regulating retention levels in order to match the risk profile prescribed by its internal forecasting models.

	Direct Premiums Written		Reinsurance Premiums Assumed		Reinsurance Premiums Ceded		Net Premiums Written		Business Retention
	USD (000)	%	USD (000)	%	USD (000)	%	USD (000)	%	
2020 By Line Business									
Ordinary Life	1,526	0.1	...	...	1,526	0.6	...	...	...
Group Life	39	...	...	...	35	...	4	...	10.0
Individual Annuities	548	...	...	...	548	0.2	...	...	...
Individual Accident & Health	44,131	2.7	...	...	27,730	10.7	16,401	1.2	37.2
Group Accident & Health	1,585,421	97.2	26,083	100.0	228,863	88.5	1,382,641	98.8	85.8
Total	1,631,665	100.0	26,083	100.0	258,702	100.0	1,399,046	100.0	84.4

Source: BestLink® - Best's Financial Suite

Business Profile (Continued...)

Year End - December 31

**Geographic Breakdown by Direct Premiums
Written and Deposit-Type Contracts USD
(000)**

	2020	2019	2018	2017	2016
Pennsylvania	120,973	99,795	63,165	49,933	22,649
Wisconsin	106,764	86,586	65,757	55,912	46,650
New York	101,612	89,547	74,882	56,253	46,139
California	99,546	102,799	81,397	58,846	65,510
Texas	93,598	100,052	86,891	73,306	81,354
Top 5 States	522,493	478,779	372,092	294,249	262,302
All Other	1,109,157	965,439	906,381	831,417	806,362
Total	1,631,650	1,444,219	1,278,473	1,125,667	1,068,664
Geographic Concentration Index	0.04	...	...	...	...

Source: BestLink® - Best's Financial Suite

Enterprise Risk Management

The organization maintains a robust enterprise risk management program that is fully integrated into Tokio Marine's framework. HCC Life utilizes economic capital modeling that is aligned with Tokio Marine's for informing and quantifying the impact of various strategic options.

Reinsurance Summary

Since the introduction of PPACA, HCC Life (the "Company") now offers medical stop-loss with unlimited benefits. The company has excess of loss reinsurance on specific losses for its medical stop loss business. The Company cedes medical stop loss to unaffiliated reinsurers who are accepted to participate in underwriting risk for production they originate. The Company also cedes medical stop loss to protected cells within HCC Captive Solutions Company who operates as a sponsored cell. The Company cedes accident and health business related to its disability income line primarily to various Lloyd's syndicates, London, UK. Effective January 1, 2018, the Company began to assume medical stop-loss business from its affiliate Reliance Standard Life Insurance Company.

Rating Lift/Drag

HCC Life benefits from the financial strength and support of its ultimate parent, Tokio Marine Holdings, Inc. HCC Life has become well integrated within the Tokio Marine organization.

Financial Statements

	9-Months		Year End - December 31			
	2021		2020		2019	
Balance Sheet	USD (000)	%	USD (000)	%	USD (000)	%
Cash and Short Term Investments	32,172	2.2	9,995	0.7	44,742	3.8
Bonds	1,325,509	91.6	1,253,654	93.1	1,071,506	90.6
Preferred and Common Stock	1,755	0.1	1,754	0.1	1,504	0.1
Total Cash and Invested Assets	1,359,436	93.9	1,265,403	94.0	1,117,752	94.5
Premium Balances	36,515	2.5	43,816	3.3	26,244	2.2
Net Deferred Tax Asset	16,986	1.2	18,075	1.3	19,442	1.6
Other Assets	34,336	2.4	19,171	1.4	19,138	1.6
Total General Account Assets	1,447,272	100.0	1,346,466	100.0	1,182,575	100.0
Total Assets	1,447,272	100.0	1,346,466	100.0	1,182,575	100.0
Net Life Reserves	75	...	105	...	174	...
Net Accident & Health Reserves	567,656	39.2	430,875	32.0	407,627	34.5
Asset Valuation Reserve	4,190	0.3	3,775	0.3	3,293	0.3
Other Liabilities	191,452	13.2	168,353	12.5	126,708	10.7
Total General Account Liabilities	763,373	52.7	603,109	44.8	537,802	45.5
Total Liabilities	763,373	52.7	603,109	44.8	537,802	45.5
Capital Stock	2,500	0.2	2,500	0.2	2,500	0.2
Paid-In and Contributed Surplus	317,289	21.9	317,289	23.6	317,289	26.8
Unassigned Surplus	364,110	25.2	423,568	31.5	324,984	27.5
Total Capital and Surplus	683,899	47.3	743,357	55.2	644,773	54.5
Total Liabilities, Capital and Surplus	1,447,272	100.0	1,346,466	100.0	1,182,575	100.0

