BEST'S RATING REPORT

Associated Electric & Gas Insurance Services Limited

Hamilton HM 19, Bermuda

Exec. Office: c/o AEGIS Insurance Services, Inc., One Meadowlands Plaza, East Rutherford, New Jersey, United States 07073

AMB #: 085055 **NAIC #:** N/A **AIIN#:** AA-3190004

Phone: 201-508-2600 **Fax:** 201-896-6638 **Website:** www.aegislink.com

Associated Electric & Gas Insurance Services Limited

Report Release Date:
August 22, 2019

Group Members Rating Effective Date:
July 2, 2019

Disclosure Information: View A.M. Best's Rating Disclosure Form

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Ultimate Parent: N/A

A.M. Best Rating Unit: 085055 - Assoc Elec & Gas Ins Services

Best's Credit Ratings:

Rating Effective Date: July 2, 2019

Best's Financial Strength Rating:	A	**Outlook:**	Stable	**Action:**	Affirmed
Best's Issuer Credit Rating:	a	**Outlook:**	Stable	**Action:**	Affirmed

Five Year Credit Rating History:

	Best's Financial Strength Ratings			Best's Issuer Credit Ratings		
Date	**Rating**	**Outlook**	**Action**	**Rating**	**Outlook**	**Action**
07/02/2019	A	Stable	Affirmed	a	Stable	Affirmed
09/14/2018	A	Stable	Affirmed	a	Stable	Affirmed
08/17/2017	A	Stable	Affirmed	a	Stable	Affirmed
07/12/2016	A	Stable	Affirmed	a	Stable	Affirmed
06/11/2015	A	Stable	Affirmed	a	Stable	Affirmed

Rating Rationale:

Balance Sheet Strength: Strongest

- As a mutual company whose members are utility companies in the U.S. and Canada, Associated Electric & Gas Insurance Services Limited (AEGIS) has limited financial flexibility. AEGIS has a demonstrated ability to limit distributions to members and pass along significant rate increases without sacrificing member retention.
- Risk-adjusted capital measured by Best's Capital Adequacy Ratio (BCAR) is in the strongest range at the 99.6% VaR level.
- Conservative and liquid investment portfolio mainly allocated in investment-grade bonds, which along with cash, composed 82% of invested assets at December 31, 2018. The fixed-income portfolio duration is very short at 1.2 years.
- Diversification achieved through Lloyd's Syndicate 1225 ("AEGIS London") has historically worked to dampen earnings and surplus volatility.

Operating Performance: Adequate

- Combined ratios were barely impacted by the natural catastrophe events in 2017 and 2018, primarily due to well-disciplined underwriting and conservative use of reinsurance. Also benefiting underwriting stability is the diversification benefit between the mutual's and AEGIS London's businesses that, taken together, have shown significant stability in the last five years.
- AEGIS' overall operating performance has been very favorable, as evidenced by a ten-year average return on equity of 7% with a very low standard deviation of 3%. AEGIS' five-year average operating ratio indicated strong performance on an overall basis at 76.6%, and 76.2% and 78% in 2018 and 2017, respectively.
- AEGIS has experienced strong underwriting income over the last five years with an average combined ratio of 87.6%, and 88.1% in 2018. Underwriting performance has been a strong contributor to operating performance in the last five years.
- AEGIS has experienced strong and stable investment income as a result of a conservative fixed-income investment allocation whose average credit quality and duration were A+ and 1.3 years; however, yields will not benefit from this very short duration if interest rates decline. AEGIS enjoys significant asset leverage of approximately 2.7 times due to its relatively long claim tail that generates significant float to partially offset a relatively low yield. Nonetheless, nominal investment income has strongly contributed to operating results over the last three years in particular.

Business Profile: Neutral

- Diversified product offering supplemented by AEGIS London, although business is somewhat concentrated since there is an overweight concentration of overall insureds within the U.S. and Canadian utility industry.
- Broad presence in the U.S. and Canadian energy industry space, offering significant capacity to its members. AEGIS writes business for almost the entire investor-owned utility industry.
- As a member-owned mutual, AEGIS has deep access and understanding of the energy and utility insurance industry in the U.S. and Canada with a long track record of very high member retention.
- The Lloyd's syndicate performs in the top quartile of all Lloyd's syndicates and its operating performance has a low correlation to the domestic utility business written by the mutual.

