

BEST'S RATING REPORT

THE BARNSTABLE

SINCE 1833

BARNSTABLE GROUP

Domicile: 915 Route 6A, Yarmouth Port, Massachusetts, United States 02675-0339

Mailing Address: P.O. Box 339, Yarmouth Port, Massachusetts, United States 02675-0339

AMB #: 002978

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FEIN #: N/A

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Barnstable County Ins Co	A
Barnstable County Mut Ins Co	A



Best's Credit Rating Effective Date

April 21, 2020

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Information

- [Best's Credit Rating Methodology](#)
- [Understanding 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)

A
Excellent
Outlook: Negative
Action: Affirmed

Issuer Credit Rating (ICR)

a
Excellent
Outlook: Negative
Action: Affirmed

Assessment Descriptors

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

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**

- 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 the majority of the past ten years, with the outliers influenced by abnormally severe weather conditions, while unrealized capital losses have generally been offset by realized capital gains.
- 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.

Operating Performance: **Strong**

- The five-year average loss ratio is significantly better than 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 elevated expenses associated with high commission costs in New England and recent system upgrades. In total, the combined ratio average, while below 100, is slightly above the composite.
- Pretax operating income reported in nine of the past ten years, whereby underwriting income has been reported in all but two, and net investment income has been consistent year over year. Over the last five years, the amount of pretax operating income has fluctuated with a loss reported in one year.
- The operating ratio has been below 100 in all but one of the last five years, averaging in the low nineties.
- The five-year pretax return on revenue average, while positive, is below the composite average. On a ten-year basis the company outperforms, illustrative of winter weather impacts in more recent years. Return on equity metrics fall short of the composite, reflective of the low premium leverage.

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 recent deterioration in operating performance whereby key profitability metrics have been weakened, placing pressure on the strong assessment. Based on the significant geographic concentration of Barnstable's operating footprint, underwriting performance and surplus growth are exposed to volatility from weather-related events. This exposure is partially mitigated by extensive concentration analysis and a high quality reinsurance program that provides protection in excess of a 200-year event.

Rating Drivers

- Negative rating action could occur if weather events further weaken operating performance and results no longer support a 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	83.3	77.4	74.2	53.3

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

Year End - December 31

Key Financial Indicators USD (000)

	2019	2018	2017	2016	2015
Premiums Written:					
Direct	29,456	29,249	29,651	29,286	28,955
Assumed	248	...	...	...	...
Ceded	9,756	9,512	9,479	9,957	10,196
Net	19,948	19,737	20,172	19,329	18,760
Net Operating Income	1,105	121	2,963	3,205	744
Net Income	2,118	1,971	4,551	7,185	1,994
Total Admitted Assets	118,262	111,587	114,976	106,499	103,224
Policyholders' Surplus	93,874	89,086	90,821	83,303	79,960

Source: BestLink® - Best's Financial Suite

Year End - December 31

Key Financial Ratios (%)

	2019	2018	2017	2016	2015	Weighted Average
Profitability:						
Combined Ratio	99.5	109.5	85.5	94.5	101.7	98.1
Reserve Development Combined Ratio Impact	-3.9	-6.6	-7.6	-6.0	-6.2	-6.1
Net Investment Yield	1.3	1.4	1.1	1.2	1.4	1.3
Pre-Tax Operating Return on Net Earned Premiums	7.3	-1.7	19.9	11.3	4.8	8.4
Net Income Return on Policyholders' Surplus	2.3	2.2	5.2	8.8	2.5	4.1
Total Return on Policyholders' Surplus	7.0	-1.8	9.0	3.9	-0.4	3.6
Leverage:						
Net	0.5	0.5	0.5	0.5	0.5	...
Gross	0.6	0.6	0.6	0.6	0.7	...
Non-affiliated Investment	36.5	30.8	34.9	36.0	34.2	...

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 compare favorably to the personal property composite. Surplus growth has been reported over the most recent 5 year period despite deterioration in 2015 and 2018 due to historically severe winter weather and unrealized capital losses. Growth has been primarily driven by realized capital gains, net investment income and, to a lesser extent, net underwriting income.

Balance Sheet Strength (Continued...)

