



BEST'S COMPANY REPORT



FARM BUREAU INSURANCE®

MICHIGAN FARM BUREAU LIFE GROUP

AMB #: 070514

NAIC #: N/A

FEIN #: N/A

Phone:

Fax:

Website: N/A

FARM BUREAU LIFE INSURANCE COMPANY OF MICHIGAN

A

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AMB #: 006363

NAIC #: 63096

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Best's Credit Rating Effective Date

July 17, 2024

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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](#).

Michigan Farm Bureau Life Group

AMB #: 070514

Associated Ultimate Parent: AMB # 050695 - Michigan Farm Bureau

Best's Credit Ratings - for the Rating Unit Members

Financial Strength Rating (FSR)

A
Excellent
Outlook: Stable
Action: Affirmed

Issuer Credit Rating (ICR)

a
Excellent
Outlook: Stable
Action: Affirmed

Assessment Descriptors

Balance Sheet Strength	Strongest
Operating Performance	Adequate
Business Profile	Neutral
Enterprise Risk Management	Appropriate

Rating Unit - Members

Rating Unit: Michigan Farm Bureau Life Grp | **AMB #:** 070514

AMB # Rating Unit Members
006757 Cincinnati Equitable Life Ins
006363 Farm Bureau Life Ins Co of MI

AMB # Rating Unit Members
068017 Leaders Life Insurance Company

Rating Rationale

Balance Sheet Strength: **Strongest**

- Risk-adjusted capitalization assessed at the strongest level as measured by Best's Capital Adequacy Ratio (BCAR).
- Solid liquidity from multiple sources and no outstanding debt.
- Investment portfolio is of high credit quality but contains material allocations to mortgage loans and private placement bonds.
- Reserves are exposed to a closed universal life book with interest rate guarantees.

Operating Performance: **Adequate**

- Premiums have remained mostly level over the last five years. There has been a renewed focus on annuity premiums in recent years. Net premiums reached a five-year high in 2023.
- Despite favorable investment yields, profits remain vulnerable to spread compression.
- Earnings history has been profitable for over 20 years with minimal volatility.
- Policy persistence has been consistently above the life industry average over the past several years.

Business Profile: **Neutral**

- Top seller of lower-risk ordinary life business and has a competitive market position with farm owners. The product offerings within its book of business are diverse and have a well-balanced risk profile.
- Strong and stable cross-selling multi-line captive agency system that provides a competitive advantage in distribution.
- Premium concentration in the state of Michigan mitigated by Leaders Life Insurance Company and Cincinnati Equitable Life Insurance Company acquisitions.
- Earnings between ordinary life and annuity products were roughly evenly distributed in 2023.

Enterprise Risk Management: **Appropriate**

- The group conducts a yearly audit to identify top risks and individual tolerances for each. A quantitative risk assessment is also used to examine risk likelihood and severity.
- Traditional risk management techniques with regard to operational risk focusing on such areas as pricing, expenses, technology, concentrations, catastrophes, investment risk and cyber security.
- Cash flow testing and monitoring of reserve adequacy are performed at appropriate intervals. The group also performs scenario analysis to determine the impacts of elevated lapse rates in a rising interest rate environment.
- Cybersecurity is a major operational focus for the group. A cyber liability policy is also in place.

Outlook

- The stable outlooks reflect the expectation that Michigan Farm Bureau Life Group will maintain its strongest level of balance sheet strength and adequate operating performance through the intermediate term. Further, these outlooks are supported by the group's prudent underwriting and investment allocations, as well as an overall creditworthy product offering.

Rating Drivers

- Negative rating action could occur if there were a significant and sustained deterioration in balance sheet quality.
- Although unlikely, positive rating action could occur if there were a significant and sustained appreciation of overall operating performance.
- Negative rating action could occur if the group fails to generate material profitability across products aside from individual annuities.