Enterprise Risk Management: Appropriate

- The AEGIS board has the ultimate oversight of risk. AEGIS and AEGIS London have their own board and risk and capital committees, with individual capital models and risk management frameworks supplemented by a joint capital model to assess the overall enterprise risk.
- High level of risk-adjusted capitalization at the tail (1-in-500-year return period or 99.8% VaR).
- AEGIS employs clear, measurable risk tolerances that are accumulated in risk registers for the mutual, the syndicate and at the consolidated level. Risk registers and internal capital models are significant inputs to the risk governance process.
- AEGIS monitors emerging risks, including silent and direct cyber risks, Brexit implications for the syndicate, and wildfire risk as it pertains to property, excess liability, and D&O coverages.

Outlook

The stable outlooks reflect AM Best's view that AEGIS will continue to maintain its current rating fundamentals in the short to medium term.

Rating Drivers

Key rating drivers that may lead to positive actions on AEGIS' ratings are sustained favorable underwriting and the company maintaining its risk-adjusted capitalization at the strongest level as measured by Best's Capital Adequacy Model.

Key rating drivers that could negatively affect the ratings are increased underwriting volatility, significant investment losses, or outsized catastrophic events, in conjunction with a decline in the risk-adjusted capitalization.

Financial Data Notes:

Time Period: Annual - 2018 **Status:** N/A **Data as of:** 05/24/2019

Key Financial Indicators:

Key Financial Indicators (000)

	Year End				
	2018	2017	2016	2015	2014
Premiums Written					
Direct Premiums Written	1,552,367	1,335,006	1,230,200	1,217,678	1,312,451
Gross Premiums Written	1,567,145	1,344,705	1,236,475	1,250,510	1,348,493
Net Premiums Written	1,028,021	880,647	821,955	860,121	943,102
Net Income	100,107	132,727	112,115	87,154	66,868
Total Assets	7,073,674	6,512,136	6,087,210	5,718,282	6,037,151
Total Equity	1,636,128	1,557,265	1,428,698	1,290,105	1,221,547

Source: Bestlink - Best's Statement File - Global
Local Currency: US Dollar

Key Financial Indicators - A.M. Best Ratios (%)

	Year End				
	2018	2017	2016	2015	2014
Net Premiums Written to Equity	62.8	56.6	57.5	66.7	77.2
Liquidity					
Liquid assets to total liabilities	75.2	79.7	85.0	85.2	78.0
Total investments to total liabilities	81.6	85.0	87.9	87.5	79.8

Source: Bestlink - Best's Statement File - Global

(*) Data reflected within all tables of this report has been compiled from the consolidated financial statements of this company (Source: Company Financial Statement).

Best's Capital Adequacy Ratio Summary - AMB Rating Unit (%)

Confidence Level	**95.0**	**99.0**	**99.5**	**99.6**
BCAR Score	58.2	40.4	32.7	30.2

Source: Best's Capital Adequacy Ratio Model - Universal

Credit Analysis:

Balance Sheet Strength: Strongest

Risk-adjusted capitalization is strong, supported by an increasing capital base generated through operating results. As of year-end 2018, AEGIS' reported surplus was USD 1.64 billion (USD 1.56 billion at year end 2017). The increase was mainly due to retention of

net income, partially offset by member distributions. Surplus has grown at an average annual rate of 8% per year over the last 10-year period. Actual 2016, 2017, and 2018 BCAR scores remain consistent and are expected to improve through year-end 2020 as surplus increases.

Capitalization:

AEGIS remains adequately capitalized to its investment, reinsurance and underwriting risks per its Best Capital Adequacy Ratio (BCAR) score. Surplus has grown in the last 10 years, increasing by approximately USD 880 million since then, or an 8% CAGR. While not anticipated, management has also indicated it can further adjust the level of its member credits to boost capitalization levels, should the need arise.

