



BEST'S COMPANY REPORT



PALOMAR HOLDINGS, INC.

Domiciliary Address: 1209 Orange Street, Wilmington, Delaware 19801 United States

Administrative Office: 7979 Ivanhoe Avenue, Suite 500, La Jolla, California 92037 United States

AMB #: 033566

NAIC #: N/A

FEIN #: 83-3972551

Phone: +1-619-567-5290

Fax: +1-619-567-6954

Website: www.plmr.com

PALOMAR SPECIALTY INSURANCE COMPANY

A-

Domiciliary Address: 1050 S.W. 6th Avenue, Suite 1100, Portland, Oregon 97204 United States

Administrative Office: 7979 Ivanhoe Avenue, Suite 500, La Jolla, California 92037 United States

AMB #: 022031

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Best's Credit Rating Effective Date

July 14, 2023

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Information

[Best's Credit Rating Methodology](#)

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

[Market Segment Outlooks](#)

Financial Data Presented

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

Palomar Holdings, Inc.

AMB #: 033566 | **FEIN #:** 83-3972551

Ultimate Parent: AMB # 033566 - Palomar Holdings, Inc.

Best's Credit Ratings - for the Rating Unit Members

Financial Strength Rating (FSR)

<h1 style="margin: 0;">A-</h1> <h2 style="margin: 0;">Excellent</h2>
Outlook: Positive Action: Affirmed

Issuer Credit Rating (ICR)

<h1 style="margin: 0;">a-</h1> <h2 style="margin: 0;">Excellent</h2>
Outlook: Positive Action: Affirmed

Assessment Descriptors

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

Rating Unit - Members

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

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

AMB # **Rating Unit Members**
022031 Palomar Specialty Insurance Co

Best's Credit Rating - for the Holding Company

Issuer Credit Rating (ICR)

<h1 style="margin: 0;">bbb-</h1> <h2 style="margin: 0;">Good</h2>	Outlook: Positive Action: Affirmed
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Rating Rationale - for the Rating Unit Members

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

Balance Sheet Strength: **Very Strong**

- Palomar Holdings, Inc. (Palomar), maintains the strongest level of risk-adjusted capitalization as measured by Best's Capital Adequacy Ratio (BCAR) at the 99.6% VaR level.
- The group maintains sound balance sheet liquidity supported by generally positive cash flow activity.
- While moderate loss reserve development was recently reported, diverging from historically favorable patterns, the absolute dollar impact is not significant. Furthermore, reserve leverage remains lower than its industry composite average.
- Significantly dependent on reinsurance coverage for surplus protection.

Operating Performance: **Adequate**

- Palomar produced solid operating earnings in recent years as the group ramped up new business writings. Gross written premium continued to increase materially in the most recent period, primarily a result of new fronting arrangements, while net written premium growth was more modest as the group increases focus on established segments.
- On average, the group has produced a five-year combined ratio that compares favorably to the composite average. The result is marked by low loss experience paired with an elevated expense ratio. As the group grows, the larger premium base is expected to improve the expense ratio.
- Consistently positive return on revenue and equity results over the most recent five-year period that outpace the composite.
- Performance is highly influenced by extensive use of quota share reinsurance contracts and other forms of reinsurance to moderate volatility.

Business Profile: **Limited**

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

Enterprise Risk Management: **Appropriate**

- Palomar utilizes a conservative risk management philosophy. Risk management capabilities are appropriately matched to its risk profile and the complexity of the organization.
- The group has a formalized ERM framework that includes risk identification and reporting, risk appetite and tolerances, risk management and controls, stress testing and corporate governance.
- The group utilizes probabilistic modeling and deterministic modeling of historical events to determine the appropriateness of its reinsurance coverage.
- Catastrophe and quota share reinsurance contracts help mitigate Palomar's risk; however, tail risk remains as reflected in the BCAR at the 99.8% VaR level. While the score is negative, it has materially improved since year-end 2019 as management continues to refine exposure management initiatives.

Outlook

- The positive outlooks reflect the expectation that the group will maintain its overall balance sheet assessment of very strong, supported by risk-adjusted capitalization at the strongest level, while continuing to produce favorable operating results influenced by a comprehensive distribution network and strict adherence to underwriting guidelines.

Rating Drivers

- Positive rating action could occur if Palomar continues to produce favorable operating results that leverage a comprehensive distribution network and strict underwriting guidelines.

