

BEST'S RATING REPORT

PURE GROUP OF INSURANCE COMPANIES

Fort Lauderdale, Florida, United States 33324

AMB #: 018740

NAIC #: N/A

FEIN #: N/A

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PURE Insurance Company	A
Privilege Undrwtrrs Recip Exch	A



PURE Group of Insurance Companies

Disclosure Information: Refer to rating unit members for each company's Rating Disclosure Form

Associated Ultimate Parent: [046187 - Trident VI LP](#)

A.M. Best Rating Unit: 018740 - PURE Group of Insurance Companies

Best's Credit Ratings for Group Members:

Rating Effective Date: August 30, 2018

AMB#	Company	Rating Unit	Best's Financial Strength Ratings			Best's Issuer Credit Ratings		
			Rating	Outlook	Action	Rating	Outlook	Action
018740	PURE Group of Insurance Cos	<i>Rating Unit</i>						
013929	PURE Insurance Company		A	Stable	Upgraded	a	Stable	Upgraded
013816	Privilege Undrwtrrs Recip Exch		A	Stable	Upgraded	a	Stable	Upgraded

Rating Rationale:

Balance Sheet Strength: Very Strong

- PURE Group of Insurance Companies maintains the strongest level of risk-adjusted capitalization, as measured by Best's Capital Adequacy Ratio (BCAR), which benefits from surplus contributions from its members and a high credit quality investment portfolio.
- The overall balance sheet strength assessment is very strong reflective of reinsurance dependence and significant growth in premiums.
- Reserves have developed adversely in each of the last five calendar years and in four of the last five accident years.

Operating Performance: Adequate

- Adjusting for member surplus contributions (treating them as premiums), the group's five-year average total return on revenue and total return on equity measures are in line with the averages for the industry composite.
- Strong underwriting results are fueled by a five-year average loss ratio, which is almost 18 points below the average for the industry composite, partially offset by an above-average underwriting expense ratio.
- The group's total return on invested asset measures lag the averages for the industry composite, but they have improved in the last two years as higher percentages of invested assets were redeployed from cash into long-term bonds.

Business Profile: Neutral

- The group writes personal lines coverage (i.e., homeowners, auto, inland marine, liability) for high net worth clients.
- Good geographic spread of risk with only three states accounting for greater than 10% of total direct written premiums.
- The group uses a multi-channel distribution network to sell its products, which includes local and regional brokers, national brokers, alliance relationships and its own captive agency.

Enterprise Risk Management: Appropriate

- The group operates under a formal enterprise risk management (ERM) framework that is appropriate for its risk profile.
- ERM activities are led by the Risk Steering Committee, consisting of members from the senior leadership team.
- The group has a well-defined risk appetite and has set specific risk tolerances that are regularly monitored and reviewed.

Outlook

The stable outlooks reflect A.M. Best's expectation that the group's rating fundamentals will remain unchanged over the short to medium term.

Rating Drivers

Factors that could cause downward movement in the ratings are as follows:

A sustained deterioration in underwriting and/or operating results;

Occurrence of a sudden large or catastrophic loss event that materially hinders risk-adjusted capitalization;

Any material deviation from the group's submitted financial projections;

Any trend of calendar and/or accident year reserve development that is materially unfavorable.

Financial Statements:

Balance Sheet:

Consolidated Balance Sheet

Admitted Assets	Year End - December 31			
	2017 (\$000)	2016 (\$000)	2017 (%)	2016 (%)
Bonds	476,428	361,981	50.7	51.6
Preferred Stock	1,156	1,665	0.1	0.2
Common Stock	41,849	34,467	4.5	4.9
Cash and Short-term Invest	53,298	75,174	5.7	10.7
Real Estate, Investment	...	...	...	...
Derivatives	...	...	...	...
Other Non-Affil Inv Asset	7,380	14,527	0.8	2.1
Investments in Affiliates	18,699	13,825	2.0	2.0
Real Estate, Offices	...	...	...	...
Total Invested Assets	598,810	501,639	63.8	71.5
Premium Balances	222,649	160,801	23.7	22.9
Accrued Interest	2,168	1,790	0.2	0.3
All Other Assets	115,285	37,173	12.3	5.3
Total Assets	938,911	701,404	100.0	100.0
Liabilities & Surplus	Year End - December 31			
	2017 (\$000)	2016 (\$000)	2017 (%)	2016 (%)
Loss and LAE Reserves	112,504	74,256	12.0	10.6
Unearned Premiums	227,892	171,294	24.3	24.4
Derivatives	...	...	...	...
Conditional Reserve Funds	...	...	...	...
All Other Liabilities	181,909	143,681	19.4	20.5
Total Liabilities	522,305	389,231	55.6	55.5
Surplus notes	115,227	91,692	12.3	13.1
Capital and Assigned Surplus	409,889	321,592	43.7	45.8
Unassigned Surplus	-108,509	-101,112	-11.6	-14.4
Total Policyholders' Surplus	416,606	312,172	44.4	44.5
Total Liabilities and Surplus	938,911	701,404	100.0	100.0

Source: Bestlink - Best's Statement File - P/C, US

Company History:

Date Incorporated: 01/23/2007

Date Commenced: N/A

Domicile: United States: Florida

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.

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Credit risk is the risk that an entity may not meet its contractual, financial obligations as they come due. These credit ratings do not address any other risk, including but not limited to liquidity risk, market value risk or price volatility of rated securities. The rating is not a recommendation to buy, sell or hold any securities, insurance policies, contracts or any other financial obligations, nor does it address the suitability of any particular financial obligation for a specific purpose or purchaser.

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