



# BEST'S COMPANY REPORT

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# THE BARNSTABLE SINCE 1833

## BARNSTABLE GROUP

AMB #: 002978

NAIC #: N/A

FEIN #: N/A

Phone:

Fax:

Website: N/A

Barnstable County Ins Co

A

Barnstable County Mut Ins Co

A



## Best's Credit Rating Effective Date

June 01, 2022

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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](#).

## Barnstable Group

**AMB #:** 002978

**Associated Ultimate Parent:** AMB # 000203 - Barnstable County Mutual Insurance Company

## Best's Credit Ratings - for the Rating Unit Members

### Financial Strength Rating (FSR)

<b>A</b>
<b>Excellent</b>
Outlook: <b>Negative</b>
Action: <b>Affirmed</b>

### Issuer Credit Rating (ICR)

<b>a</b>
<b>Excellent</b>
Outlook: <b>Negative</b>
Action: <b>Affirmed</b>

## Assessment Descriptors

Balance Sheet Strength	<b>Very Strong</b>
Operating Performance	<b>Strong</b>
Business Profile	<b>Limited</b>
Enterprise Risk Management	<b>Appropriate</b>

## Rating Unit - Members

**Rating Unit:** Barnstable Group | **AMB #:** 002978

**AMB #**   **Rating Unit Members**  
002896   Barnstable County Ins Co

**AMB #**   **Rating Unit Members**  
000203   Barnstable County Mut Ins Co

## Rating Rationale

### Balance Sheet Strength: **Very Strong**

- The Barnstable Group (Barnstable) maintains the strongest level of risk-adjusted capitalization as measured by Best's Capital Adequacy Ratio (BCAR) at the 99.6% VaR confidence level.
- Surplus growth has been reported in eight of the past ten years with the outliers influenced by the combination of abnormally severe weather and unfavorable shifts in equity valuation; however, these years only reported modest declines.
- Very low underwriting leverage and a proven, conservative reserving philosophy with redundancies reported in each of the past ten years.
- Robust liquidity positions support the group's ability to meet claim obligations in times of increased severity and frequency, supported by generally positive operating cash flows.

### Operating Performance: **Strong**

- The five-year average loss ratio significantly outperforms the personal property composite, reflective of management's strict underwriting guidelines and efforts to develop a high-quality book of business. This is partially offset by an elevated underwriting expense ratio associated with high commission costs in New England and strategically low premium leverage. In total, the five-year combined ratio average outperforms the composite, while underwriting income has been inconsistent due to the inherent volatility of the weather.
- Pre-tax operating income reported in nine of the past ten years, where net underwriting income has been reported in all but two years, and net investment income has been relatively consistent year over year. Over the past five years, the amount of pre-tax operating income has fluctuated with a loss reported in one year.
- The operating ratio has been below 100% in all but one of the past five years, averaging in the high eighties.
- The five-year pre-tax return on revenue and total return on equity are above the composite averages. The latter is tempered by the comparatively low level of premium written compared to surplus. In an effort to improve revenue in light of the strategic premium position, Barnstable has acquired insurance-related companies to add additional streams of revenue to the enterprise.

### Business Profile: **Limited**

- Boutique writer focused on writing homeowners business on Cape Cod and the surrounding coastal counties through well-established relationships with independent agents.
- Carves out a niche market providing products with superior customer and claim services.
- Geographic and product concentrations limit the group's scope of operations, which is partially mitigated by comprehensive catastrophe reinsurance with a relatively high limit.
- Continually monitors quantitative and qualitative characteristics regarding the book of business to align risks with management's appetite and to develop a quality book that performs better than average in most years.

### Enterprise Risk Management: **Appropriate**

- Barnstable's enterprise risk management (ERM) capabilities are considered appropriate for the risk profile of the organization.
- ERM policy is developed and administered by senior management and regularly reviewed by the Audit Committee.
- Maintains comprehensive risk identification and tolerance documentation with regular monitoring of key metrics to ensure alignment.
- Elevated tail risk as evidenced by BCAR at the 99.8% VaR, which is somewhat offset by strict underwriting standards, improved building codes and a total insurable value inflation guard. Given the very narrow footprint, the group's risk management techniques, particularly regarding the potential for severe localized events, will continue to be monitored.

