

## USIC Life Insurance Company

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[Best's Credit Rating Methodology](#) | [Disclaimer](#) | [Best's Credit Rating Guide](#)

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## USIC Life Insurance Company

### Credit Report

**Report Release Date:**

April 4, 2018

**Group Members Rating Effective Date:**

March 20, 2018

**Disclosure Information:** View A.M. Best's [Rating Disclosure Form](#)

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**Ultimate Parent:** [051221 - MRM Group, Inc.](#)

**A.M. Best Rating Unit:** 060567 - USIC Life Insurance Company

### Best's Credit Ratings:

Rating Effective Date: March 20, 2018

<b>Best's Financial Strength Rating:</b>	B++	<b>Outlook:</b>	Stable	<b>Action:</b>	Affirmed
<b>Best's Issuer Credit Rating:</b>	bbb+	<b>Outlook:</b>	Stable	<b>Action:</b>	Affirmed

### Five Year Credit Rating History:

Date	Best's Financial Strength Ratings			Best's Issuer Credit Ratings		
	Rating	Outlook	Action	Rating	Outlook	Action
03/20/2018	B++	Stable	Affirmed	bbb+	Stable	Affirmed
02/16/2017	B++	Stable	Affirmed	bbb+	Stable	Affirmed
02/12/2016	B++	Stable	Affirmed	bbb+	Stable	Affirmed
01/28/2015	B++	Stable	Affirmed	bbb+	Stable	Upgraded
12/13/2013	B++	Stable	Upgraded	bbb	Stable	Upgraded

### Rating Rationale:

**Balance Sheet Strength: Very Strong**

- USIC Life is strongly capitalized in support of it's insurance and investment risk despite the limited scale of the company's operations.

- At December 31, 2017, USIC Life's NAIC RBC at Company Action Level increased to approximately 375%. The increase was mainly as a result of improvements in the quality of invested assets. The company lowered the percentage of non-investment-grade securities.
- Invested assets increased modestly year over year.
- In 2016, USIC received a significant capital infusion from the parent company in order to replenish its operating capacity after recognizing significant realized losses from the downgraded Puerto Rico-domiciled invested assets.
- Net investment yield has declined despite higher average asset balances over the last few years.
- The company has significant capacity for growth. Net premium leverage was approximately one half of one times capital and surplus; the same rate as the prior year.

## Operating Performance: Marginal

- Premium development was interrupted in 2017 as a consequence of a natural disaster, Hurricane Maria, during the fourth quarter. However, 2017 net premiums written increased moderately over the prior year. Risk revenue exposure is mitigated by reinsurance agreements of approximately one-third of direct premiums written.
- In the fourth quarter of 2017, the company recognized a strong increase in business cancelations due mainly to financial hardships in the population, even higher unemployment rates and a substantially higher emigration rate to the mainland United States. The company is working to increase customer service and to lower immediate hardships plaguing the general population with significant outreach.
- During the aftermath of Hurricane Maria, USIC Life increased its short-term focus on the basic needs of its customers. The company temporarily suspended telemarketing efforts and plans to resume those operations in 2018, even as the country works to restore electrical services, transportation, bridges and repair damages to the dwelling places of its customers.
- The company reported sharply declining net investment yield for the last five consecutive years.

## Business Profile: Very Limited

- USIC Life is a core component within the MRM Group, a family-owned holding company
- USIC Life manages a large suite of products, including individual and group life, and ancillary accident and health (A&H) products. Within the A&H product lines, the company's UBrave cancer product is its main sector.
- USIC Life is known for innovation and flexibility in its product designs.
- The company is working to revamp its distribution channel and redesign certain key products in order to improve its competitive edge after losing a major segment of its cancer distribution.
- Growth strategies have been impacted by the hurricanes in the fall of 2017. Enrollment through the third quarter had been strong but faltered during the fourth quarter. Before the hurricanes, the company was on track to exceed planned revenue expectations. Despite the setback, revenue development was somewhat ahead of the prior year at December 31, 2017.

## Enterprise Risk Management: Appropriate

- USIC Life has in place a chief risk officer (CRO) and Governance Committee.
- The risk management program is formalized and management periodically reviews critical risks through third-party review.
- ERM program focused on governance and controls, pricing adequacy, catastrophe analysis with scenario testing; geographic and regulatory risk, with legislative and judicial impact.
- Improvements in IT infrastructure and strong focus on cyber risk

## Rating Lift/Drag

- Lift is based on the support of the parent company
- The parent company has provided capital support when necessary

## Outlook

The outlook is stable based on USIC Life's very strong balance sheet, marginal operating performance and very limited business profile.

