



BEST'S COMPANY REPORT



A nonprofit corporation and independent licensee of the Blue Cross and Blue Shield Association

BC/BS OF MICHIGAN GROUP

AMB #: 069165

NAIC #: N/A

FEIN #: N/A

Phone:

Fax:

Website: N/A

BLUE CROSS BLUE SHIELD OF MICHIGAN MUTUAL INSURANCE COMPANY **A**

Domiciliary Address: 600 Lafayette East, Detroit, Michigan 48226 United States

AMB #: 060081

NAIC #: 54291

FEIN #: 38-2069753

Phone: +1-313-225-9000

Fax: +1-313-225-6777

Website: www.BCBSM.com



Best's Credit Rating Effective Date

November 29, 2023

Analytical Contacts

Jennifer Asamoah
Senior Financial Analyst
Jennifer.Asamoah@ambest.com
+1(908) 439-2200 Ext. 5203

Joseph R. Zazzera
Director
Joseph.Zazzera@ambest.com
+1(908) 439-2200 Ext. 5797

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](#).

BC/BS of Michigan Group

AMB #: 069165

Associated Ultimate Parent: AMB # 060081 - Blue Cross Blue Shield of Michigan Mutual Insurance Company

Best's Credit Ratings - for the Rating Unit Members

Financial Strength Rating (FSR)

A
Excellent
Outlook: Stable Action: Affirmed

Issuer Credit Rating (ICR)

a
Excellent
Outlook: Stable Action: Affirmed

Assessment Descriptors

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

Rating Unit - Members

Rating Unit: BC/BS of Michigan Group | **AMB #:** 069165

AMB # 068741 **Rating Unit Members** Blue Care Network of Michigan

AMB # 060081 **Rating Unit Members** Blue Cross Blue Shield MI Mut

Rating Rationale

Balance Sheet Strength: **Very Strong**

- Blue Cross Blue Shield of Michigan Group's (BCBS MI) risk-adjusted capitalization, as measured by Best's Capital Adequacy Ratio (BCAR), is at the very strong confidence level at the 99.6% VaR level.
- The consolidated capital and surplus level increased as of the third quarter of 2023, driven by improved earnings.
- BCBS MI's financial and operating leverage measures are considered low, and its access to over \$2.3 billion of borrowing capacity under the Federal Home Loan Bank of Indianapolis (FHLBI) enhances financial flexibility.
- Higher-risk asset allocation with BA exposure above peers. High equity exposure overall but in line with peers. Schedule BA exposure of 25% and equity exposure of 22% at year-end 2022.

Operating Performance: **Adequate**

- Premiums have grown for the group over the most recent five-year period and through 2023. Revenue growth through 2023 was driven by a combination of membership growth, rate increases and the return of Star ratings. Five-year net premium written CAGR was slightly over 4% through the previous year-end.
- The group's profitability ratios on both a return on revenue and return on equity basis are expected to improve in 2023 and in the near term.
- Underwriting margins showed a gradual compression as the Medicare Advantage (MA) segment lost its Star ratings for the 2022 plan year. However, underwriting and net income have rebounded substantially in 2023 as the group has regained and improved its MA Star ratings.
- Net investment income has generally been stable and in line with a relatively stable investment portfolio. The group has generated investment income of at least \$210 million in each of the last five years.

Business Profile: **Neutral**

- BCBS MI maintains a strong market presence in the state of Michigan with good brand recognition.
- BCBS MI offers a diversified portfolio of health insurance products. While competition remains strong in all lines of business, the Blue Cross Blue Shield brand provides a significant competitive advantage.
- Although BCBS MI's business is concentrated in Michigan, its ownership in Accident Fund and investment in AmeriHealth Caritas provide geographic as well as product diversification.

