

BEST'S RATING REPORT



**Blue Cross
Blue Shield**
of Michigan

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

BC/BS OF MICHIGAN GROUP

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

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, United States 48226

AMB #: 060081

NAIC #: 54291

FEIN #: 38-2069753

Phone: +1-313-225-9000

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Web: www.BCBSM.com



Best's Credit Rating Effective Date

October 31, 2019

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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](#).

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: Upgraded

Issuer Credit Rating (ICR)

a
Excellent
Outlook: Stable Action: Upgraded

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 # Rating Unit Members
 068741 Blue Care Network of Michigan

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

Rating Rationale

Balance Sheet Strength: **Very Strong**

- Strongest level of risk-adjusted capitalization as measured by Best's Capital Adequacy Ratio (BCAR).
- A significant portion of Blue Cross Blue Shield of Michigan Group's (BCBS MI) capital and surplus growth over the past few years has been driven by stronger underwriting and investment income as well as an Alternative Minimum Tax credit refund as a result of the change under the Tax Cut and Jobs Act.
- BCBS MI's exposure to higher-risk assets is greater compared to peers due to allocation to equities and Schedule BA assets.
- Balance sheet strength assessment includes pressure from statutory operating leverage, which is higher than peers. The operating borrowings are due to BCBS MI's FHLB borrowing activity, which is used for arbitrage. However, financial leverage is considered low and operating leverage is significantly lower than prior years.

Operating Performance: **Adequate**

- Stronger underwriting and investment income reported over the past two years and through 2019, driven by favorable operating results including both the Medigap and commercial segments. BCBS MI's earnings growth exceeded projections for 2018 and is projected to exceed for 2019.
- BCBS MI's operating and combined ratio compared favorably to peer groups on both a 2018 and five-year average basis.
- Favorable operating performance is expected to continue in the near term.
- Trends of earnings volatility largely driven by the inability to implement rate increases on the Medigap business for the five-year period ending in 2017. The rate freeze on the Medigap product was part of the company's social mission prior to transitioning to a mutual and ended in 2017.

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.
- Although BCBS MI's business is concentrated in Michigan, its ownership in Accident Fund and investment in AmeriHealth Caritas provides 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.
- 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.
- An economic capital model is used to perform multiple stress scenario testing to determine the impact on risk-adjusted capitalization.

Outlook

- The stable rating outlooks reflect the very strong balance sheet strength assessment.

Rating Drivers

- Negative rating movement could occur if Blue Cross Blue Shield of Michigan Group (BCBS MI) reports a trend of operating losses.
- Negative rating movement could occur if BCBS MI reports a material deterioration of risk-adjusted capitalization.

Credit Analysis

Balance Sheet Strength

The overall balance sheet strength assessment is "very strong". This is based upon risk-adjusted capitalization as measured by Best's Capital Adequacy Ratio (BCAR) at strongest, sound financial support for insurance and investment risks and strong liquidity measures. The growth in capital and surplus has been driven by earnings and unrealized capital gains. Financial leverage is considered low.

Balance Sheet Strength (Continued...)

However, operating leverage is high compared to peers but the amount outstanding has been declining. Additionally, BCBS MI's exposure to equities and Schedule BA assets is greater compared with peers.

Capitalization

Risk-adjusted capitalization, as measured by BCAR supports the balance sheet assessment of very strong with a result of 44.3 at the 99.5 VaR. The increased earnings combined with investment income are accretive to capital and expected to result in continued improvement in the level of risk-adjusted capitalization. Further, the capital position reflects the group's low underwriting leverage. Underwriting leverage ratios have benefited from the solid growth in capital in recent years outpacing the growth in net premiums written. The increase in capital and surplus in 2017 and 2018 is partially due to improved retained earnings and the elimination of the alternative minimum tax from the Tax Cut and Jobs Act. BCBS MI's five year CAGR of total capital was 8.5%. During 2019, capital and surplus continued to increase driven by stronger than expected earnings as well as an income tax credit due to the elimination of the alternative minimum tax from the Tax Cut and Jobs Act. BCBS MI's capital growth outpaced premium expansion in 2018 and 2017 which led to strengthening of risk-adjusted capitalization.

BCBS MI exhibits strong liquidity measures and has remained consistently above 150% 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 \$425 million in borrowing outstanding at year-end 2018. The total current FHLBI borrowing capacity is \$2 billion. The FHLBI borrowings have been used for arbitrage. A.M. 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

The group reported an increase in invested assets at year-end 2018 and through the first half of 2019. At year-end 2018, the investment portfolio is primarily comprised of bonds (less than 50%), common stock (about 24%), cash and short-term (approximately 13%), schedule BA (approximately 12%) and a small amount of real estate.

The fixed income portfolio is generally high-quality and favorable overall liquidity, with the majority of bonds being investment grade with an average duration of eight years. Below investment grade bonds increased slightly but remains below 12%. The bond portfolio consists of government agency, municipal and corporate issues.