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

Rating Rationale - for the Holding Company

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

Credit Analysis

Balance Sheet Strength

Palomar Holdings, Inc. has a balance sheet assessment categorized as very strong, supported by its strongest level of risk-adjusted capitalization as measured by Best's Capital Adequacy Ratio (BCAR) at the 99.6 VaR, which is driven by moderate underwriting leverage and a conservative investment risk profile. The primary offsetting factors are significant dependence on reinsurance and elevated modeled risk, as a writer of catastrophe-exposed business. The latter is partially offset by a comprehensive reinsurance program intended to protect the balance sheet from shock losses.

Capitalization

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

The group maintains sound balance sheet liquidity as measured by current and overall liquidity ratios that do not materially deviate from industry composite averages. Operating cash flows have been solid over the past five years, driven by a significant increase in premiums collected. Underwriting leverage has remained moderate as the group ramped up new business writings following the completion of the IPO and follow-on equity offerings. The gross, ceded and net underwriting leverages remain higher than the composite averages, more profoundly on the ceded and gross leverages influenced by elevated reinsurance dependency.

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

Asset Liability Management - Investments

The group maintains a conservative investment risk profile primarily comprised of long-term bonds with the remainder held in cash and short-term investments and common stocks. The investment risk profile is modest as non-affiliated investment leverage is below the composite average. Non-affiliated investment leverage is comprised of common stock leverage and non-investment grade bond leverage. Common stock leverage declined over the past 5 years as GAAP equity growth outpaced growth in the equity portfolio. Annual proceeds have generally been invested in fixed income.

Reserve Adequacy

Historically the group maintained a conservative loss reserve posture with favorable development regularly reported since inception, however, patterns have diverged with recent adverse loss reserve development in 2022 and through the first 3 months of 2023. The movement in 2022 owed to development of 2020 catastrophes while the movement in 2023 relates to greater severity of attritional losses. Loss and LAE reserves are primarily allocated to the fire, other liability, reinsurance property and inland marine lines of business. The group's primary line of business is residential and commercial earthquake coverage, which is a low frequency and high severity segment. Loss reserve leverage is lower than the industry composite average.

Balance Sheet Strength (Continued...)**Holding Company Assessment**

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

In 2021, the Board approved a share repurchase program of \$40M, Palomar repurchased \$15.9M under this program. In 2022, the board approved a new share repurchase program up to \$100M through Q1 2024 and repurchased \$34M under this program. Excess of repurchase price over par value is entirely charged to retained earnings.

Operating Performance

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

On a GAAP basis, Palomar reported net income in each of the last five years, with the most on an absolute basis reported in 2022, driven by more robust underwriting income. As Palomar has continued to expand its premium base, revenue has consistently increased year over year. Most notably, elevated frequency in 2020 generated considerable catastrophe losses via Hurricanes Hanna, Laura, Sally, Delta and Zeta. In 2021, the results were impacted by Winter Storm Uri and Hurricane Ida and Ian in 2022. Nonetheless, Palomar has averaged a five-year combined ratio that outperforms the commercial property composite average, inclusive of the storms. The position benefits from better-than-average loss experience paired against an elevated expense position. In 2019 Palomar processed a one-time stock compensation charge of \$23M related to the modification of the former parent company's management incentive plan which resulted in an abnormally higher expense ratio.

Management continues to refine the underlying portfolio to optimize returns while leveraging extensive reinsurance programs to reduce net exposure to both catastrophes and attritional losses. The organization has grown considerably over the last five years with Palomar on-boarding over \$700M of additional gross written premium since YE 2018. Growth has been led by residential and commercial earthquake as well as inland marine and other lines of business. Additionally the most recent year was impacted by substantial fronting premiums totaling over \$200M which Palomar retains minimal risk on. Palomar continues to geographically diversify with a material amount of the on-boarded premium coming from states outside California. Expansion has benefited from the establishment of the E&S company in 2020, leading growth in more recent years. While new lines of business have been added, such as non-admitted builders risk and excess liability, management also made the decision to exit admitted specialty homeowners and commercial all peril risks in an effort to reduce unsatisfactory loss exposure.

Net return on revenue and equity have been positive in each of the last five years. Net return on revenue averages 15.2 while net return on equity averages 9.1, both comparing favorably to composite averages.