### Outlook

- The negative outlooks are based on an increased level of volatility in operating performance where key profitability metrics have been weakened in recent years, placing pressure specifically on the group's strong operating performance assessment. Based on the significant geographic concentration of Barnstable's operating footprint, underwriting performance and surplus growth are exposed to fluctuations from weather-related events.

## Rating Drivers

- Negative rating action could occur if weather events or other large losses further weaken operating performance and results no longer align with the strong assessment.
- Negative rating action could also occur following significant erosion in surplus and risk-adjusted capitalization that pressures overall balance sheet strength.

## Key Financial Indicators

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

Confidence Level	95.0	99.0	99.5	99.6
BCAR Score	83.6	74.5	70.6	61.5

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

Key Financial Indicators USD (000)	3-Months		Year End - December 31				
	2022	2021	2021	2020	2019	2018	2017
Premiums Written:							
Direct	6,530	6,284	32,555	31,229	29,456	29,249	29,651
Assumed*	19	19	77	249	248	...	...
Ceded*	2,419	2,756	11,537	10,401	9,756	9,512	9,479
Net	4,130	3,547	21,094	21,077	19,948	19,737	20,172
Net Operating Income	1,467	993	1,027	2,813	1,105	121	2,963
Net Income	1,682	2,260	4,400	3,746	2,118	1,971	4,551
Total Admitted Assets	139,297	138,205	143,230	135,099	118,262	111,587	114,976
Policyholders' Surplus	105,563	102,504	106,672	100,239	93,874	89,086	90,821

Source: BestLink® - Best's Financial Suite

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

Key Financial Ratios (%)	3-Months		Year End - December 31					Weighted Average
	2022	2021	2021	2020	2019	2018	2017	
Profitability:								
Combined Ratio	87.3	100.5	97.3	82.7	99.5	109.5	85.5	94.9
Reserve Development Combined Ratio Impact	-4.5	-5.9	-6.2	-3.7	-3.9	-6.6	-7.6	-5.6
Net Investment Yield	0.9	1.1	1.0	0.9	1.3	1.4	1.1	1.1
Pre-Tax Operating Return on Net Earned Premiums	30.6	22.3	6.4	19.2	7.3	-1.7	19.9	10.2
Net Income Return on Policyholders' Surplus	6.3	8.9	4.3	3.9	2.3	2.2	5.2	3.6
Total Return on Policyholders' Surplus	-1.2	10.3	6.5	7.5	7.0	-1.8	9.0	5.7
Leverage:								
Net	0.5	0.6	0.5	0.6	0.5	0.5	0.5	...
Gross	...	...	0.7	0.7	0.6	0.6	0.6	...
Non-affiliated Investment	35.5	36.5	37.4	39.7	36.5	30.8	34.9	...

Source: BestLink® - Best's Financial Suite

## Credit Analysis

### Balance Sheet Strength

Barnstable maintains the strongest level of risk-adjusted capitalization as measured by BCAR at the 99.6 confidence level. Balance sheet strength is supported by strong liquidity positions, very low underwriting leverage and favorable loss reserve development. While the size and scope of the group is limited, substantial capital protection is provided through a comprehensive reinsurance program, while maintaining limited reinsurance dependence.

### Capitalization

The group's strongest risk-adjusted capitalization reflects low underwriting leverage, historical surplus growth, favorable loss reserve development and substantial protection from catastrophe reinsurance. Net and gross underwriting leverages are low and compares

## Balance Sheet Strength (Continued...)

favorably to the personal property composite. Solid surplus growth has been reported over the most recent five-year period, despite deterioration in 2018 due to historically severe winter weather and unrealized capital losses. Surplus growth has been primarily driven by capital gains with support from net investment income and net underwriting income.

Capital Generation Analysis USD (000)	3-Months		Year End - December 31				
	2022	2021	2021	2020	2019	2018	2017
Beginning Policyholders' Surplus	106,672	100,239	100,239	93,874	89,086	90,821	83,303
Net Operating Income	1,467	993	1,027	2,813	1,105	121	2,963
Net Realized Capital Gains (Losses)	215	1,267	3,373	933	1,012	1,850	1,588
Net Unrealized Capital Gains (Losses)	-2,006	342	2,290	3,563	4,243	-3,578	3,297
Other Changes in Capital and Surplus	-785	-337	-256	-945	-1,573	-128	-331
Net Change in Policyholders' Surplus	-1,109	2,265	6,434	6,365	4,787	-1,734	7,517
<b>Ending Policyholders' Surplus</b>	<b>105,563</b>	<b>102,504</b>	<b>106,672</b>	<b>100,239</b>	<b>93,874</b>	<b>89,086</b>	<b>90,821</b>
Net Change in Policyholders' Surplus (%)	-1.0	2.3	6.4	6.8	5.4	-1.9	9.0
Net Change in Policyholders' Surplus (5 yr CAGR)	...	...	5.1	...	...	...	...