## Rating Drivers

Increase in strategic importance to its parent could result in positive rating action:

Decline in risk-adjusted capital could result in negative rating action.

If USIC Life becomes less strategically important to its parent, MRM Group, Inc., there could be negative rating action.

Deterioration in operating performance could result in negative rating action.

### Financial Data Notes:

**Time Period:** Annual - 2017

**Status:** A.M. Best As Received

### Key Financial Indicators:

#### Key Financial Indicators (000)

	Year End - December 31				
	2017	2016	2015	2014	2013
Assets	10,340	9,942	6,445	8,098	7,393
Policyholders' Surplus	7,905	7,773	4,532	6,256	5,937
Asset Valuation Reserve	116	115	42	196	44
Net Premiums Written	4,319	4,073	3,886	4,168	4,130
Net Investment Income	190	246	263	305	300
Net Income	89	291	-1,860	407	410

Source: Bestlink - Best's Statement File - L/H, US

(\*) Within several financial tables of this report, this company is compared against the Individual Accident & Health Composite.

(\*) Data reflected within all tables of this report has been compiled from the company-filed statutory statement.

(\*) The most recent data contained in this report is "As Received" indicating that this financial data was recorded as it was received from the company. While the data provided were obtained from sources believed to be reliable, their accuracy cannot be guaranteed.

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

<b>Confidence Level</b>	<b>95.0</b>	<b>99.0</b>	<b>99.5</b>	<b>99.6</b>
BCAR Score	68.3	53.5	43.3	39.4

Source: Best's Capital Adequacy Ratio Model - L/H, US

## Credit Analysis:

Balance Sheet Strength: Very Strong

### Capitalization:

USIC Life exhibited strong capitalization. At the 99.6% VaR, the company scored 39.4 which corresponds to strongest on the A.M. Best stochastic BCAR scale for its projected year ended December 31, 2017. USIC Life risk-adjusted capital scores rebounded sharply in 2016 after a decline in the prior year. At December 31, 2017, risk-adjusted capital sharply improved as a consequence of better invested asset and product mix, stronger capitalization and flat net premiums written. The five year CAGR of total capital measured 7.6%, while the five year CAGR of net premiums written was 2.0%.

The company received a capital infusion of \$3.0 million in 2016, after recognizing over \$(2.1) million in net realized losses in the prior year. The capital infusion helped to replenish the company's operating capacity after Puerto Rico domiciled securities were down-graded. The capital infusion expanded the operating capacity of USIC Life, which lowered net premium leverage to approximately half of one percent, leaving the company with a large growth capacity.

Working capital, the ratio of adjusted capital and surplus to liabilities, was considered to be strong where the measure was in excess of 300% for four of the last five years. The score was several times larger than the industry composite and reflected to low claim reserve requirements of the mostly health and ancillary sectors that now dominate the company's top line development. The company also exhibits redundant capitalization and sufficiently hedged operating cash flows.

### Capital Generation Analysis

	Year End - December 31				
	2017	2016	2015	2014	2013
Pre-Tax Net Operating Gain (\$000)	185	316	211	416	417
Realized Capital Gains (\$000)	-90	-12	-2,070	...	...
Income Taxes (\$000)	6	13	1	9	6
Unrealized Capital Gains (\$000)	42	47	-19	48	-45
Change in AVR (\$000)	-1	-73	154	-153	-11
Other Changes (\$000)	3	2,976	1	17	113
Change in Capital & Surplus (\$000)	132	3,241	-1,725	319	467
Change in Capital & Surplus (%)	1.7	71.5	-27.6	5.4	8.5

Source: Bestlink - Best's Statement File - L/H, US

### Liquidity Analysis

	Year End - December 31				
	2017	2016	2015	2014	2013
Operating Cash Flow (\$000)	462	383	474	540	508
Non-Investment Grade Bonds / Capital (%)	5.0	8.8	13.1	53.0	9.3

**Capitalization: (Continued...)**

**Liquidity Ratios (%)**

	Company					Industry Composite				
	Year End - December 31					Year End - December 31				
	2017	2016	2015	2014	2013	2017	2016	2015	2014	2013
Quick Liquidity	334.2	348.8	243.2	200.0	342.2	...	54.4	53.8	53.0	53.7
Current Liquidity	415.8	448.3	325.7	426.2	496.4	...	99.5	105.6	105.2	105.5

Source: Bestlink - Best's Statement File - L/H, US

Industry Composite: Individual Accident & Health Composite - Bestlink - Best's Statement File - L/H, US