Capital Generation Analysis USD (000)	Year End - December 31				
	2019	2018	2017	2016	2015
Beginning Policyholders' Surplus	89,086	90,821	83,303	79,960	81,360
Net Operating Income	1,105	121	2,963	3,205	744
Net Realized Capital Gains (Losses)	1,012	1,850	1,588	3,980	1,250
Net Unrealized Capital Gains (Losses)	4,243	-3,578	3,297	-4,002	-2,295
Other Changes in Capital and Surplus	-1,573	-128	-331	161	-1,099
Net Change in Policyholders' Surplus	4,787	-1,734	7,517	3,344	-1,400
Ending Policyholders' Surplus	93,874	89,086	90,821	83,303	79,960
Net Change in Policyholders' Surplus (%)	5.4	-1.9	9.0	4.2	-1.7
Net Change in Policyholders' Surplus (5 yr CAGR)	2.9	...	...	...	...

Source: BestLink® - Best's Financial Suite

Liquidity Analysis	Year End - December 31				
	2019	2018	2017	2016	2015
Net Operating Cash Flow USD (000)	2,178	-129	2,647	1,977	1,395
Current Liquidity (%)	394.4	413.9	406.5	394.1	405.1

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 2019, 53.3% of investments were in long-term bonds, 19.3% in common stock, 13.3% in cash and cash equivalents, 2.3% in affiliated investments and 11.8% 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 percent of policyholders' surplus is comparable to the composite; however, the risk is partially mitigated by the group's buy and hold approach in large cap dividend paying securities.

Barnstable's liquidity position as measured by the quick, current and overall 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	Year End - December 31				
	2019	2018	2017	2016	2015
Total Cash and Invested Assets USD (000)	110,853	104,843	107,588	99,636	96,765
Composition Percentages (%)					
Unaffiliated:					
Cash and Short Term Investments	13.4	18.5	14.2	12.1	10.7
Bonds	53.5	53.1	54.2	55.1	57.3
Stocks	19.4	16.8	22.3	24.1	28.1
Other Invested Assets	11.4	9.2	6.8	6.0	0.8
Total Unaffiliated	97.7	97.6	97.5	97.3	97.1
Investments in Affiliates	4.4	2.6	2.6	2.9	3.1
Non-Admitted	-2.1	-0.2	-0.1	-0.1	-0.1
Total	100.0	100.0	100.0	100.0	100.0

Source: BestLink® - Best's Financial Suite

Bonds and Short Term Investments - Distribution by Maturity (%)	Years					Average (Years)
	0-1	1-5	5-10	10-20	20+	
Government Bonds	2.3	10.7	1.2	0.3	...	3.3
Government Agencies and Municipal Bonds	7.2	23.6	21.8	2.6	0.7	5.3
Industrial and Miscellaneous Bonds	3.2	16.3	10.0	0.1	...	4.3
Total Bonds	12.7	50.6	33.0	3.1	0.7	4.7

Source: BestLink® - Best's Financial Suite

Balance Sheet Strength (Continued...)**Reserve Adequacy**

Loss reserve development has been consistently favorable and 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.

Loss and Loss Adjustment Expense Reserves and Development - Calendar Year	Year End - December 31						
	2020	2019	2019	2018	2017	2016	2015
Loss and LAE Reserves USD (000)	4,674	7,184	3,593	2,280	1,577	1,326	1,194
Loss and LAE Reserves Development USD (000)	-495	-1,103	...	-532	-1,133	-1,765	-1,833
Development to:							
Original Reserves (%)	...	...	...	-18.8	-41.8	-57.1	-60.6
Prior Year End Reserves (%)	-12.7	-28.2	...	...	...	...	...
Prior Year End Surplus (%)	-0.6	-1.2	...	-0.6	-1.2	-2.1	-2.3

Source: BestLink® - Best's Financial Suite

Loss and Loss Adjustment Expense Reserves and Development - Accident Year	Year End - December 31				
	2019	2018	2017	2016	2015
Original Loss and ALAE Reserves USD (000)	2,098	2,008	1,751	1,877	1,823
Loss and ALAE Reserves Developed thru Latest Year End USD (000)	2,098	1,770	1,146	970	834
Development to Original Reserves (%)	...	-11.9	-34.6	-48.3	-54.3
Accident Year Loss and LAE Ratio (%)	56.1	66.2	37.2	43.8	54.4
Accident Year Combined Ratio (%)	103.4	114.7	88.0	94.5	101.3

Source: BestLink® - Best's Financial Suite

Operating Performance

Barnstable has experienced underwriting volatility over the past five years, with 2015 and 2018 negatively impacted by higher frequency and severity of winter events that caused substantial losses across New England. Despite fluctuations, the five-year loss ratio average remains significantly better-than-average 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 partly masked by an elevated expense ratio which is influenced by typically high commission costs in New England, recent system upgrades and scale. Collectively, the loss and expense positions have historically generated sub-100 combined ratio; however, more volatility has been observed in recent years leading to a five-year average that compares unfavorably to the composite.