Enterprise Risk Management: **Appropriate**

- BCBS MI employs a comprehensive enterprise risk management (ERM) strategy that covers the scope of its risks inherent in its balance sheet, operating performance and business profile. The ERM framework uses the three lines of defense model.
- Risk appetite and tolerances have been established for various areas within the organization. Risk governance structure is managed by multiple committees and overseen by the board of directors. BCBS MI has embedded the thought process behind ERM throughout the organization.
- Risk identification and reporting are completed on a regular basis, and ERM is incorporated into corporate strategic planning. There is established oversight and monitoring of the ERM program.
- An economic capital model is used to perform multiple stress scenario testing to determine the impact on risk-adjusted capitalization, which is used both for ORSA filings as well as developing capital and underwriting targets.

Outlook

- The stable outlooks reflect AM Best's expectations that the group will maintain a very strong balance sheet strength assessment. While operating performance and capital accumulation have been impacted by a combination of capital market fluctuations and MA Star ratings-driven underwriting pressure, the group over the longer term is expected to remain profitable.

Rating Drivers

- While it is thought to be unlikely in the near-term future, positive rating movement could occur with an upwards trajectory in operating performance.
- Negative rating movement could occur if Blue Cross Blue Shield of Michigan Group (BCBS MI) reports a sustained trend of operating losses.

- Negative rating movement could occur if BCBS MI reports a material deterioration of risk-adjusted capitalization that no longer supports the rating.

Credit Analysis

Balance Sheet Strength

Blue Cross Blue Shield of Michigan Group's (BCBS MI) overall balance sheet strength assessment remains at the "very strong" level. This assessment is supported by very strong level risk-adjusted capitalization, as measured by Best's Capital Adequacy Ratio (BCAR), and good liquidity metrics. Capital accumulation through 2023 continued to be favorable, both in absolute terms and relative to premium growth. Financial leverage is considered low. However, BCBS MI's asset portfolio is considered higher risk due to elevated exposure to equities and Schedule BA assets, as well as a declined but high exposure to NAIC level 2 bonds. Equity and Schedule BA exposure are higher than peers. Capital and surplus is expected to continue to improve through year-end 2023 after deterioration in prior year. Given BCBS MI's improved overall capitalization in 2023, the balance sheet assessment is expected to be stable over the near to medium term.

Capitalization

Risk-adjusted capitalization, as measured by BCAR supports the balance sheet assessment of very strong with a result of 22 at the 99.6 VaR. The historical persistency of the strongest level BCAR is a function of strong earnings and unrealized asset appreciation versus only modest growth in premiums, also resulting in falling underwriting leverage. In the five years through 2022 capital has grown at a compound annual rate of 8.6% which easily outpaced compound annual net premium written (NPW) growth of just 4.1%. AM Best expects capitalization to improve over the near term as underwriting results and asset valuations drive capital increase in 2023.

The group's capital and surplus did decline in 2022 as mark-to-market losses and underwriting pressure in Medicare Advantage (MA) impact results. However, MA pressure was limited to 2022 as the group saw improvement through the current year and the higher interest rates that are driving mark-to-market asset devaluations is expected to support investment income in future periods.

BCBS MI exhibits strong liquidity measures and has remained consistently above 140% current liquidity over the past five years. Financial flexibility of BCBS MI is enhanced through access to Federal Home Loan Bank (FHLB) borrowings. The company is a member of the Federal Home Loan Bank of Indianapolis (FHLBI) and has over \$190 million in borrowings outstanding as of 9/30/2023 (Including borrowings at its PC subsidiary Accident Fund). This level is down significantly from 2020 when BCBS MI withdrew \$690 million in additional liquidity from FHLB to ensure liquidity position during the pandemic. It has since been systematically reducing this balance and expected to be down significantly by year-end 2023. The total current FHLBI borrowing capacity is \$2.4 billion. In addition to liquidity needs, the FHLBI borrowings have also been used for arbitrage. AM Best recognizes that BCBS MI's access to FHLBI borrowings allows the organization to support short term liquidity needs and line of credit borrowing privileges.