Source: BestLink® - Best's Financial Suite

	9-Months		Year End - December 31	
	2021	2020	2020	2019
Income Statement USD (000)				
Net Premiums Earned:				
Group Life	...	...	4	34
Accident & Health	...	...	1,399,042	1,248,705
Total Net Premiums Earned	1,121,904	1,053,067	1,399,046	1,248,740
Net Investment Income	24,320	26,098	34,285	34,369
Other Income	49,522	42,719	55,880	49,125
Total Revenue	1,195,746	1,121,884	1,489,211	1,332,233
Policy Benefits	876,532	830,650	1,052,201	1,023,316
Commissions and Expense Allowances	108,834	99,381	131,260	118,265
Insurance and Other Expense	82,145	75,617	105,681	92,577
Pre-Tax Net Operating Gain	128,235	116,237	200,069	98,075
Income Taxes Incurred	21,883	18,555	34,240	12,160
Net Operating Gain	106,352	97,682	165,829	85,915
Net Realized Capital Gains	...	...	...	...
Net Income	106,352	97,682	165,829	85,915

Source: BestLink® - Best's Financial Suite

Statement of Operating Cash Flows USD (000)	9-Months		Year End - December 31	
	2021	2020	2020	2019
Net Premiums Collected	1,127,220	1,021,091	1,387,680	1,257,720
Net Investment Income	27,414	28,588	40,233	40,051
Other Income Received	49,232	42,747	55,924	48,751
Total Collected Operating Revenue	1,203,866	1,092,426	1,483,837	1,346,522
Net Benefits and Loss Related Payments	739,781	737,625	1,029,022	1,026,174
Commissions and Other Expenses Paid	198,950	171,756	231,457	230,442
Income Taxes Paid (Recovered)	23,800	15,000	35,000	7,745
Total Paid Expenses and Transfers	962,531	924,381	1,295,480	1,264,361
Net Operating Cash Flow	241,335	168,046	188,358	82,161

Source: BestLink® - Best's Financial Suite

Last Update

December 09, 2021

Identifiers**AMB #:** 009081**NAIC #:** 92711**FEIN #:** 35-1817054**Contact Information****Administrative Office:**225 Town Park Drive, Suite 350,
Kennesaw, Georgia 30144
United States**Domiciliary Address:**150 West Market Street, Suite 800,
Indianapolis, Indiana 46204
United States**Web:** www.tmhcc.com/hcclife**Phone:** +1-770-973-9851**Fax:** +1-770-973-9854**Financial Data Presented**

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

HCC Life Insurance Company

Operations

Date Incorporated: December 03, 1980 | **Date Commenced:** March 12, 1981**Domiciled:** Indiana, United States**Licensed:** (Current since 06/03/2016). The company is licensed in the District of Columbia and all states.**Business Type:**

Health - Medical Non-HMO

Organization Type:

Stock

Marketing Type:

General Agent

Financial Size:

X (\$500 Million to \$750 Million)

Best's Credit Ratings

Rating Relationship

AM Best Rating Unit: 009081 - HCC Life Insurance Company

Refer to the [Best's Credit Report for AMB# 009081 - HCC Life Insurance Company](#) 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 1983. In our opinion, the company has a Superior ability to meet their ongoing insurance obligations and a Superior 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	Outlook	Action	Rating	Outlook	Action
Current -						
Dec 9, 2021	A++	Stable	Affirmed	aa+	Stable	Affirmed
Dec 9, 2020	A++	Stable	Affirmed	aa+	Stable	Affirmed
Dec 12, 2019	A++	Stable	Affirmed	aa+	Stable	Affirmed
Dec 21, 2018	A++	Stable	Affirmed	aa+	Stable	Affirmed
Dec 13, 2017	A++	Stable	Affirmed	aa+	Stable	Affirmed

Corporate Structure

Ultimate Parent: AMB # 058633 - Tokio Marine Holdings, Inc.

Based on AM Best's analysis, AMB# 058633 Tokio Marine Holdings, Inc. is the AMB Ultimate Parent and identifies the topmost entity of the corporate structure. Access in BestLink this company's current [Corporate Structure](#).