Net investment income has been a reliable stream of revenue for the group and has served to offset or moderate underwriting fluctuations in prior years. As a result of its consistency, net investment income is a significant contributor to pretax 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 consistent realized gains.

Barnstable has reported pretax operating income in 9 of the past 10 years, driven by both underwriting income and net investment income. The outlier was impacted by the aforementioned severe winter weather that yielded a small loss. The five-year average pretax return on revenue has waned in recent years due to increased volatility and, while positive, is below the composite average. 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 Performance (Continued...)

Year End - December 31

Operating and Financial Performance Ratios (%) - Company	2019	2018	2017	2016	2015	Weighted Average
Calendar Year Loss and LAE Ratio	52.2	60.9	34.7	43.7	54.8	49.2
Expense and Policyholder Dividend Ratio	47.3	48.5	50.8	50.8	46.9	48.9
Combined Ratio	99.5	109.5	85.5	94.5	101.7	98.1
Reserve Development Ratio Impact	-3.9	-6.6	-7.6	-6.0	-6.2	-6.1
Net Investment Yield	1.3	1.4	1.1	1.2	1.4	1.3
Pre-Tax Operating Return on Net Earned Premiums	7.3	-1.7	19.9	11.3	4.8	8.4
Net Income Return on Policyholders' Surplus	2.3	2.2	5.2	8.8	2.5	4.1
Total Return on Policyholders' Surplus	7.0	-1.8	9.0	3.9	-0.4	3.6

Source: BestLink® - Best's Financial Suite

Year End - December 31

Operating and Financial Performance Ratios (%) - Composite	2019	2018	2017	2016	2015	Weighted Average
Calendar Year Loss and LAE Ratio	66.9	69.7	79.5	63.9	58.6	67.7
Expense and Policyholder Dividend Ratio	29.4	30.0	30.1	30.5	30.7	30.1
Combined Ratio	96.4	99.7	109.6	94.4	89.2	97.9
Reserve Development Ratio Impact	-1.5	-3.0	-2.4	-1.3	-2.8	-2.2
Net Investment Yield	2.4	2.4	2.2	2.2	2.0	2.3
Pre-Tax Operating Return on Net Earned Premiums	9.8	6.5	-3.5	11.9	17.3	8.4
Net Income Return on Policyholders' Surplus	5.8	4.0	-0.8	6.2	10.4	5.0
Total Return on Policyholders' Surplus	9.2	1.9	2.6	7.3	8.9	5.9

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 MGA and recently acquired loss adjusting firm.

Year End - December 31

Premium Composition and Growth	2019	2018	2017	2016	2015	5 Year CAGR
Direct Premiums Written USD (000)	29,456	29,249	29,651	29,286	28,955	...
% Change	0.7	-1.4	1.2	1.1	1.7	0.7
Reinsurance Premiums Assumed USD (000)	248	...	...	...	...	...
% Change	...	...	...	...	...	...
Reinsurance Premiums Ceded USD (000)	9,756	9,512	9,479	9,957	10,196	...
% Change	2.6	0.3	-4.8	-2.3	-1.4	-1.2
Net Premiums Written USD (000)	19,948	19,737	20,172	19,329	18,760	...
% Change	1.1	-2.2	4.4	3.0	3.6	1.9

Source: BestLink® - Best's Financial Suite

Business Profile (Continued...)