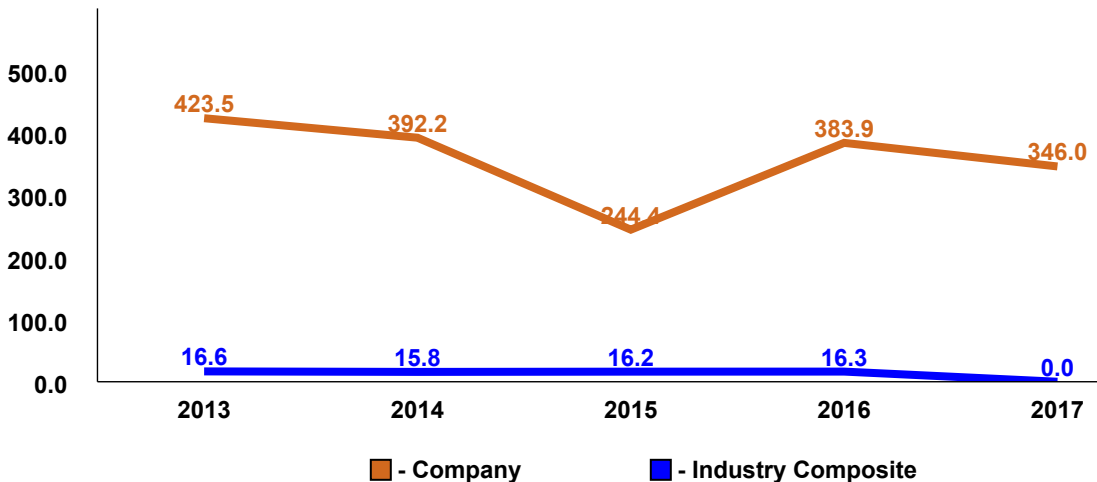
**Leverage Analysis (%)**

	Company					Industry Composite				
	Year End - December 31					Year End - December 31				
	2017	2016	2015	2014	2013	2017	2016	2015	2014	2013
Capital & Surplus to Liabilities	346.0	383.9	244.4	392.2	423.5	...	16.3	16.2	15.8	16.6
Reinsurance Leverage	6.8	8.8	17.6	4.7	5.9	...	156.7	196.2	191.2	159.6
NPW & Deposits to Total Capital	0.5	0.5	0.8	0.6	0.7	...	1.2	1.3	1.3	2.0
Change in NPW & Deposits	6.0	4.8	-6.8	0.9	5.4	...	3.5	-1.0	-41.7	-4.8

Source: Bestlink - Best's Statement File - L/H, US

Industry Composite: Individual Accident & Health Composite - Bestlink - Best's Statement File - L/H, US

**Capital & Surplus to Liabilities**

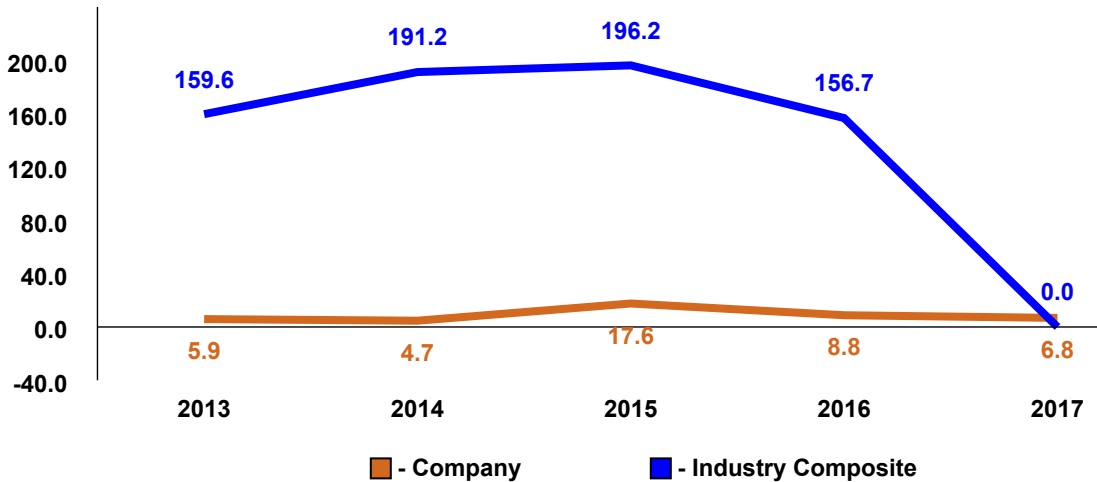


Source: Bestlink - Best's Statement File - L/H, US

Industry Composite: Individual Accident & Health Composite - Bestlink - Best's Statement File - L/H, US

**Capitalization: (Continued...)**

**Reinsurance Leverage**



Source: Bestlink - Best's Statement File - L/H, US  
Industry Composite: Individual Accident & Health Composite - Bestlink - Best's Statement File - L/H, US