Source: BestLink® - Best's Financial Suite

Liquidity Analysis	3-Months		Year End - December 31				
	2022	2021	2021	2020	2019	2018	2017
Net Operating Cash Flow USD (000)	199	747	3,372	5,354	2,178	-129	2,647
Current Liquidity (%)	305.6	274.4	288.5	289.7	394.4	413.9	406.5

Source: BestLink® - Best's Financial Suite

## Asset Liability Management - Investments

The group maintains an investment portfolio that is weighted towards high quality fixed income and domestic large cap equities. As of 2021, 49.9% of investments were in long-term bonds, 14.7% in common stock, 16.6% in cash and cash equivalents, 2.7% in affiliated investments and 16.1% in other investments. The bond portfolio is comprised of high quality agency, tax-exempt and corporate bonds. The large cap common stock portfolio is equally split between actively and passively managed securities. The passively managed securities are structured to closely track the S&P 500 index. The actively managed portion is used to identify opportunities in other domestic large cap stocks and is overseen by an external advisor. Common stock as a percentage of policyholders' surplus is modestly lower than the composite with this risk partially mitigated by the group's buy and hold approach in large cap dividend paying securities. Other investments have grown as the group purchased an adjusting firm and independent agency in recent years.

Barnstable's liquidity position as measured by its quick, current and overall liquidity ratios is strong and compares favorably to the composite. This is in part due to the structure of the investment portfolio regarding common stock, cash and cash equivalents.

Composition of Cash and Invested Assets	3-Months		Year End - December 31				
	2022	2021	2021	2020	2019	2018	2017
Total Cash and Invested Assets USD (000)	125,697	123,974	128,709	119,397	110,853	104,843	107,588
<b>Composition Percentages (%)</b>							
Unaffiliated:							
Cash and Short Term Investments	16.4	16.1	16.6	14.4	13.4	18.5	14.2
Bonds	51.5	50.4	50.1	50.6	53.5	53.1	54.2
Stocks	13.6	17.4	14.8	19.2	19.4	16.8	22.3
Other Invested Assets	17.3	14.1	15.7	13.1	11.4	9.2	6.8
<b>Total Unaffiliated</b>	<b>98.9</b>	<b>98.0</b>	<b>97.2</b>	<b>97.2</b>	<b>97.7</b>	<b>97.6</b>	<b>97.5</b>
Investments in Affiliates	2.8	3.5	4.1	4.2	4.4	2.6	2.6
Non-Admitted	-1.7	-1.5	-1.4	-1.5	-2.1	-0.2	-0.1
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

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	3.0	8.7	1.9	0.4	0.2	3.7
Government Agencies and Municipal Bonds	2.0	19.6	16.8	1.8	16.4	11.0
Industrial and Miscellaneous Bonds	0.9	16.1	11.2	0.6	0.2	5.1
<b>Total Bonds</b>	<b>6.0</b>	<b>44.4</b>	<b>29.9</b>	<b>2.8</b>	<b>16.8</b>	<b>8.2</b>

Source: BestLink® - Best's Financial Suite

## Reserve Adequacy

Loss reserve development has been consistently favorable and is reflective of management's conservative reserving philosophy. The property book is short-tailed with claims generally settled within two years. Reserves are set above the actuarial point estimate. A special surplus fund has been established to cover the retention under the current catastrophe reinsurance program.

Loss and Loss Adjustment Expense Reserves and Development - Calendar Year	3-Months		Year End - December 31				
	2022	2021	2021	2020	2019	2018	2017
Loss and ALAE* Reserves USD (000)	5,714	5,353	4,444	2,551	2,371	1,947	1,538
Loss and ALAE* Reserves Development USD (000)	-255	-298	...	-596	-1,223	-861	-1,172
Development to:							
Original Reserves (%)	...	...	...	-18.9	-34.0	-30.7	-43.2
Prior Year End Reserves(%)	-4.1	-6.4	...	...	...	...	...
Prior Year End Surplus (%)	-0.2	-0.3	...	-0.6	-1.3	-1.0	-1.3

Source: BestLink® - Best's Financial Suite

\* Interim LAE reserves balances displayed include Adjusting and Other Unpaid as well as Defense and Cost Containment Unpaid. Year End LAE balances include Defense and Cost Containment Unpaid only.