With prevailing interest rates remaining low, a push for greater investment returns has resulted in a higher level of investment in equity securities. Common stocks represent nearly one-tenth of the BCBS MI portfolio excluding investments in subsidiaries. Schedule BA assets are primarily comprised of mostly joint venture and other service entities, such as strategic investments in AmeriHealth Caritas. Furthermore, 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 profitability measures improved significantly in 2017 and has continued to strengthen over the past two years and into 2019. Favorable underwriting performance was driven primarily by much stronger results in most lines of businesses, particularly the Medicare Supplement (Medigap) and commercial segments.

While operating results have improved in 2019, earnings are expected to temper but remain favorable in 2020. This expectation is driven by strategic pricing actions being taken in certain products lines as a result of continued lower-than-expected medical trends and the loss of Blue Care Network of Michigan's Medicare Advantage HMO four-star rating. However, Blue Care Network has regained its four-star rating for its Medicare Advantage HMO for 2021.

Improvement in net income was enhanced further by an income tax credit in 2018 and 2019, which was a result of the elimination of the alternative minimum tax as part of the Tax Cuts and Job Act. Furthermore, operating results benefited from a broad-based trend of lower utilization and a lower-than-expected medical cost trend, as well as favorable risk adjustment revenue.

Prior to 2017, Medigap was losing over \$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 in 2017 which aided in the earnings improvement.

Operating Performance (Continued...)

BCBS MI's higher level of individual and Affordable Care Act exchange enrollment which is comprised of a greater number of higher risk utilizers of services has historically impacted earnings. However, favorable performance of the consolidated health business included improvement in the individual segment resulting from multiple years of rate increases, benefit and network modifications and a broad based trend of lower utilization, similar to peers.

The Group segment reported favorable underwriting results. Middle and Small Group results were impacted by higher membership, favorable benefit trends as well as a strong pharmacy benefit manager program. Losses were reported for both the Auto and Key and Large Group business segments based on increased cost associated with the general deterioration of stop-loss ratios.

Over the last five years, BCBS MI's consolidated statutory premium has grown steadily, a trend which continued into 2019. Premium growth can be attributed to rate increases as well as membership growth, particularly in Medicare Advantage, partially offset by a shift from fully insured to self-funded.

Business Profile

Blue Cross and Blue Shield of Michigan Mutual Insurance Company (BCBSMMIC 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 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.

BCBS MI remains the largest insurer of individuals in the state of Michigan. The company's overall in-state market share is over one-half and serves as the basis for its market leader status. 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. BCBS MI's business environment includes a number of health insurers with national scale operations as well as local carriers with competitive cost structures.

Over the last five years, BCBS MI's consolidated membership has grown steadily, a trend which continued in 2019, driven by a resurgence of improved economic conditions in Michigan. Unemployment continues to trend at or below the national average and population sustained a net positive migration in 2018. On a statutory basis, insured membership has increased into 2019 after a decline over the past three years, which is primarily isolated to the commercial business and the Medigap segment.

The organization's consolidated operations are grouped into these segments: Group, Individual, Senior Market and Other. The Group segment includes Auto, Key and Large Group, and Middle and Small.

The Auto, as well as Key and Large Group customer segments, mainly consists of large groups, which are generally self-funded relationships. The Auto segment is concentrated in companies that are part of the automobile manufacturing industry. Membership in the Auto segment accounted for slightly over one-tenth of the overall enrollment in 2018. While there was growth driven by higher membership across the PPO plans. BCBS MI's contract with the UAW Retiree Medical Benefits Trust (URMBT) continues through 2020. Enrollment for the Key and Large Group segment experienced strong administrative service contract (ASC) membership growth in 2018. The Key and Large Group segment currently accounts for less than one-third percent of the consolidated membership.

The Middle and Small Group segments represent less than one-quarter of the consolidated membership. The membership in these segments showed steady growth across both the PPO and HMO plans. 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 market consists of Medicare Supplemental (Medigap) and Medicare Advantage (MA) business. BCBS MI offers MA products to both individuals and employer groups (retirees).

Business Profile (Continued...)

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 in 2017 was driven by new members as well as the transition of individuals from Medigap to MA. MA represents slightly less than one-tenth of total enrollment and is projected to be one of the main sources of enrollment growth in the near term as the population ages. Furthermore, BCBS MI's MA HMO products have 4 star ratings by the Centers for Medicare and Medicaid Services (CMS). A.M. Best noted that BCN lost its MA HMO 4 star rating for 2020. However, BCN has regained its 4 star rating for its MA HMO for 2021. 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 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; however, 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 and Tessellate, provides MA services to other insurers. Services offered include technology, quality, risk adjustment, provider engagement, compliance guidance and business process outsourcing services.

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 Hyperion Strategic Finance 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.