**Asset Liability Management – Investments:**

Invested assets were comprised of bonds (68.5%), stocks (9.9%), and cash and short-term (21.7%) securities. Over 94% of fixed income securities were held in investment grade securities, reflecting the sharp decline in non-investment grade fixed instruments and were 100% publicly traded. The company's bond portfolio was comprised of U.S. State and Special Revenue (63.2%), corporate securities (17.8%), U.S. Government (9.7%) and Other Foreign Securities (9.2%). Approximately 6% of these assets were below investment grade and reflected Puerto Rico regulatory securities that were mandated to be held in domestic securities that were subjected to the downgrade. Additionally, the average maturity of bonds decreased sharply since 2015, going from 12.0 to 7.3 years.

Generally, the company's investment portfolio has increased in scale over the last two years, which helped the company to increase diversity between the individual holdings.

The ratio of common stock to capital was 11.2% and well within the acceptable threshold for the company's exposure to equities. Preferred stock as a percentage of capital was just over 1%.

**Liquidity:**

The company's overall liquidity measured over 400% for four of the last five years. Quick liquidity measured over 300% for three of the last five years. Quick assets as a percentage of total invested assets measured over 77.0% at December 31, 2017.

Net cash from operations was sustained in the favorable range at the end of each of the last five years, attesting to the company focus on claims management and liquidity.

In 2017, the company recognized a small investment loss of Other Than Temporary Impairment. USIC Life one year return-on-capital exhibited a sequentially declining trend over the last five years, mainly as a result of reduced operating profitability and in particular, lower investment returns as invested assets that were redeemed or matured were replaced with lower yielding securities.

**Asset Liability Management – Investments: (Continued...)**

**Bond Portfolio - 2017 Bonds Distribution by Maturity (%)**

	Years					Years Average Maturity
	0-1	1-5	5-10	10-20	20+	
Government	1.6	2.1	6.0	...	...	5.4
Government Agencies	2.3	20.8	31.4	5.8	3.0	7.3
Industrial & Miscellaneous	1.2	9.0	8.2	8.7	...	8.1
<b>Total</b>	<b>5.0</b>	<b>32.0</b>	<b>45.6</b>	<b>14.5</b>	<b>3.0</b>	<b>7.3</b>

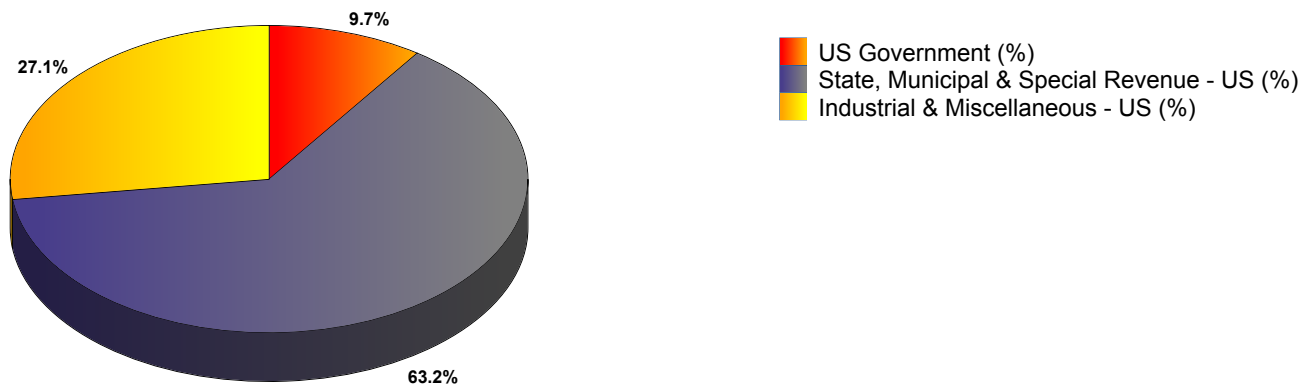
Source: Bestlink - Best's Statement File - L/H, US

**Bond Distribution by Issuer Type**

	Year End - December 31				
	2017	2016	2015	2014	2013
Bonds (\$000)	6,884	6,905	3,396	6,200	6,374
US Government (%)	9.7	7.0	...	...	...
State, Municipal & Special Revenue - US (%)	63.2	66.0	100.0	100.0	100.0
Industrial & Miscellaneous - US (%)	27.1	27.0	...	...	...