Credit Analysis

Balance Sheet Strength

Michigan Farm Bureau Life Group's risk-adjusted capitalization continues to be enhanced by the profitability and high credit quality of the investment portfolio, which is more than adequate to support the positive quality of the company's capital with no captive

Balance Sheet Strength (Continued...)

transactions, no surplus notes & limited off-balance sheet exposure, along with very low reinsurance leverage. In order to assess liquidity, the company performs periodic benchmark studies and cash flow testing under several interest rate scenarios (as statutorily mandated). Liquidity ratios are favorable compared to industry averages. In addition, the company is a member of the Federal Home Loan Bank (FHLB) of Indianapolis, and through this membership has available borrowing capacity of \$45.2 million for liquidity purposes as of 2023. The company also maintains a line of credit with PNC Bank for \$10 million.

Capitalization

Risk-adjusted capitalization is assessed at the strongest level, as measured by Best's Capital Adequacy Ratio (BCAR), and is more than sufficient to support its business and investment risks. Total capital has historically reported a favorable growth trend through organic earnings, but experienced a modest decline in 2019 due to two transactions. Farm Bureau Life paid a \$15.7 million dividend to its parent holding company to fund the acquisition of CELIC and made a \$23.9 million contribution to its pension plan, which was reported as a non-admitted asset. The company utilizes a \$61.8 million loan from the FHLB of Indianapolis to fund the pension contribution. The remainder of the funds were loaned to its affiliate companies on the condition it be used to make contributions on the plan. In 2023, surplus grew 4.3%, driven by favorable operating cash flows and realized gains.

Asset Liability Management - Investments

MFBL's investment portfolio allocation has remained relatively consistent in recent years, composed of approximately 71% bonds, 16% mortgage loans, 7% equities and the remainder in Schedule BA, cash and other invested assets. The fixed-income portfolio is of high credit quality, with almost all investment grade holdings and structured securities; however, AM Best notes that about 29% of the bond portfolio is allocated to private placement bonds. The allocation to commercial mortgages is higher than the industry average, but has provided favorable yield enhancement. Mortgage holdings primarily represent loans on office, industrial, and retail properties. The largest percentage of commercial loans are collateralized by properties in the eastern North Central region of the United States (Illinois, Indiana, Michigan, Ohio, and Wisconsin), which is notable given the geographic concentration of its business in the state of Michigan and the potential correlated risk that this creates. The company's equity holdings are fairly diversified as they consist mainly of four Vanguard index mutual funds, and an Advantus Strategic Dividend Income Fund. The equity holdings are used to augment investment income.

Reserve Adequacy

The Group deployed a reserve strengthening program from 2008 to 2013. Results are reviewed quarterly to determine if additional reserves are necessary. There were no changes in 2023. There were \$19.9 million in Asset Adequacy Reserves at the end of the year. If any reserve increases do occur, they are funded by cash flows from excess spreads and operations.

Operating Performance

MFBL's operating results have been consistently profitable over the long term and although net premiums have been somewhat volatile. Life premium levels have been on the rise as of late after a continued period of decline when the company lowered crediting rates and suspended sales of their UL product back in 2012. Total Premiums had deteriorated as a result of lower crediting rates in the annuity block, but have since began to rebound. Additionally, the continued expansion and integration of Leader's Life and CELIC are expected to support future premium growth.

The group maintains exposure to spread compression due to the universal life and fixed annuity blocks. Current spread margins remain adequate to support profitability but are below pricing expectations as the majority of the in-force annuity block has guaranteed minimum interest rates at or above 3%, and the majority of the closed universal life block has a guaranteed rate at or above 4%. Net investment yield in 2023 was 4.4%, a modest increase from the prior year. Management attributes this performance to the prudent management of its bond and mortgage portfolios, which yielded 4.58% & 4.76% respectively.

Pre-Tax Net Operating Gains have been consistently profitable in recent years with 2023 reporting \$31.3M, up from \$20.4M in 2022, with reduced underwriting expenses and heightened investment income year over year. 1yr. operating ROE of 4.7% is low relative to the US Life/Health industry at 10.1%. This is not out of character for organization that prioritize a larger capital position relative to the scale of their overall business. Regardless, this metric has increased in 2023 as the result of an uptick in operating gains. Although ordinary life is the group's main focus, individual annuities have made the most significant contribution to earnings in recent years. This trend reversed in 2023. At YE23, over 52% of the group pre-tax NOG came from the individual life line of business. This is in contrast to 2022 where individual and group annuities produced over 76% of the earnings. Despite this, they still remain major component in 2023, and make up the remaining 48% of pre-tax operating gains. The Life product's improved performance indicates that the group is moving past the underwriting challenges of the pandemic.