Capital Generation Analysis (000)

	Year End				
	2018	2017	2016	2015	2014
AOCI - ending balance	29,098	42,183	46,343	19,865	38,461
Other equity, ending balance	250	250	250	250	250
Retained earnings, beginning balance	1,514,832	1,382,105	1,269,990	1,182,836	1,115,968
Retained earnings, net income	100,107	132,727	112,115	87,154	66,868
Retained Earnings, other	-8,159	...	...	...	...
Retained earnings, ending balance	1,606,780	1,514,832	1,382,105	1,269,990	1,182,836
Total shareholder equity	1,636,128	1,557,265	1,428,698	1,290,105	1,221,547

Source: Bestlink - Best's Statement File - Global
Local Currency: US Dollar

Asset Liability Management – Investments:

A favorable liquidity position is maintained with about 82% of invested assets invested in fixed-income and cash. Equity investments have declined over the past several years. AEGIS' implicit investment risk is partially mitigated by its use of various portfolio managers, careful monitoring of results and exposures by management, and extensive diversification among holdings. Income expectations from any foreign- currency-denominated fixed-income securities are generally forward-hedged to the U.S. dollar. Risk of possible rate rises has been mitigated by maintaining a fixed-income portfolio with a short duration.

Reserve Adequacy:

Reserves are reviewed by Willis Towers Watson, who prepares the actuarial reports for the mutual and its Canadian branch, and AEGIS London. Prior to 2017, the actuarial report was issued by Ernst & Young for AEGIS London. AEGIS reserving practices are conservative and have developed favorably overall. AEGIS had favorable prior year reserve development of USD 37 million, USD 136 million, and USD 22 million for 2016, 2017 and 2018, respectively.

Operating Performance: Adequate

Overall Earnings

AEGIS' overall operating performance has been very favorable, as evidenced by a 10-year average Return on Equity of 7% with a very low standard deviation of 3%. The company consistently produced positive operating results over the last 10-year period, as measured on a net income or comprehensive income basis. AEGIS' 5-year average operating ratio of 76.6% indicated strong performance on an overall basis and was 76.2% and 78.0% in 2018 and 2017, respectively.

Underwriting Results

AEGIS has generated strong underwriting income over the last five years with an average combined ratio of 87.6%; it was 88.1% in 2018. Underwriting performance has been a strong contributor to operating performance since 2013. AEGIS' loss ratio and expense ratio have been very stable over the last 5-year period, which is the result of the company's account-level pricing and underwriting approach coupled with the textbook diversifying effect of AEGIS London. The syndicate is managed with a focus on profitability over premium growth and the mutual is managed to achieve consistency in rates and coverage in all markets with emphasis on sustainable results.

The company's strong underwriting results over the most recent three years, combined with strong investment income, helped produce positive net income in each of those years. Since 2016, underwriting results were favorable primarily due to profitable accident-year underwriting results, supplemented by favorable prior-year reserve development on a net basis and across most lines of business. Operating earnings have been offset historically by the distribution of member credits, which led to planned reductions in retained profit.

Underwriting profits have been reported in the five most recent years, which highlights management's efforts to properly price each risk and to reduce reliance on investment income in this low-interest-rate environment. AEGIS has a relatively low-cost platform and its philosophy is to have members share in the investment income generated from their premiums through the company's member credit programs. The company's very good operating ratio provides the opportunity for member credits to offset a member's subsequent year premium charge.

Gross premiums written has grown over the last 10-year period at an average annual rate of 3.2%. Continued growth in AEGIS' core lines, combined with the significant increase in writings through AEGIS London, the domestic property program and the introduction of new cyber and generation outage coverages, have contributed positively to AEGIS' overall writings. Despite necessary rate increases, AEGIS has demonstrated its ability to maintain its current base of insureds and to attract some new members through its strong market presence and the offering of additional products. Management has indicated that AEGIS has experienced an increased level of competition, particularly within its directors and officers line, and in London businesses. Nonetheless, management anticipates higher premium volume due to growth in the product lines it offers. In addition, AEGIS has taken strong underwriting and rating actions with a number of those members that have generated substantial loss experience.

Investment Results

The company's investment performance has also significantly contributed to operating performance despite the historically low-interest-rate environment. AEGIS' investment yield was an annual average of 3% over the last 10 years with a very low 1% standard deviation. Approximately 50% of AEGIS' fixed-income investments are categorized as held-to-maturity at December 31, 2018. AEGIS has a relatively long claim tail and therefore has a long investment horizon compared to peer companies. The long tail produces a high asset leverage of approximately 2.7X, which allows for substantial nominal investment income generation.