Loss and Loss Adjustment Expense Reserves and Development - Accident Year	Year End - December 31				
	2021	2020	2019	2018	2017
Original Loss and ALAE Reserves USD (000)	3,098	1,899	2,098	2,008	1,751
Loss and ALAE Reserves Developed thru Latest Year End USD (000)	3,098	1,693	1,208	1,476	1,087
Development to Original Reserves (%)	...	-10.8	-42.4	-26.5	-37.9
Accident Year Loss and LAE Ratio (%)	56.3	34.6	50.7	63.6	37.2
Accident Year Combined Ratio (%)	103.5	84.4	98.0	112.1	88.0

Source: BestLink® - Best's Financial Suite

## Operating Performance

Barnstable has experienced moderate underwriting volatility over the past five years with 2018 negatively impacted by higher frequency and severity of winter events that caused substantial losses across New England. Despite fluctuations, the five-year loss and LAE ratio average remains significantly better than the personal property composite, reflective of strict underwriting guidelines and management's careful consideration of risk selection as it hones a high quality book. Risk characteristics reviewed include credit scores, distance to coast, loss history and insurable interest, all while paying special attention to total insured value through a comprehensive inspection program. Favorable loss experience is tempered by an elevated underwriting expense ratio, which is influenced by typically high commission costs in New England and strategically low premium leverage. Collectively, the loss and expense positions have historically generated sub-100 combined ratios; however, some years have reported comparatively weaker results driven by weather activity and fire losses.

Net investment income has been a reliable stream of revenue for the group and has served to offset or moderate underwriting fluctuations over the past five years. As a result of its consistency, net investment income is a significant contributor to pre-tax operating income. Investment yield is low and compares unfavorably to the composite reflective of the low interest rate environment. Legacy equity positions have been repositioned to improve return. The total return on invested asset ratio has benefited from solid realized and unrealized capital gains.

## Operating Performance (Continued...)

Barnstable has reported pre-tax operating income in 9 of the past 10 years, driven by both net underwriting income and net investment income. The outlier was impacted by the aforementioned severe winter weather that yielded a small pre-tax operating loss. The five-year average pre-tax return on revenue has not been consistent due to the inherent volatility of the weather, but averages exceed that of the composite. Additionally, except for 2018, the group has consistently reported a sub-100 operating ratio, illustrating its ability to generate profit from its core operations.

Operating and Financial Performance Ratios (%) - Company	3-Months		Year End - December 31					Weighted Average
	2022	2021	2021	2020	2019	2018	2017	
Calendar Year Loss and LAE Ratio	35.7	42.2	50.1	32.8	52.2	60.9	34.7	46.2
Expense and Policyholder Dividend Ratio	51.6	58.3	47.2	49.9	47.3	48.5	50.8	48.7
Combined Ratio	87.3	100.5	97.3	82.7	99.5	109.5	85.5	94.9
Reserve Development Ratio Impact	-4.5	-5.9	-6.2	-3.7	-3.9	-6.6	-7.6	-5.6
Net Investment Yield	0.9	1.1	1.0	0.9	1.3	1.4	1.1	1.1
Pre-Tax Operating Return on Net Earned Premiums	30.6	22.3	6.4	19.2	7.3	-1.7	19.9	10.2
Net Income Return on Policyholders' Surplus	6.3	8.9	4.3	3.9	2.3	2.2	5.2	3.6
Total Return on Policyholders' Surplus	-1.2	10.3	6.5	7.5	7.0	-1.8	9.0	5.7