Business Profile

Michigan Farm Bureau Life Group (MFBL) reflects the consolidation of the life insurance subsidiaries of the Michigan Farm Bureau, which includes Farm Bureau Life Insurance Company of Michigan, Leaders Life Insurance Company, and Cincinnati Equitable Life Insurance Company (CELIC). MFBL is a leading provider of life insurance in the state of Michigan. The company uses a multi-line exclusive agent distribution system to distribute its products, benefiting from cross sales with its property/casualty affiliates. The group focuses on ordinary life products, primarily whole life and individual term policies, as well as fixed annuities. The company has a middle market focus with an average life policy face amount exceeding the statewide average.

To support product and geographic diversification, the company acquired Leaders Life in 2016 and CELIC in 2019, though an intermediate holding company, Michigan Farm Bureau Corporation. Leader's Life focus on worksite term insurance and CELIC is a pre-need and final expense writer. Additionally, the company is expanding the state licensing of Leaders Life and CELIC to continue to reduce the concentration of the profile in Michigan. Additionally, MFBL entered into a partnership with Securian Life for MBFL's agents to sell Securian's indexed universal life products, to offset the withdrawal of its own UL product in 2012.

AM Best notes that the reserves profile maintains a large proportion of interest sensitive reserves due its fixed annuities and legacy universal life policies, which subject the company to notable spread compression in the current economic environment.

The group is naturally concentrated in Michigan, which exposes the company to the economic and political environment of that state. However, management has made efforts to mitigate this through the acquisitions of Cincinnati Equitable and Leaders' Life. Cincinnati Equitable Life Insurance Company continues to show positive growth in net income. Leaders Life showed robust premium growth within 2023.

The group benefits from a mature and developed distribution channel with a stable career multi-line captive agency distribution marketing to a loyal customer base of over 200 thousand Farm Bureau family members in 83 counties in Michigan. The network is organized into 4 regions with around 400 agents. The group also has strong persistency and a consistent increase of in-force policies. One out of every four Farm Bureau Households has a life or annuity product. Whole life and term premiums continue to trend upward for the group. Currently sold and previously in-force annuity fund values trended downward slightly in 2023. Managing in-force annuity blocks is a continued area of focus for the group.

As a farm bureau, the group also boasts a strong cross selling rate between the PC and Life companies. There are also cross selling incentives for agents. However, this does mean a component of their distribution strategy is dependent on the PC industry. Despite this, Farm Bureau households have shown a greater propensity to own Life insurance than the general population. One quarter of Farm Bureau households have a Life or annuity product. This consistently exceeds the proportion of households that own these products in LIMRA studies.

The entire Michigan Farm Bureau operation has embraced innovation & technology through improvements in digital capabilities with a focus on customer and agent experience, as the company created an additional two roles focused entirely on just innovation to drive efficiency within the company. The life technology plan involves a new term life E-Application solution, along with some electronic paramedical exam scheduling. The group has implemented automated underwriting for term life & whole life insurance, along with an E-Application solution for whole life insurance. The group is also using Swiss-Re's Magnum program for accelerated underwriting.

Enterprise Risk Management

MFBL's enterprise risk management (ERM) is integrated into the framework of its property/casualty affiliates. The company has adopted a risk appetite statement, which covers general risks such as underwriting risk, policyholder security, earnings volatility, liquidity, and brand equity and includes a Quantitative Risk Assessment (QRA) process with metrics for each risk scenario, ranking scenarios based on likelihood and severity metrics and then a more detailed quantification for the subset of the scenarios with the highest rankings. The detailed quantification includes various impacted quantities, appropriate time horizons and relationships with correlated risks.