Invested asset allocations at year-end 2018 were approximately 76% fixed-income, 10% equities and mutual fund investments, 8% mortgage loans and other assets, and 6% cash. The fixed-income holdings are comprised primarily of high-quality corporate bonds, mortgage-backed securities, and some high-yield securities.

The company places considerable emphasis on generating an optimum investment return while preserving capital and maintaining sufficient liquidity to meet ongoing claims and operating expenses. The overall goal is to provide an efficient utilization of funds that effectively generates sufficient additional earnings to stabilize the costs of insurance for its members. As such, AEGIS is a conservative, highly diversified, total-return-oriented investor. It works closely with the audit and finance committee of the board of directors and its investment advisors to develop asset allocation strategies which are expected to produce superior after-tax returns at an acceptable level of risk. At year-end 2018, the fixed-income portfolio consisted of approximately 79% A+ average rating and a 1.3 year duration. The risk here is if interest rates decline, AEGIS will experience decreasing yields without any significant value appreciation that a longer duration fixed-income portfolio would generate.

Financial Performance Summary (000)

	Year End				
	2018	2017	2016	2015	2014
Pre-Tax Income	126,306	159,777	165,582	157,316	109,449
Net Income	100,107	132,727	112,115	87,154	66,868

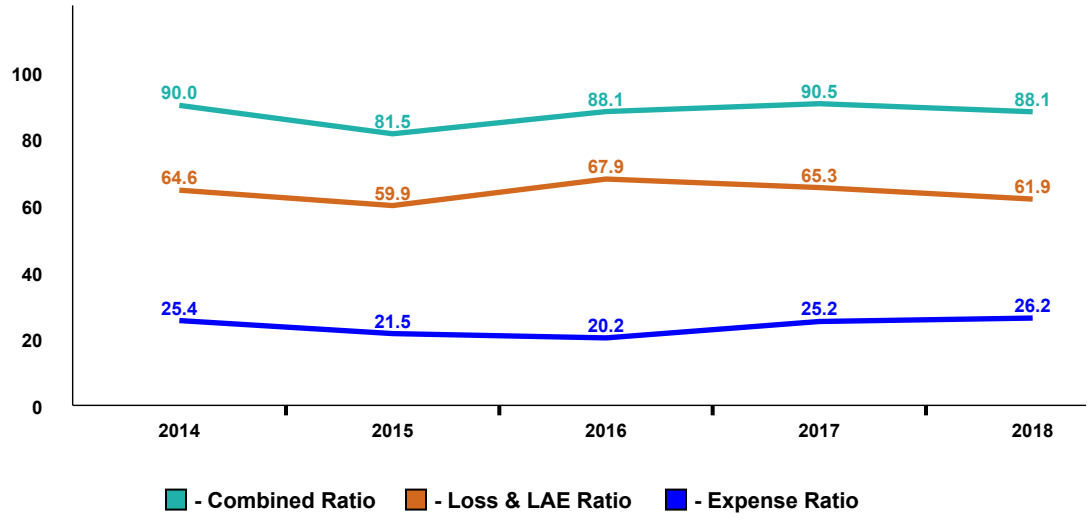
Source: Bestlink - Best's Statement File - Global
Local Currency: US Dollar

A.M. Best Ratios (%)

	Year End				
	2018	2017	2016	2015	2014
Overall Performance:					
Return on Assets	1.5	2.1	1.9	1.5	1.1
Return on Equity	6.3	8.9	8.3	6.9	5.6
Combined less Investment Ratio	76.2	78.0	76.1	71.9	80.8
Non-Life Performance:					
Loss & LAE Ratio	61.9	65.3	67.9	59.9	64.6
Expense Ratio	26.2	25.2	20.2	21.5	25.4
Combined Ratio	88.1	90.5	88.1	81.5	90.0

Source: Bestlink - Best's Statement File - Global

Combined Ratio (%)



Business Profile: Neutral

As a mutual insurer, AEGIS' primary purpose is to provide liability and property insurance coverage for policyholder-owner members in the electric and gas utility and related energy industries. The company's core lines of business are excess liability, D&O, excess workers' compensation and property. It also provides cyber and contingent outage coverage, as well as a full line of integrated financial products.