Source: BestLink® - Best's Financial Suite

Operating and Financial Performance Ratios (%) - Composite	Year End - December 31					Weighted Average
	2021	2020	2019	2018	2017	
Calendar Year Loss and LAE Ratio	74.5	80.8	67.1	69.6	79.6	74.4
Expense and Policyholder Dividend Ratio	28.3	29.3	29.6	30.5	30.0	29.5
Combined Ratio	102.8	110.1	96.8	100.1	109.6	103.9
Reserve Development Ratio Impact	0.3	-1.9	-1.1	-3.0	-2.0	-1.5
Net Investment Yield	2.1	2.4	2.5	2.4	2.3	2.3
Pre-Tax Operating Return on Net Earned Premiums	1.3	-4.4	9.8	6.6	-2.6	2.1
Net Income Return on Policyholders' Surplus	1.3	-1.4	5.5	4.0	-0.2	1.8
Total Return on Policyholders' Surplus	5.5	-0.1	8.7	2.0	3.0	3.8

Source: BestLink® - Best's Financial Suite

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

## Business Profile

Barnstable's scope of operations is limited by design as a niche homeowners writer on Cape Cod and other coastal counties of Massachusetts, marketing itself as a premier boutique carrier. While this produces geographic and product concentrations, the associated risks are partially mitigated by comprehensive catastrophe reinsurance with a relatively high top limit. Furthermore, firm limitations on distance to coast and flood zones have been established to reduce exposure.

Barnstable focuses on identifying desirable risks based on several characteristics and providing superior customer and claim services. Strict underwriting guidelines relate to credit scores, loss history and insurable interest. Management strives to develop a book of business that performs better than average and continually monitors risk aggregation and profiles to shed undesirable business. Management creates a competitive advantage with an elevated customer experience through loss control and payment benefits, as well as attentive claims services. With over 175 years of operation comes extensive knowledge regarding local, market and regulatory insurance issues. Products are distributed through a network of long-standing independent agencies. The organization has been making strides to enrich the enterprise through the addition of insurance-related services by way of a wholly-owned independent adjusting firm and independent agency.

## Business Profile (Continued...)

Premium Composition and Growth	3-Months		Year End - December 31					5 Year CAGR
	2022	2021	2021	2020	2019	2018	2017	
Direct Premiums Written USD (000)	6,530	6,284	32,555	31,229	29,456	29,249	29,651	...
% Change	3.9	8.2	4.2	6.0	0.7	-1.4	1.2	2.1
Reinsurance Premiums Assumed USD (000)*	19	19	77	249	248	...	...	...
% Change	0.6	-63.2	-69.2	0.4	...	...	...	...
Reinsurance Premiums Ceded USD (000)*	2,419	2,756	11,537	10,401	9,756	9,512	9,479	...
% Change	-12.2	11.4	10.9	6.6	2.6	0.3	-4.8	3.0
Net Premiums Written USD (000)	4,130	3,547	21,094	21,077	19,948	19,737	20,172	...
% Change	16.4	4.8	0.1	5.7	1.1	-2.2	4.4	1.8

Source: BestLink® - Best's Financial Suite

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

2021 By Line Business	Direct Premiums Written		Reinsurance Premiums Assumed		Reinsurance Premiums Ceded		Net Premiums Written		Business Retention
	USD (000)	%	USD (000)	%	USD (000)	%	USD (000)	%	%
Homeowners	30,374	93.3	77	100.5	10,488	90.9	19,963	94.6	65.6
Allied Lines	969	3.0	...	...	357	3.1	613	2.9	63.2
Other Liab Occurrence	699	2.1	...	...	504	4.4	194	0.9	27.8
Fire	513	1.6	...	...	189	1.6	324	1.5	63.2
Top 5	32,555	100.0	77	100.5	11,537	100.0	21,094	100.0	64.6
All Other	...	...	...	-0.5	...	...	...	...	-0.3
Total	32,555	100.0	77	100.0	11,537	100.0	21,094	100.0	64.6

Source: BestLink® - Best's Financial Suite

Geographic Breakdown by Direct Premiums Written USD (000)	Year End - December 31				
	2021	2020	2019	2018	2017
Massachusetts	32,555	31,229	29,456	29,249	29,651
Top 5 States	32,555	31,229	29,456	29,249	29,651
Total	32,555	31,229	29,456	29,249	29,651
Geographic Concentration Index	1.00	...	...	...	...