Asset Liability Management - Investments

Invested assets have grown year over the past four years but declined through 2022. However, invested assets through 2022 remains higher than the 2018 level of over \$8.4 billion. The mark-to-market and realized investment losses impacted any new money invested in the portfolio through 2022.

At year-end 2022, the investment portfolio was primarily comprised of bonds (approximately 44%), common stock (22%), cash and short-term securities (7%), schedule BA (approximately 25%) and a small amount of real estate. This aggressive portfolio serves a dual purpose of capital management and income enhancement, which has historically been quite successful.

The fixed income portfolio is generally high-quality with the majority of bonds being investment grade and has high liquidity as 86% of fixed income securities are publicly traded. The quality of the fixed income portfolio has improved slightly in 2022 as allocations to below investment grade securities was 11%, but private placements increased to five-year highs, at approximately 14%. Within the investment grade portion of the portfolio credit quality improved in 2022 versus 2021 but remains lower than in past years. NAIC level 2 securities constituted over 30% of investment grade fixed income securities at year-ended 2022, lower than prior year-ended but up from just over 24% in 2018.

Equities continue to be a sizable allocation within the asset portfolio, 25% as of year-end 2022. BCBS MI has historically deployed between 1/3 and 1/2 of its surplus to equities strategically to keep risk-adjusted capitalization from exceeding management tolerance levels and to provide additional investment returns to support underwriting results. This strategy has historically been quite successful but exposes the company to additional equity market volatility, which has significantly impacted results through year-end 2022; however, market volatility improved through three-quarters of 2023.

Balance Sheet Strength (Continued...)

Schedule BA assets are comprised of mostly joint venture and other service entities, such as strategic investments in AmeriHealth Caritas. All real estate holdings are company occupied properties. BCBS MI performs some investment management functions internally. In addition, the company also engages the services of multiple external advisers and consultants in the management of the invested assets.

Operating Performance

BCBS MI's operating performance is assessed as adequate. Underwriting profitability has historically been below similarly rated companies and experienced considerable volatility. Better than peer investment performance has historically offset volatility in underwriting results. Inconsistency in operating results is a function of both market conditions and mission driven decisions made by management to limit underwriting profitability to better serve members. This was evident in 2020, 2021 and 2022 results where a combination of market factors and management decisions led to unfavorable underwriting results. However, the company's ability to strategically take underwriting losses is largely dependent on its capitalization, both in that it maintains sufficient capitalization to absorb temporary losses, and in that it maintains an asset portfolio large enough to supplement underwriting income when necessary.

BCBS MI's profitability metrics compressed further in both 2022 and 2021 after moderating in 2020 from 2017-2019 levels. The company has made a strategic decision to manage the COVID-19 pandemic over multiple periods. In 2022, the company made the strategic decision not to cut benefits on MA products despite losing the Centers for Medicare & Medicaid Services (CMS) bonus payment for maintaining 4.0+ Star plans. This resulted in significant underwriting pressure in 2022.

Stars related underwriting pressure did subside as the company has secured 4.0+ Star ratings for its MA plans for the 2023 plan year. BCBS MI's underwriting losses improved materially through 2023 and break-even to much lower underwriting losses are expected through year-ended 2023. However, overall profitability metrics is expected in the near to medium term starting in 2024. Premium impacts from MA Stars, risk coding and favorable membership was offset by unfavorable claims experience and pharmacy trends in 2023. Also positively impacting earnings in 2023 and prospectively thereafter is BCBS MI's sale of its Advantasure technology business. Advantasure was BCBS MI's MA service technology play which was intended to both support the companies MA business and provide service revenues from technology sales to other blue plans with significant MA blocks. However, the business never performed as intended and ultimately required consistent investment and capital support from the insurance entities. As such the business is being divested at considerable annual cost savings to the company. Advantasure will likely remain a vendor for the companies MA business, but without the added cost of ownership.