AEGIS writes excess general liability coverage on a claims-first-made basis, to which employers' liability coverages can be added. The company also writes directors' and officers' liability, professional liability and fiduciary and employee benefits liability coverages on a claims-first-made basis and excess workers' compensation coverage on an occurrence basis.

AEGIS accepts business primarily from brokers but can write policies directly for utilities and other energy-related businesses. Its operations in the United States are supported by its wholly owned subsidiary, AEGIS Insurance Services, Inc., which provides AEGIS and its affiliates with professional staff and services.

In 1999, AEGIS formed Lloyd's Syndicate 1225, known as AEGIS London, which writes most of AEGIS' international business. AEGIS London provides an array of energy and non-energy coverages which helps to reduce the volatility of the overall underwriting results of AEGIS.

AEGIS has historically formed strategic alliances with other insurance carriers to serve members' needs for admitted paper and primary coverages. AEGIS supports these alliances by reinsuring the carrier. These coverages provide primary commercial general liability, commercial automobile and workers' compensation coverages, excess workers' compensation coverage in certain jurisdictions, and umbrella coverages that are issued to utilities and other energy-related businesses.

AEGIS benefits from specialized expertise in providing a variety of liability and property coverages and risk management services to utilities and related energy companies. This strategy has brought significant surplus growth while retaining virtually all of the original core membership.

Insureds who do not purchase the core excess liability or D&O products receive the full support of AEGIS, but are not members of the company, do not vote on AEGIS matters, and do not participate in its member continuity credit benefits. The company offers separate premium credit programs for those policyholders that participate in some of these programs.

Enterprise Risk Management: Appropriate

AEGIS has an enterprise risk management (ERM) program and a strategic planning process to improve the quality of operational decision-making. Its long-term goal is to serve the energy industry by providing consistently superior insurance and risk management products and services, through a secure and stable company, enabling members to achieve the lowest overall long-term cost of risk. Management asserts that a well-developed ERM program allows AEGIS to better navigate fluctuating market conditions and provide a more stable insurance platform for its members.

The company has an enterprise risk management steering committee that is chaired by the CEO and comprised of senior officers. The committee's primary function is to identify and evaluate the company's risks. In addition, it recommends policies and processes needed to identify, manage, monitor and control exposures to significant risks, and it assists the CEO in identifying and executing risk mitigation strategies and changes to AEGIS' overall risk profile. The company's enterprise risk management activities are discussed regularly with the board of directors as well as with its internal and external stakeholders. It has historically defined its group risk appetite to be a 99.6% probability of not reducing surplus by more than 30% in any one year, which is applicable to all facets of its business (underwriting, investments, loss reserving, etc.), and used as a measurement against surplus.

AEGIS provides, directly and through alliances and affiliates, a broad array of liability and property insurance coverages to the energy industry. As such, it is exposed to frequent and destructive industry catastrophe events such as gas explosions, wildfires, hurricanes, wind, earthquakes, floods and other perils. While the company maintains a solid reinsurance program and is not highly dependent on the use of reinsurance to manage its book of business, it regularly performs extensive modeling in conjunction with its external actuaries to assess exposure to hurricane, earthquake, wind and other perils. AEGIS assesses the reinsurance structures and limits that are most responsive to the company's value-at-risk/tolerance levels. Decision points are analyzed using metrics such as the corporate risk tolerance, examination of 1- in-100-year and 1-in-250-year events, reinsurance efficiency, capital adequacy, and volatility.

Insurance companies in Bermuda are supervised by the Bermuda Monetary Authority. Bermuda companies fall into two principal categories: companies incorporated by Bermudians to trade primarily in Bermuda (must be at least 60% owned by Bermudians) and companies incorporated by non-Bermudians for the purpose of conducting business outside Bermuda (known as exempted companies). AEGIS is an exempted company in Bermuda and is therefore exempted from those provisions of Bermuda law which stipulate that at least 60% of its equity must be beneficially owned by Bermudians.

In Bermuda, there are no taxes on profits, income or dividends, nor is there any capital gains tax, estate duty or death duty. Profits can be accumulated and it is not obligatory to pay dividends. The only 'tax' imposed on an exempted company such as AEGIS is an annual government fee, which is dependent upon the level of authorized capital, payable in January of each year. Under the Insurance Act 1978, AEGIS is also required to pay an annual insurance license fee by 31st March each year.