Source: Bestlink - Best's Statement File - L/H, US

**2017 Bond Distribution By Issuer Type**



Source: Bestlink - Best's Statement File - L/H, US

**Operating Performance: Marginal**

Revenue:

USIC Life's revenue development was moderate, including the unfavorable impact of Hurricane Maria. At December 31, 2017, the change in net premiums written over the same period in the prior year was 6.0% year over year. The company's revenue development has



fluctuated and therefore, overall growth is considered moderate. Direct premiums written were modest at somewhat below 4%. However, the company increased its retention rate after lowering ceded reinsurance. Additionally, ordinary life policies issued in 2017 more than doubled that of the prior year and exhibited USIC Life's plan to refocus efforts in developing its life insurance line of business. USIC Life's five-year CAGR of net premiums written measured 2.0% at December 31, 2017.

When looking at Puerto Rico business environment, the company has been challenged to build operating scale. Revenue development was unfavorably impacted during the fourth quarter of 2017 during the immediate hurricane recovery period as a consequence of disruption in mail delivery and perpetuating transportation challenges.

**Underwriting:**

USIC Life's combined ratio for accident and health operations increased sharply over the last four years, where guaranteed renewable products far exceeded break-even. From an underwriting income perspective, USIC Life's performance in 2017 was near break-even. The change in underwriting performance was mainly attributable to higher commission expenses. Renewal premium persistency of life insurance operations fell below 70%. Death benefits also increase sharply by almost 30%, increasing the strain on earning. The company's earnings were below its full year forecast, reflecting the impact of lower underwriting performance, lower investment income, a higher realized capital loss and disruption from hurricane Maria. Even though the company's is of small scale, net income was almost 70% lower than the prior.

**Investment income:**

USIC Life reported a sharp decline in investment income due mainly to substantially lower investment yield in fixed income securities. Adding to investment income decline was noticeably lower average maturity in fixed income securities.

## Underwriting Results:

### Profitability Test (%)

	Year End - December 31					5-YR Avg/Total
	2017	2016	2015	2014	2013	
Benefits Paid to NPW & Deposits	35.2	34.0	32.9	29.2	27.8	31.8
Commissions & Expenses to NPW & Deposits	63.9	59.4	63.7	63.8	63.4	62.9
Net Operating Gains to Total Assets	1.8	3.7	2.9	5.2	5.9	3.7
Net Operating Gains to Total Revenues	3.6	6.2	4.7	9.1	9.3	6.5
Operating Return on Equity	2.3	4.9	3.9	6.7	7.2	4.8
Net Yield	1.94	3.13	3.80	4.13	4.44	3.37
Pre-tax Invest Total Return	1.43	3.79	-25.94	4.72	3.69	-1.96

Source: Bestlink - Best's Statement File - L/H, US

### Net Operating Gain (\$000)

	Year End - December 31				
	2017	2016	2015	2014	2013
Ordinary life	7	31	5	24	-1
Group life	40	205	52	49	178
Individual A&H	-126	-100	-55	27	30
Group A&H	258	166	208	307	204
Total	179	302	210	407	410

Source: Bestlink - Best's Statement File - L/H, US

## Underwriting Results: (Continued...)

### Accident & Health Statistics

	Year End - December 31				
	2017	2016	2015	2014	2013
Net Premiums Written (\$000)	3,799	3,483	3,350	3,263	3,213
Net Premiums Earned (\$000)	3,799	3,483	3,350	3,263	3,213
Loss Ratio (%)	32.6	36.3	30.4	23.2	24.7
Expense Ratio (%)	67.1	62.5	66.2	68.0	67.4
Underwriting Results (\$000)	12	39	114	286	254

Source: Bestlink - Best's Statement File - L/H, US

## Business Profile: Very Limited

USIC Life offers a large suite of core and ancillary products. They include Term Life, UGRAD, Personal Accident, Group Life, Group Critical Illness, SINOT – Statutory Group Temporary Non-Occupational Disability Insurance, Long Term Disability, Short Term Disability, Care4Cancer, Woman Care, UBrave – a cancer product, Individual Critical Illness.

In 2016 USIC Life began offering a new individual tuition product (UGrad) designed to provide a benefit to cover private school tuition costs of the child of the insured in the event of the death of the insured. The reserves reflect the present value of expected future tuition costs, adjusted each year with a tuition inflation factor.

USIC Life maintains a significant number of reinsurance agreements. The company participates in assumptive and ceded reinsurance in order to manage risk. The company ceded approximately 30% of gross premiums and deposits in 2017, which included approximately 12% of assumptive premiums.

For the group life product there is a 50% quota share agreement up to \$50,000, where the excess is ceded 100%, with a maximum retention of \$25,000. The automatic reinsurance limit is \$300,000.