Further, investment results supplemented underwriting losses as income generated on the portfolio has improved year to date 2023. However, combination of material deterioration in underwriting and realized loss resulted in overall operating losses through 2022. In both 2020 and 2021 investment results supported unfavorable underwriting income. In 2021 the company ran an operating loss but was profitable on a net income basis due to very favorable realized capital gains in the period

In 2020 premium relief, cost-share waivers, provider assistance, and community investment combined for more than \$1.2 billion and mostly offset what would have been bumper underwriting profits given the severe decline in utilization driven by the pandemic. In 2021 the company offered members relief on planned rate increases and continued to offer COVID-19 testing and treatment cost-share waivers which, when combined with higher-than-expected utilization due to the Delta COVID-19 variant and lower risk adjustment revenue on MA blocks, pressured underwriting results driving an underwriting loss.

Over the last five years, BCBS MI's consolidated statutory premium growth has up with a CAGR of 5%. Premium growth can be attributed to rate increases as well as membership growth through 2022 into 2023. Premium growth is expected to accelerate due to the return of 4.0+ Star MA plan ratings which drove enrollment growth in that line. However, membership and premium growth stalled in 2020 due to pandemic premium rebates given to members of over \$100 million and in group losses due to layoffs. Premium growth returned in 2021 as the premium rebates did not recur and the company added members through new group acquisitions and some in group growth as labor markets recovered in 2021.

Prior to 2017, Medigap products were losing in excess of \$200M a year over a multiyear period, driven by the inability to implement rate increases on the Medigap business for a five-year period ending in 2017. The rate freeze on the Medigap product was part of the company's social mission prior to its transition to a non-profit mutual insurer. BCBS MI implemented rate increases and modernized the Medigap product which aided in the earnings favorability through 2020 and partially offset weakness in other lines in 2021.

Business Profile

Blue Cross and Blue Shield of Michigan Mutual Insurance Company (BCBSMIC or BCBS MI) is a non-for-profit mutual benefit organization primarily providing health insurance and health care services to individuals and employers in Michigan. For 2013 and prior

Business Profile (Continued...)

years, BCBS MI was organized and governed under the statutes and regulations pertaining to Nonprofit Health Care Corporations as defined in Michigan Public Act 350 of 1980 (PA 350).

BCBS MI competes in all health care insurance segments: individual, small, mid-size and large groups with both underwritten and self-funded arrangements. The organization's core products include traditional indemnity and preferred provider organization (PPO) as well as health maintenance organization (HMO) products offered through Blue Care Network of Michigan (BCN), a licensed HMO and a BCBS MI subsidiary. The company competes in government business directly in Medicare Advantage and Medicare supplement lines, and indirectly in Medicaid through its interest in AmeriHealth Caritas.

BCBS MI remains the largest insurer of individuals in the state of Michigan. BCBS MI in conjunction with its wholly owned subsidiary, BCN provides health care coverage and services to over one-half of Michigan's insurable population. These services are marketed to individuals and businesses by both group and independent agents. BCBS MI also processes claims and provides special utilization control and review programs for employer groups. The business environment within which BCBS MI operates includes a number of health insurers with national scale as well as local carriers with competitive cost structures and niche service capabilities.

During 2023, Blue Cross and Blue Shield of Vermont (BCBSVT) received regulatory approval for an affiliation with BCBS MI, which is expected to serve as the parent entity with oversight on structural, organizational and financial matters. Through the affiliation, BCBSVT is expected to access BCBS MI's scale and technology to deliver innovative and affordable products.

BCBS MI's consolidated membership had grown steadily prior to the pandemic. However, membership growth has been challenged since due to economic conditions in the state during the pandemic impacting ASO and large account in group membership, and a combination of increased competition and a strategic focus on increasing account profitability in 2021. Growth in government business has largely offset weakness in commercial enrollment. Commercial membership may remain challenged over the near term due to a range of both economic and insurance sector factors. The return of 4.0 Star rated MA plans in 2023 likely cause government business to continue to be the driver of membership growth over the near term.