Business Profile

The group writes about half of its direct business in California - primarily earthquake coverage which represents over 50% of net written premiums. On a gross basis the allocation to California is much lower, sitting in the mid-30s. The concentration exposes it to catastrophic loss accumulation, as well as regulatory and legislative changes, and judicial decisions. The remainder of business is primarily written in Texas, Hawaii, Florida and Washington; however, the geographic diversification has been improving with introduction of the non-admitted insurance entity in 2020. Aside from earthquake, other primary lines of business include inland marine, E&S commercial all-risk and Hawaii hurricane. The group has been expanding into other areas as well, such as non-admitted builders risk and excess liability.

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

Business Profile (Continued...)

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

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

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

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

Enterprise Risk Management

Palomar Holdings, Inc.'s enterprise risk management is appropriate for its risk profile and the complexity of the organization. An ERM sub-committee meets with senior management and reports to the Audit Committee to keep practices consistent. The sub-committee consists of 3 board members who meet at least bi-annually. The ERM sub-committee, along with senior management, are responsible for: setting general ERM strategy, assisting in overseeing internal and external communications, evaluating current/emerging risks and suggesting how to address such risks, assessing and monitoring risk framework. The program bolstered by adherence to SOX and ORSA-inspired governance. Includes established benchmarks and KPIs to manage/monitor potential outcomes.

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

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

Reinsurance Summary

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

The Core Cat XOL tower provides ground up earthquake limit of \$2.68B, ground up Hawaii hurricane limit of \$900M and ground up Continental US hurricane limit of \$100M. All layers are fully placed and all include a \$17.5M retention. Four programs inure to the benefit of the core XOL tower - first the Texas Homeowners program that was converted to a fronting program has a \$180M occurrence cap, second there are earthquake-only inuring layers that provide \$1.05B excess \$325M via cat bonds and traditional reinsurance, the CA commercial earthquake 20.5% QS and the Hawaii hurricane 10% QS. A number of other quota shares are strategically used for program and internally managed business to mitigate volatility.

Environmental, Social & Governance

AM Best views the main ESG risk to Palomar as climate and earthquake risk. More recent weather patterns have given way to a greater number of severe storms. The company has a concentrated property portfolio in California, Texas and Hawaii, the former susceptible to

Enterprise Risk Management (Continued...)

earthquake patterns and the latter (among other geographic territories) subject to weather events. Amid recent activity, risks have been mitigated with the company reporting modest hurricane-related losses occurring in the last five years. These hurricanes were capped at the initial retention of the catastrophe reinsurance programs. Management continues to refine the underwriting process to include more granular data and enhance rate adequacy. Management has also implemented strict guidelines to manage exposure and worked to refine the admitted property portfolio.

Financial Statements

Balance Sheet	12/31/2022		12/31/2021
	USD (000)	%	USD (000)
Cash and Short Term Investments	68,164	5.2	50,371
Bonds	515,064	39.4	432,682
Equity Securities	38,576	3.0	33,261
Total Cash and Invested Assets	621,804	47.6	516,314
Reinsurers' Share of Reserves	357,979	27.4	186,262
Debtors / Amounts Receivable	202,576	15.5	117,380
Other Assets	124,091	9.5	105,778
Total Assets	1,306,450	100.0	925,734
Gross Technical Reserves:			
Unearned Premiums	471,314	36.1	284,665
Non-Life Reserves	231,415	17.7	173,366
Total Gross Technical Reserves	702,729	53.8	458,031
Debt / Borrowings	36,400	2.8	...
Other Liabilities	182,567	14.0	73,534
Total Liabilities	921,696	70.6	531,565
Capital Stock	3	...	3
Paid-in Capital	333,558	25.5	318,902
Retained Earnings	87,708	6.7	69,952
Other Capital and Surplus	-36,515	-2.8	5,312
Total Capital and Surplus	384,754	29.4	394,169
Total Liabilities, Mezzanine Items and Surplus	1,306,450	100.0	925,734

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

Last Update

July 14, 2023

Identifiers

AMB #: 033566

FEIN #: 83-3972551

LEI #: 549300DOI1MUW11BLX74

Contact Information

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Financial Data Presented

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

Palomar Holdings, Inc.

Operations

Domiciled: Delaware, United States

Business Type: Property/Casualty

Publicly Traded Corp: Palomar Holdings, Inc.