Group long-term and short-term disability products are ceded 100%. The company's individual critical illness product participates in a 50% quota share arrangement up to \$50,000, where the excess is ceded 100%. The group critical illness is similar to the individual plan. The mortgage critical illness plan is a 50% quota share agreement up to \$80,000, where the excess is ceded 100%.

The company's individual life (UGrad) product, designed to provide coverage to high school students attending private school is a 50% quota share agreement up to \$25, 000, where the excess is ceded 100%.

Reinsurance leverage measure approximately 7% at year-end 2017, reflecting a noticeable reduction since 2015. Surplus relief was considered relatively low at approximately 5%, reflecting the company's controlled leverage position.

USIC occupies approximately 2% of the insurance market in Puerto Rico, leaving the company with significant growth potential. However, there is competition for effective distribution channels through brokers and agencies that are equipped to market the company's products.

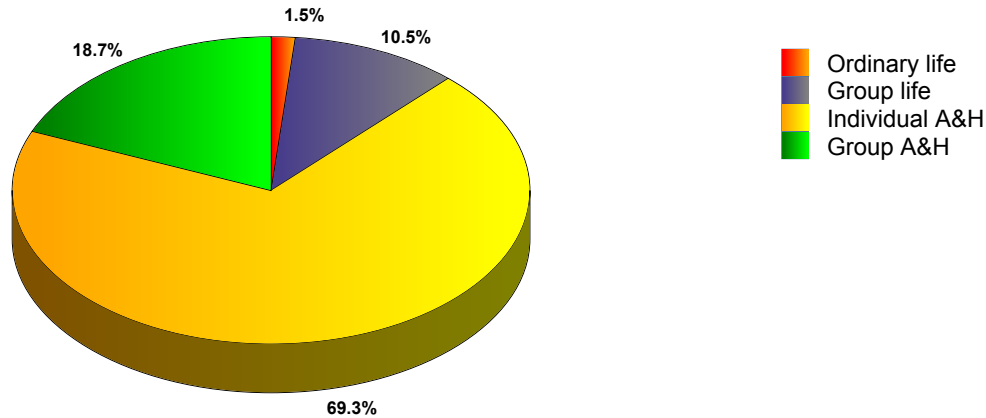
USIC Life's operations are mainly conducted in Puerto Rico with a small portion of operations in the U.S. Virgin Islands. The company's UBrave cancer product is responsible for more than 50% of earned premiums and gross margin before general and administrative expenses.

Despite its small scale, USIC Life operates in a number of core life insurance and accident and health markets. Strategically, the company's ordinary and group life business has trended downwards over the last five years. The company faces a strong competitive business environment for life insurance beneficiaries. For the ancillary lines of business, USIC Life Group LTD and STD is also met with significant domestic competition.

Recently, the company lost its main cancer/dead disease distribution channel (government sector) and is working to establish relationships with potential distribution channels that can sell the cancer and dread disease products in the private sector. The company is managing through challenging economic conditions making it difficult to predict premium growth. A lack of operational efficiency has been identified, which could impair growth expectations and customer service. Given its evolving business mix, the company may need to lower the

distribution of reserve intensive product and mass market product offerings. The company also experienced a loss in the distribution of cancer/dread disease in the government sector.

**2017 Top Product Lines of Business (Net Premiums Written)**



Source: Bestlink - Best's Statement File - L/H, US

**2017 By-Line Business**

Product Line	Direct Premiums Written		Reinsurance Premiums Assumed		Reinsurance Premiums Ceded		Net Premiums Written	
	(\$000)	(%)	(\$000)	(%)	(\$000)	(%)	(\$000)	(%)
Ordinary life	94	1.7	...	...	30	1.6	65	1.5
Group life	913	16.8	...	...	457	25.2	456	10.5
Individual A&H	3,108	57.3	...	...	116	6.4	2,992	69.3
Group A&H	1,312	24.2	709	100.0	1,214	66.8	807	18.7
<b>Total</b>	<b>5,427</b>	<b>100.0</b>	<b>709</b>	<b>100.0</b>	<b>1,817</b>	<b>100.0</b>	<b>4,319</b>	<b>100.0</b>

Source: Bestlink - Best's Statement File - L/H, US

**Geographical Breakdown By Direct Premium Writings**

	2017	2016	2015	2014	2013
Puerto Rico	5,415	5,220	4,237	3,484	3,732
U.S. Virgin Islands	13	14	8	...	...
<b>Total</b>	<b>5,427</b>	<b>5,234</b>	<b>4,245</b>	<b>3,484</b>	<b>3,732</b>