The organization's consolidated operations are grouped broadly into Health Plan Business which includes all commercial health products, and Emerging Markets which includes its Senior Health Services business, its PC business through Accident Fund, its Medicaid Business, and its limited technology businesses.

Within the Health Plan segment BCBS MI has several key sub-segments; Autos, National and Key accounts, other Michigan based group business, and individual. The Autos segment is the company's business supporting the large Michigan based automotive industry. The National and Key accounts sub-segment is predominantly large ASO groups, while the Michigan business is mostly small and mid-sized groups. BCBS MI also has a contract with the UAW Retiree Medical Benefits Trust (URMBT) that continues through 2023.

The Auto, as well as Key and Large Group customer segments, mainly consists of large groups, which are generally self-funded relationships, and in the case of the Auto segment are concentrated in the automobile manufacturing industry. The Auto segment accounted for under 20% of the overall commercial enrollment in 2022 with limited growth driven by hiring favorability. The National and Key group segment currently accounts for almost half of the commercial membership.

The Michigan groups segments comprises both small and mid-sized groups. Groups with greater than 50 and less than 1000 eligible employees comprise the Middle Group portion of this segment. For the insured portion of these groups, BCBS MI sets rates based on a blend of group's actual experience and the pool's experience. The Small Group segment (groups with 50 or fewer eligible employees) follows the adjusted community rating methodology prescribed by the Patient Protection and Affordable Care Act (ACA). The overall rate level for this pool must be based off of the entire pool's experience and each member's rate in this pool can only vary based on the group's location, benefit design, family composition, member's age and smoker status. The Small Group rates are subject to Michigan Department of Insurance and Financial Services (DIFS) review and approval every year.

The Senior Health Services business consists of Medicare Supplemental (Medigap) and Medicare Advantage (MA) business. BCBS MI offers MA products to both individuals and employer groups (retirees).

Medigap enrollment has been showing modest declines in each of the last several years. Lower membership in Medigap is due to strategic pricing action leading to member migration into other products. Medigap along with MA are part of the organization's strategic product offerings in the senior market segment.

The MA product experienced rapid growth in both individual and group membership over the years. Growth was driven by new members as well as the transition of individuals from Medigap to MA. MA is projected to be one of the main sources of enrollment growth in the near term as the population ages. However, BCBS MI's MA products had lost their 4.0 Star ratings by the Centers for Medicare and Medicaid Services (CMS) for the 2022 plan year (2021 selling term) which is expected to moderate growth. This was temporary as the company regained 4.0+ Star ratings for the 2023 plan year. BCBS MI remains focused on a growth strategy that leverages on current capabilities to drive performance, enhance quality, and create efficiencies. BCBS MI's investment in ikaSystems

Business Profile (Continued...)

and Tessellate Holdings, LLC supports its MA product offerings particularly as it pertains to back office capabilities and risk adjustment scoring.

The organization's sales and distribution channels consist of both an internal sales force and a network of agents that handle all health care products. Individual and Senior market products are sold through both an internal sales force and external distribution channels. Additionally, the individual products external distribution channel includes the Federal Health Insurance Marketplace. BCBS MI sells to small groups exclusively through two managing agents and numerous producing agents. In addition, the company contracts with associations and chambers, which are exclusive arrangements. Large groups can enroll either directly or through an agent.

While BCBS MI's business is concentrated in Michigan, its operations are diversified through its subsidiaries and investments in BCBS MI's intermediate holding company, Emergent Holdings. Emergent Holdings offers property and casualty insurance in multiple states via Accident Fund and through Advantasure, NASCO and Tessellate, provides MA services to other insurers. Services offered include technology, quality, risk adjustment, provider engagement, compliance guidance and business process outsourcing services. Emergent, Inc, a subsidiary of Emergent Holdings, owns 51% ownership stake in Medicare Advantage plans with three other Blue Cross Blue Shield plans in other states, for which Emergent provides expertise, technology and service capabilities to other plans in the Medicare Advantage product.