The top enterprise risks identified in 2023 include executing profitable growth, ransomware attacks, rate regulation, data security, interest rate risk, and staffing concerns. Some of these risks remain consistent with the top risks specified in 2022.

For cybersecurity, there is a formal incidence response plan and team in place. There are security awareness training programs in place as well as data encryption practices, multi factor authentication requirements and phishing tests. They also require all 3rd party vendors and agencies to agree to an attestation statement. A 24x7 hosted Managed Detection & Response service was implemented in 2023. The group also has a cybersecurity liability insurance policy in place. The protection was increased from \$15 million to \$30 million in 2023.

The group also employs a consistently conservative cash flow testing approach that reflects the needs of a prolonged low interest rate environment. To mitigate the adverse effects of a rapidly rising interest rate environment, scenario analysis is performed to assess the impacts of increased surrenders. Reserve adequacy is monitored on a quarterly basis. Despite the increase in interest rates that

Enterprise Risk Management (Continued...)

occurred in 2022, company management specified that reserve valuation rates will remain conservative. Reserve increases are funded by excess spreads from operations.

Environmental, Social & Governance

The group invests in municipal bonds used to support clean energy. It also targets assets designed to have a positive environmental impact. In addition, the home office was renovated to include energy efficient appliances and solar paneling to reduces the group's energy consumption. A core mission is to engage with the community. This includes investments in bonds supporting public education and nursing homes, donating to Agricultural charities, food banks, and scholarship program. MFBG continues to improve its diversity, equity, and inclusion by ensuring that its staff is representative of the community they serve. The group also began its For Purpose program which provides an avenue to play a role in more sustained community change, such as reducing childhood food insecurity in rural areas. It is committed to sustaining high standards of effective governance to protect the customer and organization. Its governance framework provides a structure to ensure sound decision making, integrity, and accountability are present throughout both companies. The Controller Division is also updating their Business Continuity, Contract Management and Vendor Management programs to mitigate risk and enhance governance.

Financial Statements

	3-Months		Year End - December 31			
	2024		2023		2022	
Balance Sheet	USD (000)	%	USD (000)	%	USD (000)	%
Cash and Short Term Investments	11,505	0.4	1,504	0.1	3,164	0.1
Bonds	1,945,062	66.5	1,933,757	66.1	1,967,070	67.7
Preferred and Common Stock	191,755	6.6	196,546	6.7	176,277	6.1
Other Invested Assets	595,101	20.3	604,115	20.6	567,047	19.5
Total Cash and Invested Assets	2,743,422	93.7	2,735,921	93.5	2,713,557	93.4
Premium Balances	28,409	1.0	29,808	1.0	28,851	1.0
Net Deferred Tax Asset	2,345	0.1	3,223	0.1	7,147	0.2
Other Assets	152,740	5.2	157,310	5.4	155,735	5.4
Total General Account Assets	2,926,915	100.0	2,926,263	100.0	2,905,290	100.0
Total Assets	2,926,915	100.0	2,926,263	100.0	2,905,290	100.0
Net Life Reserves	2,124,912	72.6	2,126,836	72.7	2,136,275	73.5
Net Accident & Health Reserves	380	...	411	...	211	...
Liability for Deposit Contracts	17,469	0.6	17,814	0.6	19,066	0.7
Asset Valuation Reserve	61,966	2.1	58,210	2.0	33,017	1.1
Other Liabilities	145,073	5.0	160,566	5.5	177,711	6.1
Total General Account Liabilities	2,349,801	80.3	2,363,837	80.8	2,366,280	81.4
Total Liabilities	2,349,801	80.3	2,363,837	80.8	2,366,280	81.4
Capital Stock	3,166	0.1	3,166	0.1	3,166	0.1
Paid-In and Contributed Surplus	22,816	0.8	22,816	0.8	22,184	0.8
Unassigned Surplus	552,078	18.9	537,389	18.4	514,605	17.7
Other Surplus	-946	...	-946	...	-946	...
Total Capital and Surplus	577,114	19.7	562,425	19.2	539,010	18.6
Total Liabilities, Capital and Surplus	2,926,915	100.0	2,926,263	100.0	2,905,290	100.0