Source: BestLink® - Best's Financial Suite

## Enterprise Risk Management

Barnstable's ERM is viewed as appropriate for its risk profile. Management has put together a comprehensive and measurable ERM program. The ERM policy is reviewed and approved by an Audit Committee, which is then administered by senior management. Additionally, the ERM policy is presented to the full Board of Directors for their review on an annual basis. The policy identifies the importance of and steps to effective risk assessment and evaluation. Risks are documented and reviewed regularly. A risk assessment document identifies risks, describes the risk management approach and assesses risks based on probability and severity. Many areas of risk are discussed including catastrophe, reinsurance, credit, underwriting, regulatory, market, liquidity, brand, and IT risks. Catastrophe risk is heightened by the group's geographic and product concentrations, which are partially mitigated by comprehensive reinsurance. A risk tolerance document describes measurable limits that reflect management's risk appetite.

Barnstable leans on two guiding principles to help mitigate risk: maintaining sufficient capital and adhering to strict risk selection standards. Management identifies the minimum capital required as an ideal percentage of catastrophe reinsurance and surplus to total insured value, which is specifically reflected in the risk tolerance statements. Furthermore, through identification and filtering of numerous risk characteristics, management aims to build a quality book that performs better than average. The group is constantly refining the book to ensure a population of desirable risks.

While the tail risk is evident based on the BCAR score at the 99.8 VaR, Barnstable does not believe the catastrophe models truly capture the quality of its individual risks nor the change in building codes that occurred in 2008. Management focuses on developing a book with the most ideal policies in order to effectively sustain all storms. Strategic efforts to limit exposure, the TIV inflation guard and focus on growing capital are actions the group believes will help improve tail exposure. Furthermore, based on probabilistic hurricane models, characteristic models and deterministic studies, management maintains a strategic Capital to TIV ratio

## Enterprise Risk Management (Continued...)

commensurate of the expected penetration from a single-storm, worst-case scenario. Given the very narrow footprint, AM Best will continue to evaluate the group's risk management techniques, particularly in protection against severe localized events.

## Reinsurance Summary

Catastrophes represent a significant risk for which Barnstable must account. Aside from careful risk selection and exposure management, the group utilizes comprehensive reinsurance with a robust top limit to mitigate the risk and protect the balance sheet. The program provides ground up coverage of \$330M with \$13.2M retention, which benefits from the underlying excess of loss program. Coverage exceeds the expected gross loss from a 1/200-year event. The estimated pre-tax net probable maximum loss from a 1/100-year event is approximately 13% of policyholders' surplus. Barnstable also maintains general excess of loss and pro rata facultative reinsurance, which limits the retention for larger risks, basket coverage and an umbrella program.

## Financial Statements

	3-Months		Year End - December 31			
	2022		2021		2020	
Balance Sheet	USD (000)	%	USD (000)	%	USD (000)	%
Cash and Short Term Investments	20,669	14.8	21,423	15.0	17,150	12.7
Bonds	64,747	46.5	64,495	45.0	60,407	44.7
Preferred and Common Stock	17,135	12.3	18,993	13.3	22,925	17.0
Other Invested Assets	23,146	16.6	23,799	16.6	18,914	14.0
<b>Total Cash and Invested Assets</b>	<b>125,697</b>	<b>90.2</b>	<b>128,709</b>	<b>89.9</b>	<b>119,397</b>	<b>88.4</b>
Premium Balances	3,660	2.6	4,235	3.0	4,620	3.4
Other Assets	9,941	7.1	10,287	7.2	11,082	8.2
<b>Total Assets</b>	<b>139,297</b>	<b>100.0</b>	<b>143,230</b>	<b>100.0</b>	<b>135,099</b>	<b>100.0</b>
Loss and Loss Adjustment Expense Reserves:						
Net Reported Loss Reserves*	4,378	3.1	3,424	2.4	2,168	1.6
Net IBNR Loss Reserves*	1,336	1.0	952	0.7	952	0.7
Net LAE Reserves	...	...	1,798	1.3	1,504	1.1
<b>Total Net Loss and LAE Reserves</b>	<b>5,714</b>	<b>4.1</b>	<b>6,174</b>	<b>4.3</b>	<b>4,623</b>	<b>3.4</b>
Net Unearned Premiums	15,429	11.1	16,930	11.8	16,435	12.2
Other Liabilities	12,591	9.0	13,454	9.4	13,803	10.2
<b>Total Liabilities</b>	<b>33,734</b>	<b>24.2</b>	<b>36,558</b>	<b>25.5</b>	<b>34,861</b>	<b>25.8</b>
Unassigned Surplus	91,567	65.7	92,677	64.7	87,895	65.1
Other Surplus	13,996	10.0	13,996	9.8	12,344	9.1
<b>Total Policyholders' Surplus</b>	<b>105,563</b>	<b>75.8</b>	<b>106,672</b>	<b>74.5</b>	<b>100,239</b>	<b>74.2</b>
<b>Total Liabilities and Surplus</b>	<b>139,297</b>	<b>100.0</b>	<b>143,230</b>	<b>100.0</b>	<b>135,099</b>	<b>100.0</b>

Source: BestLink® - Best's Financial Suite

\* Interim reserves balances include LAE.