Stock Exchange: NASDAQ: PLMR

Best's Credit Ratings

Rating Relationship

AM Best Rating Unit: [033566 - Palomar Holdings, Inc.](#)

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

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

Best's Credit Rating History

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

The following are the most recent rating events, for longer history refer to [Rating History](#) in BestLink:

Best's Credit Rating History (Continued...)

Best's Long-Term Issuer Credit Ratings			
Effective Date	Rating	Outlook	Action
Current -			
Jul 14, 2023	bbb-	Positive	Affirmed
Jun 16, 2022	bbb-	Stable	Affirmed
May 20, 2021	bbb-	Stable	Affirmed
Apr 30, 2020	bbb-	Stable	Affirmed
Apr 18, 2019	bbb-	Stable	Assigned

Palomar Specialty Insurance Company

Last Update

July 24, 2023

Identifiers

AMB #: 022031

NAIC #: 20338

FEIN #: 95-2379438

Contact Information

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Financial Data Presented

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

Operations

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

Domiciled: Oregon, United States

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

Business Type: Property/Casualty

Organization Type: Stock

Marketing Type: Broker

Financial Size: IX (USD 250 Million to Less than 500 Million)

Best's Credit Ratings

Rating Relationship

AM Best Rating Unit: [033566 - Palomar Holdings, Inc.](#)

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

Best's Credit Rating History

AM Best has assigned ratings on this company since 2014. In our opinion, the company has an Excellent ability to meet their ongoing insurance obligations and an Excellent ability to meet their ongoing senior financial obligations.

The following are the most recent rating events, for longer history refer to [Rating History](#) in BestLink:

Effective Date	Best's Financial Strength Ratings				Best's Long-Term Issuer Credit Ratings		
	Rating	Affiliation	Outlook	Action	Rating	Outlook	Action
Current -							
Jul 14, 2023	A-	p (Pooled Rating)	Positive	Affirmed	a-	Positive	Affirmed
Jun 16, 2022	A-	p (Pooled Rating)	Stable	Affirmed	a-	Stable	Affirmed
May 20, 2021	A-	p (Pooled Rating)	Stable	Affirmed	a-	Stable	Affirmed
Apr 30, 2020	A-	g (Group Rating)	Stable	Affirmed	a-	Stable	Affirmed
Apr 18, 2019	A-	g (Group Rating)	Stable	Affirmed	a-	Stable	Affirmed

Management

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

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

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

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

Officers

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

Directors

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

History

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

Financial Statements

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

Currency: USD

Company's local Currency: US Dollar

	3-Months		Year End - December 31			
	2023		2022		2021	
	USD (000)	%	USD (000)	%	USD (000)	%
Balance Sheet						
Cash and Short Term Investments	66,839	7.1	65,044	7.3	35,990	7.4
Bonds	430,290	45.6	397,755	44.6	235,528	48.6
Preferred and Common Stock	134,516	14.3	26,558	3.0	29,385	6.1
Other Invested Assets	...	...	106,981	12.0	...	...
Total Cash and Invested Assets	631,646	67.0	596,339	66.9	300,903	62.1
Premium Balances	190,502	20.2	165,364	18.5	87,684	18.1
Net Deferred Tax Asset	16,221	1.7	16,264	1.8	12,692	2.6
Other Assets	104,275	11.1	113,785	12.8	83,030	17.1
Total Assets	942,644	100.0	891,752	100.0	484,310	100.0
Loss and Loss Adjustment Expense Reserves:						
Net Reported Loss Reserves*	36,552	3.9	31,968	3.6	25,483	5.3
Net IBNR Loss Reserves*	44,814	4.8	32,406	3.6	15,550	3.2
Net LAE Reserves	...	...	13,146	1.5	4,386	0.9
Total Net Loss and LAE Reserves	81,366	8.6	77,520	8.7	45,419	9.4
Net Unearned Premiums	263,707	28.0	267,180	30.0	226,350	46.7
Other Liabilities	257,857	27.4	233,152	26.1	49,477	10.2
Total Liabilities	602,930	64.0	577,852	64.8	321,246	66.3
Capital Stock	5,000	0.5	5,000	0.6	5,000	1.0
Paid-In and Contributed Surplus	234,088	24.8	233,589	26.2	126,586	26.1
Unassigned Surplus	100,626	10.7	75,311	8.4	31,478	6.5
Total Policyholders' Surplus	339,713	36.0	313,900	35.2	163,063	33.7
Total Liabilities and Surplus	942,644	100.0	891,752	100.0	484,310	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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