Financial Statements

Year End - December 31

2018

2017

Balance Sheet	USD (000)	%	USD (000)	%
Cash and Short Term Investments	1,055,623	10.4	1,179,004	12.3
Bonds	4,191,979	41.3	3,768,063	39.5
Preferred and Common Stock	2,033,279	20.0	1,975,058	20.7
Other Invested Assets	1,128,481	11.1	861,598	9.0
Total Cash and Invested Assets	8,409,362	82.8	7,783,723	81.5
Premium Balances	258,324	0.9	220,476	0.2
Healthcare and Other Receivables	362,491	3.6	408,008	4.3
Other General Account Assets	1,132,068	11.1	1,137,051	11.9
Total General Account Assets	10,162,245	100.0	9,549,257	100.0
Total Assets	10,162,245	100.0	9,549,257	100.0
Policy and Claim Reserves	1,861,036	18.3	1,554,421	16.3
Asset Valuation Reserve	1,559	...	1,317	...
Accrued Expenses and Other General Account Liabilities	3,357,028	33.0	3,733,815	39.1
Total General Account Liabilities	5,219,622	51.4	5,289,553	55.4
Total Liabilities	5,219,622	51.4	5,289,553	55.4
Capital Stock	500	...	435	...
Paid-In and Contributed Surplus	24,666	0.2	21,443	0.2
Unassigned Surplus	4,917,457	48.4	4,084,544	42.8
Other Surplus	153,283	1.6
Total Capital and Surplus	4,942,623	48.6	4,259,705	44.6
Total Liabilities, Capital and Surplus	10,162,245	100.0	9,549,257	100.0

Source: BestLink® - Best's Financial Suite

Last Update

October 31, 2019

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: October 31, 2019

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

April 22, 2020

Identifiers

AMB #: 060081
NAIC #: 54291
FEIN #: 38-2069753
LEI #: 254900ITOI19I4I7I707

Contact Information

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Financial Data Presented

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

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
Financial Size: XV (\$2 Billion or greater)

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 -						
Oct 31, 2019	A	Stable	Upgraded	a	Stable	Upgraded
Oct 4, 2018	A-	Positive	Affirmed	a-	Positive	Affirmed
Sep 21, 2017	A-	Stable	Affirmed	a-	Stable	Affirmed
Sep 22, 2016	A-	Negative	Affirmed	a-	Negative	Affirmed
Jul 30, 2015	A-	Stable	Affirmed	a-	Stable	Affirmed

Management

Officers

President and CEO: Daniel J. Loepp
EVP and CFO: Mark R. Bartlett
EVP and Corporate Secretary: Tricia A. Keith
EVP: Kenneth R. Dallafior
EVP: Elizabeth R. Haar
EVP: Darrell E. Middleton
EVP: Lynda M. Rossi
SVP and Chief Risk Officer: Paul L. Mozak

Officers (Continued...)

SVP: Susan L. Barkell
SVP: Jeffrey L. Connolly
SVP: William M. Fandrich
SVP: Michele A. Samuels
SVP: Thomas L. Simmer, M.D.
SVP: Todd J. Van Tol
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
Darrell Burks
Terry W. Burns
Robert F. Casalou
Patrick J. Devlin
Sarah W. Dolye
Linda D. Forte
Joseph A. Garcia
Yousif B. Ghafari
Diane R. Goddeeris
James D. Grant, M.D.
Paula J. Herbart
Gary R. Jones
Kerry M. Kaysserian, D.D.S.
Melvin L. Larsen
Daniel J. Loepp
Christopher J. Maksym
Gary J. McInerney
Anne M. Mervenne
William E. Meyers
Robert D. Musser, III
Brian E. Peters
Phillip Pierce
Jean L. Rose
James U. Settles, Jr.
F. Remington Sprague, M.D.
Gregory A. Sudderth
Laura D. Swartzmiller
Brad E. Thompson
Gary H. Torgow
Renee L. Turney-Bailey

Financial Statements

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

Access Statement Pages in Excel available in the [Comprehensive Financial Overview \(CFO\) Report](#) for additional details.

Currency: US Dollars

	Year End - December 31			
	2019		2018	
Balance Sheet	USD (000)	%	USD (000)	%
Cash and Short Term Investments	317,444	3.5	539,696	6.0
Bonds	2,187,941	24.3	2,353,827	26.2
Preferred and Common Stock	3,508,093	39.0	3,489,875	38.8
Other Invested Assets	1,342,864	14.9	1,056,600	11.8
Total Cash and Invested Assets	7,356,342	81.8	7,439,999	82.8
Premium Balances	233,262	2.6	221,487	2.5
Healthcare and Other Receivables	310,631	3.5	294,907	3.3
Other Assets	1,097,540	12.2	1,033,979	11.5
Total Assets	8,997,776	100.0	8,990,372	100.0
Unpaid Claims and Claim Adjustment Expenses	1,018,026	11.3	902,432	10.0
Health Policy and Claim Reserves	174,394	1.9	161,016	1.8
Advance Premiums	196,174	2.2	211,928	2.4
Amounts Held for Uninsured Plans	421,206	4.7	591,197	6.6
Taxes and General Expenses	629,735	7.0	489,429	5.4
Debt / Borrowings	295,240	3.3	425,362	4.7
Other Liabilities	930,882	10.3	1,275,765	14.2
Total Liabilities	3,665,657	40.7	4,057,129	45.1
Unassigned Surplus	5,144,856	57.2	4,933,243	54.9
Other Surplus	187,262	2.1
Total Capital and Surplus	5,332,119	59.3	4,933,243	54.9
Total Liabilities, Capital and Surplus	8,997,776	100.0	8,990,372	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.

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