<b>Income Statement USD (000)</b>	<b>3-Months</b>		<b>Year End - December 31</b>	
	<b>2022</b>	<b>2021</b>	<b>2021</b>	<b>2020</b>
Net Premiums Earned	5,631	5,041	20,599	20,022
Net Losses and LAE Incurred:				
Current Accident Year	2,265	2,424	11,597	7,300
Prior Accident Years	-255	-298	-1,267	-733
Underwriting Expenses Incurred	2,130	2,067	9,952	10,508
<b>Net Underwriting Income</b>	<b>1,492</b>	<b>848</b>	<b>317</b>	<b>2,947</b>
Net Investment Income	264	309	1,130	1,011
Other Income (Expense)	-31	-35	-136	-115
<b>Pre-Tax Operating Income</b>	<b>1,725</b>	<b>1,122</b>	<b>1,311</b>	<b>3,843</b>
Income Taxes Incurred	258	129	284	1,030
<b>Net Operating Income</b>	<b>1,467</b>	<b>993</b>	<b>1,027</b>	<b>2,813</b>
Net Realized Capital Gains (Losses)	215	1,267	3,373	933
<b>Net Income</b>	<b>1,682</b>	<b>2,260</b>	<b>4,400</b>	<b>3,746</b>

Source: BestLink® - Best's Financial Suite

<b>Statement of Operating Cash Flows USD (000)</b>	<b>3-Months</b>		<b>Year End - December 31</b>	
	<b>2022</b>	<b>2021</b>	<b>2021</b>	<b>2020</b>
Net Premiums Collected	4,750	4,730	21,973	20,801
Net Losses Paid	1,973	839	6,296	4,406
Expenses Paid	3,031	3,487	12,552	11,836
Net Underwriting Cash Flow	-254	404	3,125	4,558
Net Investment Income	513	520	1,856	1,733
Other Income (Expense)	-31	-35	-136	-115
Income Taxes Paid (Recovered)	30	143	1,472	822
Net Operating Cash Flow	199	747	3,372	5,354

Source: BestLink® - Best's Financial Suite

**Last Update**

June 02, 2022

**Identifiers****AMB #:** 002978

This company is a data record that AM Best utilizes to represent the AM Best Consolidated financials for the Property/Casualty business of AMB#: [000203 Barnstable County Mutual Insurance Company](#).

AMB#: [000203 Barnstable County Mutual Insurance 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.

**Barnstable Group****Operations****Date Incorporated:** March 02, 1833**Domiciled:** Massachusetts, United States**Business Type:** Property/Casualty**Organization Type:** Mutual**Marketing Type:** Independent Agency**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:** June 01, 2022

Rating rationale and credit analysis can be found in the [Best's Credit Report for AMB# 002978 - Barnstable Group](#).

AMB#	Rating Unit Members	Best's Credit Ratings	
		Financial Strength Rating	Long-Term Issuer Credit Rating
002896	Barnstable County Ins Co	A	a
000203	Barnstable County Mut Ins Co	A	a

**Corporate Structure****Associated Ultimate Parent:** AMB # 000203 - Barnstable County Mutual Insurance Company

Based on AM Best's analysis, AMB# 000203 Barnstable County Mutual Insurance Company 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

	2021	2020	2019	2018	2017
<b>Barnstable Group</b>					
Ceded Reinsurance USD (000)	12,988	11,233	10,529	10,334	10,344
Business Retention (%)	64.6	67.0	67.2	67.5	68.0
Reinsurance Recoverables to PHS (%)	1.4	0.8	0.8	0.9	1.0
Ceded Reinsurance to PHS (%)	12.2	11.2	11.2	11.6	11.4
<b>Personal Property Composite</b>					
Business Retention (%)	50.7	52.1	53.4	53.6	55.3
Reinsurance Recoverables to PHS (%)	20.5	20.8	18.3	20.2	20.0
Ceded Reinsurance to PHS (%)	46.3	46.0	40.8	41.8	41.0