Source: Bestlink - Best's Statement File - L/H, US

**Enterprise Risk Management: Appropriate**

USIC Life has in place a functioning Enterprise Risk Management Program (ERM). The company has identified a number of areas of focus under the purview of its Chief Risk Officer and the committees that were setup to mitigate the organization risk exposures. The prevalent risk committee and their reporting trees are currently in place. Reporting to the board of directors are the Audit, Investment, and Compensation Committees. Reporting to senior management are the Governance and Information and Technology Committees. The organization has stratified its prevailing risks into the following segments: Operational Risk, including underwriting, reserving and reinsurance; Event Risk, including catastrophe analysis, scenario testing and equity market exposure; Geographic Risk, including regulatory, legislative and judicial impact; Infrastructure and System Risk, including business continuity, disaster recovery, system upgrades, penetration and vulnerability testing and Cyber Risk, including internal and external controls to manage data breaches and potential cyber-attacks. Cyber liability insurance was recently renewed.

## Rating Lift/Drag

USIC Life operates mostly on an independent basis except where cross-selling opportunities occur. USIC Life's earnings are not core to the groups cash flow, but provides a good source of diversification.

USIC Life has benefited from explicit support from the parent company. A capital infusion totaling \$3.0 million was contributed in 2016 in order to strengthen its risk-adjusted capital, while expanding the company operating capacity. The infusion was in reaction to the invested asset write-downs that occurred in 2015 on Puerto Rico domiciled securities. The insurance operating companies share a common brand.

## Financial Statements:

### Balance Sheet:

### Balance Sheet:

Admitted Assets	Year End - December 31	
	2017 (\$000)	2016 (\$000)
Bonds	6,884	6,905
Preferred Stocks	97	96
Common Stocks	896	660
Cash & short-term Investments	2,177	1,988
Premiums & Consideration Due	51	48
Investment income due & accrued	70	79
Other Assets	165	167
<b>Total Assets</b>	<b>10,340</b>	<b>9,942</b>

Liabilities & Surplus	Year End - December 31	
	2017 (\$000)	2016 (\$000)
Net Policy Reserves	880	831
Policy Claims	713	550
Payables on reinsurance assumed	107	116
Interest maintenance reserve	55	60
Commissions, taxes and expenses	395	346
Amounts withheld by company as agent	64	...
Remittances and items not allocated	...	45
Asset Valuation Reserve	116	115
Payables to affiliates	92	90
Other Liabilities	12	17
<b>Total Liabilities</b>	<b>2,435</b>	<b>2,170</b>

**Components of net policy reserves - 2017:** + Analysis of reserves; Life \$66; miscellaneous reserves \$0; accident & health \$814.

**Components of net policy reserves - 2016:** + Analysis of reserves; Life \$60; miscellaneous reserves \$0; accident & health \$771.

Capital & Surplus	Year End - December 31	
	2017 (\$000)	2016 (\$000)
Common Stock	4,000	4,000
Paid-in & Contributed Surplus	4,000	4,000
Unassigned Surplus	-95	-227
<b>Total Policyholders' Surplus</b>	<b>7,905</b>	<b>7,773</b>
<b>Total Liabilities &amp; Surplus</b>	<b>10,340</b>	<b>9,942</b>

Source: Bestlink - Best's Statement File - L/H, US

## Summary of Operations:

### Summary of Operations (000)

Statement of Income	2017 (\$000)	Expenses	2017 (\$000)
Premiums:		Death benefits	226
Ordinary life premiums	65	Claims incurred (PC)	...
Individual annuities premiums	...	Matured endowments	...
Credit life premiums	...	Annuity & old age benefits	...
Group life premiums	456	Disability & Accident & Health benefits	57
Group annuities premiums	...	Coupons, annual endowments & similar benefits	...
Accident & Health group premiums	807	Surrender benefits	...
Accident & Health credit premiums	...	Group conversion	...
Accident & Health other premiums	2,992	Accident & Health benefits	1,237
Industrial life premiums	...	Interest on contract or deposit-type funds	...
Miscellaneous premiums	...	Payments on supplemental contracts	...
Premiums & annuity considerations	...	Accumulated coupon payments	...
Fraternal premiums	...	Total benefits recodes	...
Aviation reinsurance premiums	...	Increase in life reserves	6
Deposit type funds	...	Increase in accident & health reserves	42
Employee benefits plan premiums	...	Increase in liabilities for premium deposit funds	...
Deposit administration funds	...	Change in reserves	...
Other premiums	...	Reserve adjustment on reinsurance assumed	...
Reinsurance premiums	...	Other reserves	...
Total net premiums	4,319	Claim adjustment (PC only)	...
Supplementary contracts	...	Administrative expenses (PC only)	...
Coupon accum interest	...	Commissions on premiums & annuity considerations	1,902
Net investment income	190	Commissions & expenses on reinsurance assumed	142
Amortization of Interest Maintenance Reserve	4	Other commissions & expenses	...
Net operating gain from separate accounts	...	Reinsurance expenses	...
Commissions & expense allowance on rein ceded	518	Interest expenses	...
Reserve adjustment on reinsurance ceded	...	Insurance taxes, licenses & fees	148
Reinsurance income	...	General insurance expenses	1,087
Other income	...	Net transfer to separate accounts	...
Difference between net earned & net written (PC only)	...	Other expenses	...
Management and/or service fees	...		
<b>Total operating income</b>	<b>5,032</b>	<b>Total expenses</b>	<b>4,847</b>
		Net operating gain before federal income taxes	185
		Net operating gain before taxes & dividends	...
		Net operating gain before refunds to members	...
		Dividends - life	...
		Dividends - accident & health	...
		Refund to members (fraternal only)	...