Management

Officers

Chairman: Daniel A. Strusz

President: Daniel A. Strusz

Chief Information Officer: Steve M. Harrison

EVP and CFO: Mark R. Sanderford

EVP: Sharon L. Brock

EVP: Mark W. Callahan

EVP: Mark A. Carney

EVP: Beata A. Madey

EVP: Susan Rivera

EVP: Thomas E. Weist

SVP and Chief Underwriting Officer: Lawrence J. Stewart

SVP: Lori J. Austin

SVP: Charles G. Carlson

SVP: Christine A. Carlson

SVP: William E. Edrington

SVP: Jeffrey T. Gavlick

SVP: J. David Grider, Jr. (Sales & Marketing)

SVP: John M. Kelbel

SVP: Robert K. Kerr

SVP: Michael J. Lee

Vice President and Secretary: Alexander M. Ludlow

Vice President and Treasurer: Dwayne J. Lee

Vice President: John J. Banks, Jr. (Marketing)

Vice President: Anthony J. Budreski

Vice President: Timothy R. Campbell (Marketing)

Vice President: Luana W. Davis

Vice President: Shelly L. Iacobell

Vice President: Bradley T. Long

Vice President: Kevin Manthorpe

Vice President: Todd E. Marcoux (Marketing)

Vice President: Thomas A. Matchinsky

Vice President: Pamela A. McGovern (Marketing)

Vice President: Deborah L. Riffe

Vice President: Randy D. Rinicella

Vice President: Christopher D. Sanborn

Vice President: Terrence W. Sheehan

Directors

Frank J. Bramanti

Sharon L. Brock

Mark A. Carney

James C. Flagg

Andrew J. Ritchie

Susan Rivera

Robert A. Rosholt

Mark R. Sanderford

Daniel A. Strusz

Thomas E. Weist

History

Recent M&A Transactions

Announced on	Closed on	Transaction Type	Target	Acquirer	Seller
10/02/2017	10/15/2017	Book of Business	Amer Intl Grp Inc	HCC Life Ins Co	

Search for this company in [Mergers & Acquisitions](#) in BestLink for additional details and previous transactions.

Corporate Changes

Date	Event Type	Company Name	Current Company Name	Corporate Changes Text
10/27/2015	Ownership	HCC Life Insurance Company		This company was sold to Tokio Marine & Nichido Fire Insurance Company, Ltd. on October 27, 2015.
12/28/1999	Name Change	Centris Life Insurance Company	HCC Life Insurance Company	This company changed its name to HCC Life Insurance Company on December 28, 1999.
03/01/1999	Name Change	Seaboard Life Insurance Company (USA)	HCC Life Insurance Company	This company changed its name to Centris Life Insurance Company on March 01, 1999.
11/05/1993	Name Change	VASA Life Insurance Company	HCC Life Insurance Company	This company changed its name to Seaboard Life Insurance Company (USA) on November 05, 1993.
01/22/1991	Name Change	Indianapolis Life Pension and Insurance Company	HCC Life Insurance Company	This company changed its name to VASA Life Insurance Company on January 22, 1991.

Search for this company in [Corporate Changes](#) in BestLink to review previous changes.

Regulatory

Auditor: PricewaterhouseCoopers, LLP

Actuary: Mark R. Allyn, FSA, MAAA

An examination of the financial condition was made as of December 31, 2018, by the insurance department of Indiana. The 2020 annual independent audit of the company was conducted by PricewaterhouseCoopers, LLP. The annual statement of actuarial opinion is provided by Mark R. Allyn, FSA, MAAA, HCC Life Insurance Company.

Financial Results

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

Currency: US Dollars

Balance Sheet Highlights

Year End - December 31

Ceded Reinsurance Analysis

	2020	2019	2018	2017	2016
HCC Life Insurance Company					
Face Amount Reinsurance Ceded USD (000)	119,476	200,106	338,435	390,384	344,768
Affiliated Reinsurance Recoverable / Capital & Surplus (%)	1.6	1.0	1.5	1.9	0.9
Unaffiliated Reinsurance Recoverable / Capital & Surplus (%)	11.2	11.7	14.8	16.6	11.9
Total Reinsurance Recoverable / Capital & Surplus (%)	12.9	12.7	16.2	18.5	12.8
Surplus Relief (%)	7.5	8.2	5.6	7.0	4.1
Reinsurance Leverage (%)	26.5	26.7	28.0	37.3	26.8
Group Accident & Health Composite					
Total Reinsurance Recoverable / Capital & Surplus (%)	13.1	12.7	9.5	12.6	15.8
Reinsurance Leverage (%)	152.2	143.6	144.0	162.9	174.5