Source: BestLink® - Best's Financial Suite

Michigan Farm Bureau Life Group

Operations

Domiciled: Michigan, United States

Business Type: Life, Annuity, and Accident

Organization Type: Stock

Marketing Type: Independent Agency

Last Update

July 17, 2024

Identifiers

AMB #: 070514

This company is a data record that AM Best utilizes to represent the AM Best Consolidated financials for the Life, Annuity, and Accident business of AMB#: [050695 Michigan Farm Bureau](#).

AMB#: [006363 Farm Bureau Life Insurance Company of Michigan](#) 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.

Best's Credit Ratings

Rating Relationship

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

Best's Credit Rating Effective Date: July 17, 2024

Rating rationale and credit analysis can be found in the [Best's Credit Report for AMB# 070514 - Michigan Farm Bureau Life Group](#).

AMB#	Rating Unit Members	Best's Credit Ratings	
		Financial Strength Rating	Long-Term Issuer Credit Rating
006757	Cincinnati Equitable Life Ins	A	a
006363	Farm Bureau Life Ins Co of MI	A	a
068017	Leaders Life Insurance Company	A	a

State Rate Filings

Summary of Approved Filings

The table below shows the number of approved filings in the last five years. For more information, please refer to [Best's State Rate Filings - 070514 - Michigan Farm Bureau Life Group](#)

BEST'S COMPANY REPORT

AMB #: 070514 - Michigan Farm Bureau Life Group

Major Line	2024	2023	2022	2021	2020
Annuities - Other	...	...	1	3	...
Group Annuities - Deferred Non-Variable	...	...	...	...	1
Group Health - Accident Only	...	2	...	...	...
Group Health - Accidental Death & Dismemberment	...	1	...	...	2
Group Health - Disability Income	1	...	...	2	1
Group Life - Term	...	3	...	2	6
Health - Other	1	...	...	...	...
Individual Annuities - Deferred Non-Variable	1	...	...	...	...
Individual Health - Disability Income	1	1	...	...	2
Individual Life - Term	...	1	3	12	3
Individual Life - Whole	...	5	1	2	1
Life - Other	2	3	...	3	7
Total	6	16	5	24	23

Source: Best's State Rate Filings

Farm Bureau Life Insurance Company of Michigan

Last Update

July 17, 2024

Identifiers

AMB #: 006363

NAIC #: 63096

FEIN #: 38-6056370

LEI #: 549300XQFOZP1IKPOC33

Contact Information

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United States

Web: www.farmbureauinsurance-mi.com

Phone: +1-517-323-7000

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: September 20, 1951 | **Date Commenced:** September 20, 1951

Domiciled: Michigan, United States

Licensed: (Current since 11/05/2020). It is qualified or accredited for reinsurance in Ohio and Oklahoma. The company is licensed in Michigan.

Business Type: Life, Annuity, and Accident
Organization Type: Stock
Marketing Type: Independent Agency
Best's Financial Size Category: X (USD 500 Million to Less than 750 Million)

Best's Credit Ratings

Best's Credit Rating History

AM Best has assigned ratings on this company since 1957. 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:

Effective Date	Best's Financial Strength Ratings				Best's Long-Term Issuer Credit Ratings		
	Rating	Affiliation	Outlook	Action	Rating	Outlook	Action
Current -							
Jul 17, 2024	A	g (Group Rating)	Stable	Affirmed	a	Stable	Affirmed
Jul 6, 2023	A	g (Group Rating)	Stable	Affirmed	a	Stable	Affirmed
Jul 6, 2022	A	g (Group Rating)	Stable	Affirmed	a	Stable	Affirmed
Jul 7, 2021	A	g (Group Rating)	Stable	Affirmed	a	Stable	Affirmed
Jun 30, 2020	A	g (Group Rating)	Stable	Affirmed	a	Stable	Affirmed

Management

Officers

CEO: Donald E. Simon

President: Carl J. Bednarski

Corporate Controller, Vice President: Daniel J. O'Shea (Life Operations)

Vice President, Treasurer, Chief Investment Officer: David D. Baker

Officers (Continued...)