Accident Fund Group specializes in underwriting workers' compensation insurance and manages its operations through four operating units, each with its own niche market: Accident Fund Companies, United Heartland, CompWest and Third Coast Underwriters. Collectively, the insurance companies within the group are licensed to provide workers compensation coverage in all 50 states and the District of Columbia in order to accommodate the needs of all clients. The Accident Fund Companies business unit focuses on small-to-mid-sized accounts in industries with low to medium hazard ratings and is the largest writer of workers' compensation in Michigan. Accident Fund has been writing workers compensation since 1912, and its risk appetite includes construction, health care, retail/wholesale, hospitality and manufacturing for small to medium sized businesses.

BCBS MI has minority ownership interest in AmeriHealth Caritas which provides Medicaid managed care coverage in numerous states.

Enterprise Risk Management

Oversight for BCBS MI's Enterprise Risk Management (ERM) process is performed by the Chief Risk Officer as well as the Risk Executive Committee (EOC). The Risk (EOC) is chaired by the Chief Risk Officer, and is governed by the Board's Enterprise Risk Committee. The EOC is comprised of a cross-functional team of BCBS MI vice presidents and is focused on the Own Risk and Solvency Assessment (ORSA), as well as to establish a risk aware corporate culture, ensure strategic decision making includes risk considerations and alignment with Enterprise Risk Appetite and for the timely and effective identification and management of Priority Enterprise Risks.

The group's risk statement framework holds a well-defined risk appetite statement that supports the effective selection of risks and provides a direction for managing those risks. In addition, the Board of Directors has reviewed and approved the Risk Appetite Statement, which articulates the risk appetite. Risk tolerances and limits are developed in line with the Risk Appetite Statement. Economic capital models are then used to test the risk appetite and risk tolerances. BCBS MI also performs stress and scenario testing annually which are included in its ORSA filings. The organization utilizes the Strategic Modeling software platform which includes economic capital, risk-based capital, cash flow, balance sheet and income statement impacts, as well as scenario modeling and stress testing. Modeling and enterprise risk reporting is performed in conjunction with capital and strategic planning which ensures consistent use of information across all capital and risk planning processes.

Environmental, Social & Governance

BCBS MI is exposed to ESG risks through its collection and maintenance of sensitive health data, stranded asset risk in its investment portfolio, and governance risk such that its brand is materially impaired, or it loses its non-profit status. BCBS MI plans to manage or mitigate these risks by following relevant regulations, developing ESG specific controls, and continuing to run the business according to the mission statement that in addition to serving the community, protects their brand and non-profit status.

Financial Statements

Year End - December 31

2022

2021

Balance Sheet	USD (000)	%	USD (000)	%
Cash and Short Term Investments	714,914	6.1	1,185,151	9.6
Bonds	4,403,070	37.6	4,576,998	37.2
Preferred and Common Stock	2,236,989	19.1	2,243,762	18.2
Other Invested Assets	2,702,626	23.1	2,359,899	19.2
Total Cash and Invested Assets	10,057,600	85.9	10,365,811	84.2
Premium Balances	416,189	0.9	345,289	0.6
Healthcare and Other Receivables	444,923	3.8	474,893	3.9
Other General Account Assets	787,981	6.7	1,128,608	9.2
Total General Account Assets	11,706,693	100.0	12,314,601	100.0
Total Assets	11,706,693	100.0	12,314,601	100.0
Policy and Claim Reserves	2,319,207	19.8	2,489,404	20.2
Asset Valuation Reserve	4,718	...	3,529	...
Accrued Expenses and Other General Account Liabilities	2,950,569	25.2	3,189,723	25.9
Total General Account Liabilities	5,274,493	45.1	5,682,656	46.1
Total Liabilities	5,274,493	45.1	5,682,656	46.1
Capital Stock	2,215	...	2,215	...
Paid-In and Contributed Surplus	109,085	0.9	78,421	0.6
Unassigned Surplus	6,320,900	54.0	6,551,309	53.2
Total Capital and Surplus	6,432,200	54.9	6,631,945	53.9
Total Liabilities, Capital and Surplus	11,706,693	100.0	12,314,601	100.0

Source: BestLink® - Best's Financial Suite

Last Update

November 29, 2023

Identifiers

AMB #: 069165

This company is a data record that AM Best utilizes to represent the AM Best Consolidated financials for the Multi-Line business of AMB#: [060081 Blue Cross Blue Shield of Michigan Mutual Insurance Company](#).