The Bermuda Government has enacted The Exempted Undertakings Tax Protection Act 1966, as amended, under which the Minister is authorized to give an assurance to an exempted company that "in the event of there being enacted in Bermuda any legislation imposing tax computed on profits or income or computed on any capital asset, gain or appreciation, then the imposition of any such tax shall not be applicable to such entities or any of their operations" until March 18, 2016. AEGIS received such assurance by letter dated 2 November 1987. In accordance with the Exempted Undertakings Tax Protection Amendment Act 2011, this assurance was extended until March 31, 2035.

In 1983, AEGIS elected to be taxed as a United States corporation and has since filed U.S. federal income tax returns.

Financial Statements:

Balance Sheet:

Balance Sheet:

Assets	12/31/2018 USD(000)	12/31/2018 % of total	12/31/2017 USD(000)
Cash And Equivalents	265,702	3.8	288,872
Long Term Fixed Maturity Investments	3,358,650	47.5	3,305,520
Equity Investments	464,819	6.6	354,844
Other Investments	173,817	2.5	118,698
Mortgage Loans	172,576	2.4	141,942
Invested Assets	4,169,862	59.0	3,921,004
Receivables	348,093	4.9	330,827
Reinsurance Recoverable	1,559,026	22.0	1,257,189
Deferred Policy Acquisition Cost	87,065	1.2	66,309
Other Assets	643,926	9.1	647,935
Total Assets	7,073,674	100.0	6,512,136

Liabilities & Surplus	12/31/2018 USD(000)	12/31/2018 % of total	12/31/2017 USD(000)
Property / Casualty Reserves	3,659,832	51.7	3,306,617
Unearned Premium Reserves	868,044	12.3	764,658
Total Policy Reserves	4,527,876	64.0	4,071,275
Other Liabilities	909,670	12.9	883,596
Total Liabilities	5,437,546	76.9	4,954,871
Accumulated Other Comprehensive Income	29,098	0.4	42,183
Retained Earnings	1,606,780	22.7	1,514,832
Other Equity	250	...	250
Total Equity	1,636,128	23.1	1,557,265
Total Liabilities & Equity	7,073,674	100.0	6,512,136

Source: Bestlink - Best's Statement File - Global
Local Currency: US Dollar

Summary of Operations:

Statement of Income (000)

Statement of Income

	12/31/2018 USD(000)	12/31/2017 USD(000)
Direct Premiums Written	1,552,367	1,335,006
Reins Assumed	14,778	9,699
Gross Premiums Written	1,567,145	1,344,705
Reins Ceded	539,124	464,058
Net Premiums Written	1,028,021	880,647
Change In Unearned Premiums	66,993	28,516
Net Premiums Earned	961,028	852,131
Net Investment Income	114,049	106,134
Net Realized Gains/(Losses)	-45,603	44,365
Net unrealized gains/(losses)	-6,659	2,681
Total Revenue	1,022,815	1,005,311
Benefits & Reserves	594,727	567,905
Operating Expenses	296,438	241,100
Non-Operating Expenses	5,344	36,529
Total Benefits & Expenses	896,509	845,534
Earnings before interest & taxes (EBIT)	126,306	159,777
Pre-Tax Income/(Loss) From Continuing Operations	126,306	159,777
Total Taxes	26,199	27,050
Net Income/(Loss) Before Minority Interest	100,107	132,727
Net Income/(Loss) From Continuing Operations	100,107	132,727
Net Income	100,107	132,727

Source: Bestlink - Best's Statement File - Global
Local Currency: US Dollar

Associated Electric & Gas Insurance Services Limited

Report Revision Date:
August 22, 2019

Company Attributes:

Industry:	Insurance
Business Type:	Property/Casualty
Entity Type:	Operating Company
Organization Type:	Mutual
Business Status:	In Business - Actively Underwriting
Marketing Type:	Broker
Financial Size:	XIV ($1.5 Billion to $2 Billion)

Company History:

Date Incorporated: 06/30/1971 **Date Commenced:** N/A **Domicile:** Bermuda

The company was organized under the laws of Bermuda as an exempt non-assessable mutual insurance company in 1971. It commenced operations in March of 1975, under the name of General Assurance Services Limited (GAS) to provide general liability insurance to gas utilities in the United States. In 1978, the company expanded its base of insureds beyond gas utilities to include electric utilities and adopted the name Associated Electric & Gas Insurance Services Limited (AEGIS).