Vice President: Kim E. Bailey (IT)
Vice President: Debra R. Dansby (Marketing)
Vice President: Michael DeRuiter (Board of Directors)
Vice President: Dawn E. Elzinga (Underwriting Actuarial)
Vice President: Roger D. Graff (Property & Casualty Claims)
Vice President: Thomas M. Nelson (Commercial & Agribusiness)
Secretary: Andrew J. Kok

Directors

David H. Bahrman
 Carl J. Bednarski
 Leona M. Daniels
 Douglas E. Darling
 Michael A. DeRuiter
 Travis E. Fahley
 Michael C. Fusilier
 Paul Pridgeon
 Benjamin J. LaCross
 Brigitte L. Leach
 Jennifer L. Lewis
 Patrick W. McGuire
 Michael R. Mulders
 Jeffrey B. Sandborn
 Stephanie L. Schafer
 Larry M. Shaw

Professional Service Providers

Investment Managers, Advisors, Brokers/Dealers:

- Travis M. Lower (Internal Employee)

State Rate Filings

Summary of Approved Filings

The table below shows the number of approved filings in the last five years. For more information, please refer to [Best's State Rate Filings - 006363 - Farm Bureau Life Insurance Company of Michigan](#)

Major Line	2024	2023	2022	2021	2020
Annuities - Other	...	...	1	3	...
Group Annuities - Deferred Non-Variable	...	...	...	...	1
Group Life - Term	...	1	...	2	1
Individual Annuities - Deferred Non-Variable	1	...	...	...	...
Individual Life - Term	...	...	1	1	...
Individual Life - Whole	...	...	1	2	...
Life - Other	1	3	...	2	7
Total	2	4	3	10	9

Source: Best's State Rate Filings

Financial Statements

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

Currency: US Dollars

	3-Months		Year End - December 31			
	2024		2023		2022	
Balance Sheet	USD (000)	%	USD (000)	%	USD (000)	%
Cash and Short Term Investments	978	...	-5,471	-0.2	-1,611	-0.1
Bonds	1,744,837	64.8	1,734,077	64.3	1,777,794	66.2
Preferred and Common Stock	189,522	7.0	194,338	7.2	171,125	6.4
Other Invested Assets	580,771	21.6	589,702	21.9	556,710	20.7
Total Cash and Invested Assets	2,516,108	93.4	2,512,647	93.2	2,504,018	93.2
Premium Balances	30,846	1.1	31,131	1.2	27,338	1.0
Net Deferred Tax Asset	...	...	937	...	4,846	0.2
Other Assets	147,168	5.5	151,160	5.6	150,907	5.6
Total General Account Assets	2,694,123	100.0	2,695,874	100.0	2,687,109	100.0
Total Assets	2,694,123	100.0	2,695,874	100.0	2,687,109	100.0
Net Life Reserves	1,915,483	71.1	1,920,606	71.2	1,940,917	72.2
Liability for Deposit Contracts	17,284	0.6	17,636	0.7	18,894	0.7
Asset Valuation Reserve	60,053	2.2	56,358	2.1	30,862	1.1
Other Liabilities	141,962	5.3	156,810	5.8	174,783	6.5
Total General Account Liabilities	2,134,783	79.2	2,151,409	79.8	2,165,456	80.6
Total Liabilities	2,134,783	79.2	2,151,409	79.8	2,165,456	80.6
Capital Stock	966	...	966	...	966	...
Paid-In and Contributed Surplus	3,681	0.1	3,681	0.1	3,049	0.1
Unassigned Surplus	555,639	20.6	540,764	20.1	518,584	19.3
Other Surplus	-946	...	-946	...	-946	...
Total Capital and Surplus	559,340	20.8	544,465	20.2	521,653	19.4
Total Liabilities, Capital and Surplus	2,694,123	100.0	2,695,874	100.0	2,687,109	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.

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