2019 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	27,008	91.7	...	...	8,495	87.1	18,513	92.8	68.5
Allied Lines	1,137	3.9	...	...	350	3.6	788	3.9	69.3
Other Liab Occurrence	725	2.5	...	...	488	5.0	237	1.2	32.7
Fire	586	2.0	...	...	180	1.8	406	2.0	69.3
Top 5	29,456	100.0	...	...	9,512	97.5	19,943	100.0	67.7
All Other	...	...	248	100.0	243	2.5	4	...	1.7
Total	29,456	100.0	248	100.0	9,756	100.0	19,948	100.0	67.2

Source: BestLink® - Best's Financial Suite

Year End - December 31

Geographic Breakdown by Direct Premiums Written USD (000)	2019	2018	2017	2016	2015
Massachusetts	29,456	29,249	29,651	29,286	28,955
Top 5 States	29,456	29,249	29,651	29,286	28,955
Total	29,456	29,249	29,651	29,286	28,955
Geographic Concentration Index	1.00	...	...	...	...

Source: BestLink® - Best's Financial Suite

Enterprise Risk Management

Barnstable's ERM program is viewed as appropriate for the 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 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 that Barnstable must account for. 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 \$290.2M on top of a \$9.7M retention which benefits from the underlying excess of loss program. Coverage exceeds the expected gross loss from a 200 year event. A portion of the \$5M xs \$10M layer has a 5% company participation but the program is fully placed thereafter. The estimated pretax net probable maximum loss from a 100 year event is roughly 10% of policyholders' surplus. Barnstable also maintains general excess of loss reinsurance which limits the retention for larger risks, basket coverage and an umbrella program.

Financial Statements

	Year End - December 31			
	2019		2018	
Balance Sheet	USD (000)	%	USD (000)	%
Cash and Short Term Investments	14,806	12.5	19,374	17.4
Bonds	59,340	50.2	55,640	49.9
Preferred and Common Stock	21,540	18.2	17,576	15.8
Other Invested Assets	15,166	12.8	12,253	11.0
Total Cash and Invested Assets	110,853	93.7	104,843	94.0
Premium Balances	4,029	3.4	3,849	3.4
Other Assets	3,380	2.9	2,896	2.6
Total Assets	118,262	100.0	111,587	100.0
Loss and Loss Adjustment Expense Reserves:				
Net Reported Loss Reserves	2,512	2.1	1,719	1.5
Net IBNR Loss Reserves	1,002	0.8	1,052	0.9
Net LAE Reserves	1,365	1.2	1,126	1.0
Total Net Loss and LAE Reserves	4,879	4.1	3,897	3.5
Net Unearned Premiums	15,380	13.0	15,222	13.6
Other Liabilities	4,130	3.5	3,382	3.0
Total Liabilities	24,389	20.6	22,501	20.2
Unassigned Surplus	84,246	71.2	79,791	71.5
Other Surplus	9,628	8.1	9,296	8.3
Total Policyholders' Surplus	93,874	79.4	89,086	79.8
Total Liabilities and Surplus	118,262	100.0	111,587	100.0

Source: BestLink® - Best's Financial Suite

	Year End - December 31	
	2019	2018
Income Statement USD (000)		
Net Premiums Earned	19,790	19,975
Net Losses and LAE Incurred:		
Current Accident Year	11,096	13,498
Prior Accident Years	-767	-1,325
Underwriting Expenses Incurred	9,442	9,576
Net Underwriting Income	18	-1,774
Net Investment Income	1,444	1,452
Other Income (Expense)	-16	-15
Pre-Tax Operating Income	1,446	-337
Income Taxes Incurred	341	-457
Net Operating Income	1,105	121
Net Realized Capital Gains (Losses)	1,012	1,850
Net Income	2,118	1,971

Source: BestLink® - Best's Financial Suite

Statement of Operating Cash Flows USD (000)	Year End - December 31	
	2019	2018
Net Premiums Collected	19,647	20,074
Net Losses Paid	6,782	8,926
Expenses Paid	11,785	13,329
Net Underwriting Cash Flow	1,080	-2,182
Net Investment Income	2,041	2,114
Other Income (Expense)	-16	-15
Income Taxes Paid (Recovered)	927	45
Net Operating Cash Flow	2,178	-129