Effective December 31, 1988, the company assumed all of the assets and liabilities of Directors & Officers Liability Insurance, Ltd. (DOLI), under a portfolio transfer agreement. In 1998, the company received approval to establish its Lloyd's syndicate, AEGIS Energy Syndicate 1225, known as AEGIS London, a wholly owned subsidiary, which commenced writing business on January 1, 1999.

Company Operations:

Licensed Territory: (Current since 07/30/2019).AEGIS, a Bermuda-domiciled Class 3 insurer, is an eligible surplus lines insurer in all U.S. jurisdictions; a licensed foreign insurance company in all provinces and territories of Canada; and on the general register of foreign reinsurers in Mexico.

Company Management:

Last significant update on 07/10/2019

The company is a Bermuda mutual insurance company whose members consist of utility and related energy companies headquartered primarily in the United States and Canada. The board of directors is comprised predominantly of current and former energy executives and is chaired by Wesley W. von Schack. Mr. von Schack is the former Chairman, President & CEO of Energy East Corporation. Prior to assuming the chair of AEGIS, Mr. von Schack held the position of Chairman of the Audit & Finance Committee. He has been a director of AEGIS since 1997. William P. Cullen is President, CEO, and Director of the company.

Since July 1, 1983, the company has conducted its operations through its wholly owned subsidiary, AEGIS Insurance Services, Inc. (AISI), a New Jersey corporation with offices in East Rutherford, New Jersey. AISI is licensed in New Jersey and most other states as a surplus lines producer. Mr. Cullen has served as President, CEO, and Director of both AEGIS and AISI since 2017. Mr. Cullen joined AISI in 1997 and served as its Chief Underwriting Officer until 2017.

The company's board has a number of committees including an Executive Committee, an Audit & Finance Committee, a Claims & Loss Control Committee, and a Risk & Capital Committee. It also has a Risk Management Advisory Committee (RMAC) comprised of

Company Management: (Continued...)

risk management representatives of the member companies and chaired by the Chairman of the Board. The RMAC and senior management are also supported by Claims & Loss Control task forces composed of member representatives who provide additional expertise and input to the company.

Officers

Chairman: Wesley W. von Schack
Vice Chairman: Gregory E. Abel
President and CEO: William P. Cullen
Assistant Vice President and Chief Underwriting Officer: William L. Hillman
Secretary: Mark A. Walsh
Assistant Secretary: Elda B. Feldman
Treasurer: Rip Reeves
Assistant Treasurer: Patricia L. McKenna
Actuary: Simon J. Day
CFO: Michael S. Johnson

Directors

Gregory E. Abel (Vice Chairman)
Robert W. Best
Thomas G. S. Busher
Christopher M. Crane
William P. Cullen (President & Chief Executive Officer)
Thomas F. Farrell, II
Walter M. Higgins
James J. Jura
Constance H. Lau
Charles A. Schrock
Wesley W. von Schack (Chairman)

Regulatory:

Auditor: Deloitte & Touche LLP

An independent audit of the company's affairs through December 31, 2018, was conducted by Deloitte & Touche LLP.

A Best's Financial Strength Rating opinion addresses the relative ability of an insurer to meet its ongoing insurance obligations. The ratings are not assigned to specific insurance policies or contracts and do not address any other risk, including, but not limited to, an insurer's claims-payment policies or procedures; the ability of the insurer to dispute or deny claims payment on grounds of misrepresentation or fraud; or any specific liability contractually borne by the policy or contract holder. A Financial Strength Rating is not a recommendation to purchase, hold or terminate any insurance policy, contract or any other financial obligation issued by an insurer, nor does it address the suitability of any particular policy or contract for a specific purpose or purchaser.

A Best's Issue/Issuer Credit Rating is an opinion regarding the relative future credit risk of an entity, a credit commitment or a debt or debt-like security.

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

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