**Summary of Operations: (Continued...)**

**Summary of Operations (000) (Continued...)**

Statement of Income	2017 (\$000)	Expenses	2017 (\$000)
		Net operating gain after dividends & before taxes	...
		Federal income taxes	6
		Net operating gain	...
		Net operating gain after federal income taxes	179
		Net operating gain after dividends & taxes	...
		Net operating gain after refunds to members	...

Source: Bestlink - Best's Statement File - L/H, US

**Cash Flow Analysis (\$000)**

**Cash Flow Analysis (\$000)**

Funds Provided	2017 (\$000)	Funds Applied	2017 (\$000)
Gross cash from operations	5,057	Benefit and loss payments	1,352
Transfers from separate accounts	...	Commissions, taxes & expenses paid	3,238
Federal income tax refunds	...	Transfers to separate accounts	...
Decrease in contract loans & premium notes	...	Dividends to policyholders	...
Bond proceeds	457	Federal income taxes paid	...
Stock proceeds	452	Increase in contract loans & premium notes	...
Mortgage loans proceeds	...	Surplus notes paid back	...
Real estate proceeds	...	Capital notes paid back	...
Collateral loans proceeds	...	Capital paid back	...
Surplus notes paid in	...	Repaid borrowed money	...
Capital notes paid in	...	Repaid capital notes	...
Capital paid in	...	Bonds acquired	...
Borrowed money	...	Stocks acquired	...
Capital notes	...	Mortgage loans acquired	...
Other investment proceeds	...	Real estate acquired	...
		Collateral loans acquired	...
		Other investments acquired	1,182
		Dividends to stockholders	...
Total Other cash provided	1	Total Other cash apportioned	5
Decrease in cash & short-term investments	...	Increase in cash & short-term investments	189
<b>Total</b>	<b>5,966</b>	<b>Total</b>	<b>5,966</b>

Source: Bestlink - Best's Statement File - L/H, US

## USIC Life Insurance Company

**Report Revision Date:**  
August 14, 2018

### Company Attributes:

**Industry:** Insurance  
**Business Type:** Life, Annuity, and Accident  
**Entity Type:** Operating Company  
**Organization Type:** Stock  
**Business Status:** In Business - Actively Underwriting  
**Marketing Type:** General Agent  
**Financial Size:** IV (\$5 Million to \$10 Million)

### Company History:

**Date Incorporated:** 07/30/2002

**Date Commenced:** 05/01/2006

**Domicile:** United States: Puerto Rico

### Company Operations:

**Licensed Territory:** (Current since 03/01/2017).The company is licensed in Puerto Rico and U.S. Virgin Islands.

2017 Rank	Top 5 Lines of Business by NPW	
1	Individual A&H	69.3%
2	Group A&H	18.7%
3	Group life	10.5%
4	Ordinary life	1.5%

2017 Rank	Top 5 Geographic Distribution by DPW	
1	United States: PR	99.8%
2	United States: VI	0.2%

Source: Bestlink - Best's Statement File - L/H, US

### Company Management:

Last significant update on 03/01/2017

#### Officers

**President:** Frederick Millán  
**CFO:** Jorge Junquera  
**Chief Risk Officer:** Rafael Blanes  
**Underwriter:** Carmen Arbona (Manager)



## Company Management: (Continued...)

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### Directors

Rafael Blanes  
Maria de Lourdes Blanes  
Maria de Lourdes González  
Carlos González  
Duhamel Iglesias  
Frederick Millán

### Regulatory:

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**Auditor:** BDO Puerto Rico

An examination of the financial condition is being made as of December 31, 2008, by the insurance department of Puerto Rico. The 2017 annual independent audit of the company was conducted by BDO Puerto Rico. The annual statement of actuarial opinion is provided by Darrel D. Spell, FSA, MAAA, Milliman.

### Additional Resources:

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