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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### 2021 Reinsurance Recoverables USD (000)

US Insurers	627	176	399	...	1,202
Pools/Associations	18	...	...	...	19
Other Non-US	162	24	47	-3	231
Total (excluding US Affiliates)	807	200	446	-3	1,452
<b>Grand Total</b>	<b>808</b>	<b>199</b>	<b>447</b>	<b>-3</b>	<b>1,452</b>

Source: BestLink® - Best's Financial Suite

## Asset Liability Management | Investments

3-Months

Year End - December 31

	2022	2021	2021	2020	2019	2018	2017
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### Bond Portfolio

Bonds & Short Term Investments USD(000)	64,832	62,458	65,160	60,772	59,795	56,624	58,525
<b>By Issuer (%)</b>							
<b>Unaffiliated Bonds:</b>							
US Government	...	...	13.4	13.6	14.1	10.5	13.7
Foreign - All other	...	...	1.6	1.7	1.8	1.6	0.9
State, Municipal & Special Revenue	...	...	57.3	59.2	56.2	58.1	60.7
Industrial and Misc, Hybrid and SVO Identified	...	...	27.7	25.4	27.9	29.8	24.7
<b>Bonds and Short Term Investments By Private vs Public (%)</b>							
Private issues	...	...	1.7	0.1	...	...	...
Public issues	...	...	98.3	99.9	100.0	100.0	100.0
<b>Bonds and Short Term Investments By Quality (%)</b>							
Class 1	85.9	85.8	86.1	85.9	86.4	86.0	87.0
Class 2	12.9	13.5	12.9	13.3	13.3	13.7	12.3
Class 3	1.2	0.8	0.9	0.8	0.3	0.3	0.7
Below Investment Grade (NAIC 3-6)	1.2	0.8	0.9	0.8	0.3	0.3	0.7
Below Investment Grade - % of Policyholders' Surplus	0.7	0.5	0.6	0.5	0.2	0.2	0.4

Source: BestLink® - Best's Financial Suite

## Balance Sheet Highlights

### Asset Liability Management | Investments (Continued...)

	3-Months			Year End - December 31			
	2022	2021	2021	2020	2019	2018	2017
<b>Stock Portfolio</b>							
Stocks USD(000)	17,135	21,588	18,993	22,925	21,540	17,576	24,004
<b>By Type (%)</b>							
Unaffiliated Common	...	...	100.0	100.0	100.0	100.0	100.0

Source: BestLink® - Best's Financial Suite

### Operating Performance Highlights

		Year End - December 31			
	2021	2020	2019	2018	2017
<b>By Line - Net Loss Ratio (%)</b>					
Homeowners	34.1	21.3	37.3	49.4	22.9
Allied Lines	73.7	1.9	47.4	35.4	4.6
Fire	108.8	14.1	63.0	1.4	8.0
Other Liab	51.5	-6.5	5.4	-27.6	21.8
All Other	999.9	-99.9	-99.9	...	...
Total	36.8	20.1	37.8	46.5	21.6

Source: BestLink® - Best's Financial Suite

### Geographic - Direct Loss Ratio (%)

		Year End - December 31			
	2021	2020	2019	2018	2017
Massachusetts	25.8	13.3	26.2	33.5	16.6
Total	25.8	13.3	26.2	33.5	16.6

Source: BestLink® - Best's Financial Suite

### Business Profile Highlights

### Historical Market Presence

		Year End - December 31			
	2021	2020	2019	2018	2017
<b>By Line Breakdown - NPW USD (000)</b>					
Homeowners	19,963	19,719	18,513	18,178	18,420
Allied Lines	613	745	788	856	954
Fire	324	392	406	437	491
Other Liab	194	222	237	266	307
Inland Marine	...	-1	4	...	...
Total	21,094	21,077	19,948	19,737	20,172

Source: BestLink® - Best's Financial Suite

## Business Profile Highlights

## Historical Market Presence (Continued...)

	Year End - December 31		
	2021	2020	2019
<b>By Line Reserves USD (000)</b>			
Homeowners	5,410	4,184	4,263
Other Liab	356	280	337
Allied Lines	332	111	192
Fire	90	44	79
All Other	-15	4	8
Total	6,174	4,623	4,879

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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