Source: BestLink® - Best's Financial Suite

Balance Sheet Highlights

Asset Liability Management | Investments

	9-Months 2021	2020	2020	Year End - December 31			
				2019	2018	2017	2016
Bond Portfolio							
Bonds & Short Term Investments USD (000)	1,325,509	1,225,542	1,253,654	1,071,506	1,000,981	911,870	919,784
Unaffiliated Bonds:							
US Government	...	...	2.4	2.4	3.6	4.0	4.1
Foreign – All Other	...	...	1.9	1.2	1.0	1.1	1.3
State, Municipal & Special Revenue	...	...	43.5	49.1	52.1	75.7	69.3
Industrial & Miscellaneous	...	...	52.3	47.3	43.4	19.2	25.3
Total Bonds	...	...	100.0	100.0	100.0	100.0	100.0
By Private vs Public (%)							
Private issues	...	...	37.2	37.1	36.3	14.9	13.4
Public issues	...	...	62.8	62.9	63.7	85.1	86.6
By Quality (%)							
Class 1	92.4	94.8	94.8	98.9	99.0	99.2	97.3
Class 2	7.3	5.1	4.8	1.1	1.0	0.8	2.2
Class 3	0.3	0.1	0.4	...	...	...	0.5
Below Investment Grade (NAIC 3-6)	0.3	0.1	0.4	...	...	...	0.5
Below Investment Grade - % of Capital & Surplus	0.5	0.1	0.6	...	...	...	0.7

Source: BestLink® - Best's Financial Suite

	9-Months 2021	2020	2020	Year End - December 31			
				2019	2018	2017	2016
Stock Portfolio							
Stocks USD(000)	1,755	1,754	1,754	1,504	1,504	1,504	1,503
By Type (%)							
Affiliated Common	...	...	100.0	100.0	100.0	100.0	100.0

Source: BestLink® - Best's Financial Suite

Operating Performance Highlights

A&H Current Year Experience	Premiums Written USD(000)	Premiums Earned USD(000)	Loss Ratio (%)	Expense Ratio (%)	Underwriting Results USD(000)
Group	1,382,641	1,382,186	75.4	12.7	163,994
Individual:					
All other	16,401	9,626	23.8	34.2	1,723

Source: BestLink® - Best's Financial Suite

Business Profile Highlights

Historical Market Presence

	Year End - December 31				
	2020	2019	2018	2017	2016
By Line Breakdown - NPW USD (000)					
Group Life	4	34	82	160	227
Accident & Health	1,399,042	1,248,705	1,365,674	1,095,330	987,450
Total	1,399,046	1,248,740	1,365,756	1,095,489	987,676

Source: BestLink® - Best's Financial Suite

Business Profile Highlights

Historical Market Presence (Continued...)

Geographic Breakdown by Direct Premiums Written and Deposit-Type Contracts USD (000)

	2020	2019	2018	2017	2016
Pennsylvania	120,973	99,795	63,165	49,933	22,649
Wisconsin	106,764	86,586	65,757	55,912	46,650
New York	101,612	89,547	74,882	56,253	46,139
California	99,546	102,799	81,397	58,846	65,510
Texas	93,598	100,052	86,891	73,306	81,354
Indiana	92,330	66,936	63,047	69,697	67,408
Illinois	90,140	80,410	68,237	63,546	53,863
Ohio	76,758	74,850	75,692	60,680	52,390
Missouri	63,884	56,492	46,697	40,835	40,596
Georgia	61,187	49,774	51,388	47,772	41,659
All Other	724,859	636,977	601,320	548,888	550,446
Total	1,631,650	1,444,219	1,278,473	1,125,667	1,068,664
Geographic Concentration Index	0.04	...	...	...	...

Source: BestLink® - Best's Financial Suite

	Year End - December 31				
	2020	2019	2018	2017	2016

By Line Reserves USD (000)

Group Life	...	11	14	13	10
Accident & Health	16,565	9,335	4,280	4,725	21,869
Total (including Supplemental Contracts)	16,565	9,346	4,294	4,737	21,880

Source: BestLink® - Best's Financial Suite

	Year End - December 31				
	2020	2019	2018	2017	2016

Life Policies Statistics

Ordinary Policies

In Force	2,533	2,720	2,908	3,126	3,382
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Group Policies

Issued	7	40	64
In Force	...	23	46	59	65

Group Certificates

Issued	3,726	7,192	12,129
In Force	...	4,886	10,260	11,945	12,555

Life Insurance In Force USD (000)

Whole Life & Endowment & Additions	74,259	80,398	85,278	93,029	100,058
Term	45,217	49,824	53,576	60,098	67,476
Group	...	77,649	221,757	263,619	253,192

New Life Business Issued USD (000)

Group	70,170	140,222	238,876
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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.

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