AMB#: [060081 Blue Cross Blue Shield of Michigan 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.

BC/BS of Michigan Group

Operations

Domiciled: Michigan, United States

Business Type: Multi-Line - Blue Cross/Blue Shield

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: November 29, 2023

Rating rationale and credit analysis can be found in the [Best's Credit Report for AMB# 069165 - BC/BS of Michigan Group](#).

AMB#	Rating Unit Members	Best's Credit Ratings	
		Financial Strength Rating	Long-Term Issuer Credit Rating
068741	Blue Care Network of Michigan	A	a
060081	Blue Cross Blue Shield MI Mut	A	a

Last Update

November 29, 2023

Identifiers

AMB #: 060081

NAIC #: 54291

FEIN #: 38-2069753

LEI #: 254900ITOI19I4I7I707

Contact Information

Domiciliary Address:
600 Lafayette East, Detroit,
Michigan 48226
United States

Web: www.BCBSM.com

Phone: +1-313-225-9000

Fax: +1-313-225-6777

Financial Data Presented

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

Blue Cross Blue Shield of Michigan Mutual Insurance Company

Operations

Date Incorporated: February 01, 1975 | **Date Commenced:** January 01, 1975

Domiciled: Michigan, United States

Licensed: (Current since 01/14/2002). The company is licensed in Michigan.

Business Type: Health - Blue Cross/Blue Shield

Organization Type: Mutual

Marketing Type: Independent Agency

Best's Financial Size Category: XV (Greater than or Equal to USD 2.00 Billion)

Best's Credit Ratings

Best's Credit Rating History

AM Best has assigned ratings on this company since 1999. 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:

Best's Financial Strength Ratings				Best's Long-Term Issuer Credit Ratings		
Effective Date	Rating	Outlook	Action	Rating	Outlook	Action
Current -						
Nov 29, 2023	A	Stable	Affirmed	a	Stable	Affirmed
Dec 7, 2022	A	Stable	Affirmed	a	Stable	Affirmed
Nov 17, 2021	A	Stable	Affirmed	a	Stable	Affirmed
Nov 5, 2020	A	Stable	Affirmed	a	Stable	Affirmed
Oct 31, 2019	A	Stable	Upgraded	a	Stable	Upgraded

Management

Officers

President and CEO: Daniel J. Loepp

President and EVP: Tricia A. Keith

EVP and CFO: Mark R. Bartlett

EVP: Kenneth R. Dallafior

EVP: Darrell E. Middleton

EVP: Lynda M. Rossi

SVP and Chief Risk Officer: Paul L. Mozak

SVP: Susan L. Barkell

Officers (Continued...)

SVP: Jeffrey L. Connolly

SVP: William M. Fandrich

SVP: James D. Grant, M.D.

SVP: Michele A. Samuels

SVP: Todd J. Van Tol

Vice President and Corporate Secretary: Liz Krick

Vice President and Treasurer: Waymond Harris

Vice President and General Counsel: Laurine S. Parmely

Directors

James G. Agee

Peter B. Ajluni, D.O.

Renee C. Axt

Ronald J. Bieber

William H. Black

Terry W. Burns

Robert F. Casalou

Roz Cooperman

Raymond Curry

Patrick J. Devlin

Sarah W. Dolye

Linda D. Forte

Joseph A. Garcia

Yousif B. Ghafari

Diane R. Goddeeris

Paula J. Herbart

Kerry M. Kaysserian, D.D.S.