Source: BestLink® - Best's Financial Suite

Last Update

April 21, 2020

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: April 21, 2020

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				
	2019	2018	2017	2016	2015
Ceded Reinsurance Analysis					
Barnstable Group					
Ceded Reinsurance USD (000)	10,529	10,334	10,344	10,384	11,179
Business Retention (%)	67.2	67.5	68.0	66.0	64.8
Reinsurance Recoverables to PHS (%)	0.8	0.9	1.0	0.5	1.2
Ceded Reinsurance to PHS (%)	11.2	11.6	11.4	12.5	14.0
Personal Property Composite					
Business Retention (%)	55.8	57.0	57.1	57.3	59.3
Reinsurance Recoverables to PHS (%)	17.7	20.3	18.6	11.1	10.8
Ceded Reinsurance to PHS (%)	40.1	42.4	39.9	31.7	32.2

Source: BestLink® - Best's Financial Suite

	Paid & Unpaid Losses	Incurred but not reported (IBNR) losses	Unearned premiums	Other Recoverables	Total Reinsurance Recoverables
2019 Reinsurance Recoverables USD (000)					
US Insurers	78	179	217	...	475
Pools/Associations	57	...	127	...	184
Other Non-US	71	20	24	...	115
Total (excluding US Affiliates)	206	199	368	...	774
Grand Total	205	200	368	...	773

Source: BestLink® - Best's Financial Suite

Asset Liability Management | Investments

	Year End - December 31				
	2019	2018	2017	2016	2015
Bond Portfolio					
Bonds & Short Term Investments USD(000)	59,795	56,624	58,525	57,948	57,687
By Issuer (%)					
Unaffiliated Bonds:					
US Government	14.1	10.5	13.7	14.3	14.0
Foreign - All other	1.8	1.6	0.9	0.9	1.1
State, Municipal & Special Revenue	56.2	58.1	60.7	69.3	68.9
Industrial and Misc, Hybrid and SVO Identified	27.9	29.8	24.7	15.5	16.1
Bonds and Short Term Investments By Private vs Public (%)					
Public issues	100.0	100.0	100.0	100.0	100.0
Bonds and Short Term Investments By Quality (%)					
Class 1	86.4	86.0	87.0	92.1	92.7
Class 2	13.3	13.7	12.3	7.9	7.3
Class 3	0.3	0.3	0.7	...	...
Below Investment Grade (NAIC 3-6)	0.3	0.3	0.7	...	...
Below Investment Grade - % of Policyholders' Surplus	0.2	0.2	0.4	...	...

Source: BestLink® - Best's Financial Suite

	Year End - December 31				
	2019	2018	2017	2016	2015
Stock Portfolio					
Stocks USD(000)	21,540	17,576	24,004	24,005	27,231
By Type (%)					
Unaffiliated Common	100.0	100.0	100.0	100.0	100.0

Source: BestLink® - Best's Financial Suite

Operating Performance Highlights

	2019	Year End - December 31			2015
		2018	2017	2016	
By Line - Net Loss Ratio (%)					
Homeowners	37.3	49.4	22.9	28.6	41.4
Allied Lines	47.4	35.4	4.6	38.6	56.3
Fire	63.0	1.4	8.0	82.2	119.4
Other Liab	5.4	-27.6	21.8	59.7	4.2
Inland Marine	-99.9	...	...	...	...
All Other	...	...	...	...	-99.9
Total	37.8	46.5	21.6	31.3	43.7

Source: BestLink® - Best's Financial Suite

	2019	Year End - December 31			2015
		2018	2017	2016	
Geographic - Direct Loss Ratio (%)					
Massachusetts	26.2	33.5	16.6	22.4	29.3
Total	26.2	33.5	16.6	22.4	29.3

Source: BestLink® - Best's Financial Suite

Business Profile Highlights

Historical Market Presence

	2019	Year End - December 31			2015
		2018	2017	2016	
By Line Breakdown - NPW USD (000)					
Homeowners	18,513	18,178	18,420	17,453	16,826
Allied Lines	788	856	954	985	1,007
Fire	406	437	491	520	526
Other Liab	237	266	307	371	400
Inland Marine	4	...	...	...	...
Total	19,948	19,737	20,172	19,329	18,760

Source: BestLink® - Best's Financial Suite

	2019	Year End - December 31		2017
		2018	2018	
By Line Reserves USD (000)				
Homeowners		4,263	3,355	3,126
Other Liab		337	362	462
Allied Lines		192	126	265
Fire		79	53	53
Inland Marine		8
Total		4,879	3,897	3,906

Source: BestLink® - Best's Financial Suite

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