Melvin L. Larsen

Daniel J. Loepp

Christopher J. Maksym

Gary J. McInerney

Anne M. Mervenne

William E. Meyers

Susan Mitchell

Brian E. Peters

Phillip Pierce

Dennis Ramus, M.D.

Shauna Ryder-Diggs, M.D.

F. Remington Sprague, M.D.

Joseph Stackpoole

Gregory A. Sudderth

Bernard Swatout

Brad E. Thompson

Gary H. Torgow

Janice Uhlig

Professional Service Providers

Investment Managers, Advisors, Brokers/Dealers:

- BRICKTOWN CAPITAL LLC (Affiliated Firm)
- AEGON USA INVESTMENT MANAGEMENT (Unaffiliated Firm)

- ARROWSTREET CAPITAL MANAGEMENT (Unaffiliated Firm)
- LOS ANGELES CAPITAL MANAGEMENT & EQUITY RESEARCH I (Unaffiliated Firm)
- SNYDER CAPITAL MANAGEMENT, LP (Unaffiliated Firm)

Financial Statements

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

Currency: US Dollars

	9-Months		Year End - December 31			
	2023		2022		2021	
	USD (000)	%	USD (000)	%	USD (000)	%
Balance Sheet						
Cash and Short Term Investments	582,581	5.3	116,276	1.2	503,361	4.7
Bonds	2,024,355	18.4	2,348,943	23.3	2,499,679	23.3
Preferred and Common Stock	3,726,840	33.8	3,877,145	38.5	3,918,508	36.6
Other Invested Assets	2,510,125	22.8	2,409,112	23.9	2,142,350	20.0
Total Cash and Invested Assets	8,843,901	80.3	8,751,476	86.8	9,063,898	84.7
Premium Balances	553,064	5.0	341,045	3.4	302,505	2.8
Healthcare and Other Receivables	434,434	3.9	342,140	3.4	364,367	3.4
Other Assets	1,189,007	10.8	642,528	6.4	976,009	9.1
Total Assets	11,020,407	100.0	10,077,189	100.0	10,706,780	100.0
Unpaid Claims and Claim Adjustment Expenses	1,094,736	9.9	1,075,741	10.7	1,278,073	11.9
Health Policy and Claim Reserves	121,923	1.1	108,411	1.1	141,428	1.3
Advance Premiums	469,199	4.3	238,490	2.4	227,818	2.1
Amounts Held for Uninsured Plans	1,526,910	13.9	667,343	6.6	691,623	6.5
Taxes and General Expenses	470,402	4.3	504,744	5.0	571,924	5.3
Debt / Borrowings	90,071	0.8	225,167	2.2	315,180	2.9
Other Liabilities	545,556	5.0	854,863	8.5	885,010	8.3
Total Liabilities	4,318,798	39.2	3,674,759	36.5	4,111,056	38.4
Unassigned Surplus	6,701,610	60.8	6,402,430	63.5	6,595,724	61.6
Total Capital and Surplus	6,701,610	60.8	6,402,430	63.5	6,595,724	61.6
Total Liabilities, Capital and Surplus	11,020,407	100.0	10,077,189	100.0	10,706,780	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.

In arriving at a rating decision, AM Best relies on third-party audited financial data and/or other information provided to it. While this information is believed to be reliable, AM Best does not independently verify the accuracy or reliability of the information. Any and all ratings, opinions and information contained herein are provided "as is," without any express or implied warranty.

Visit <https://www.ambest.com/ratings/index.html> for additional information or <https://www.ambest.com/terms.html> for details on the Terms of Use. For current ratings visit www.ambest.com/ratings

Copyright © 2023 A.M. Best Company, Inc. and/or its affiliates. All rights reserved.

No portion of this content may be reproduced, distributed, or stored in a database or retrieval system, or transmitted in any form or by any means without the prior written permission of AM Best. While the content was obtained from sources believed to be reliable, its accuracy is not guaranteed. For additional details, refer to our Terms of Use available at AM Best website: www.ambest.com/terms.