United Surety & Indemnity Company

B-7 Tabonuco Street, T-Mobile Center, Suite 1200, Guaynabo, Puerto Rico, United States 00968-3003

Mailing Address: P.O. Box 2111, San Juan, Puerto Rico, United States 00922-2111

AMB #: 011138 **NAIC #:** 44423 **FEIN#:** 66-0457223

Phone: 787-273-1818 **Fax:** 787-783-8232 **Website:** www.usicgroup.com

Best's Credit Rating Methodology | Disclaimer | Best's Credit Rating Guide

United Surety & Indemnity Company

Credit Report

Report Release Date:
March 26, 2019

Rating Effective Date:
March 13, 2019

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

Analytical Contacts

A.M. Best Rating Services, Inc.

Brian O'Larte
Director
Brian.O'Larte@ambest.com
+1(908) 439-2200 Ext. 5138

Richard Attanasio
Senior Director
Richard.Attanasio@ambest.com
+1(908) 439-2200 Ext. 5432

Ultimate Parent: 051221 - MRM Group, Inc.

A.M. Best Rating Unit: 011138 - United Surety & Indemnity Company

Best's Credit Ratings:

Rating Effective Date: March 13, 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**
03/13/2019	A	Stable	Affirmed	a+	Stable	Affirmed
03/01/2018	A	Stable	Affirmed	a+	Stable	Affirmed
02/16/2017	A	Stable	Affirmed	a+	Stable	Affirmed
02/12/2016	A	Stable	Affirmed	a+	Stable	Affirmed
01/28/2015	A	Stable	Affirmed	a+	Stable	Affirmed

Rating Rationale:

Balance Sheet Strength: Very Strong

- Strongest level of risk-adjusted capitalization as measured by Best's Capital Adequacy Ratio (BCAR) at the 99.6% VaR level.

- The company has stable loss reserving trends as it has reported favorable loss reserve development in nine straight calendar years.
- Prudent investment portfolio that consists of fixed income securities, cash and short-term investments and a well-diversified stock portfolio.
- Strong liquidity measures that are enhanced by positive underwriting and operating cash flows.
- Limited financial flexibility and stockholder dividend requirements.

Operating Performance: Strong

- Favorable return measures (ROR and ROE) that have outperformed its peers and industry composites.
- Strong operating and underwriting performance over the past five and ten years that also significantly outperformed its industry composite.
- Solid investment returns over the past five years, as the company's investment yields have outperformed the industry composite.
- Elevated underwriting expense ratio primarily driven by a commission rate that is nearly three times the composite average.

Business Profile: Neutral

- Geographical concentration in Puerto Rico, which exposes results to weather-related events, economic pressure and to judicial and regulatory challenges.
- The company is the market leader in the surety line of business and one of the market leaders in dwelling, earthquake and flood lines in Puerto Rico.
- Strong management team with successful track record and depth across senior levels.
- Moderate product diversification led by surety, dwelling, flood and earthquake lines of business.

Enterprise Risk Management: Appropriate

- Risk management capabilities are considered appropriate and aligned with the company's risk profile.
- The company continues to enhance its formal enterprise risk management program.
- The company has a comprehensive reinsurance program with strong partners, which was tested and proved successful in 2017.
- The company has some tail risk, as evidenced by the BCAR at the 99.8% VaR level.

Outlook

The stable outlooks are based on continued strong underwriting and operating performance along with maintaining its strongest level of risk-adjusted capitalization as measured by BCAR.

Rating Drivers

Negative rating action could result if the company's underwriting and operating performance deteriorates markedly.

Negative rating action could result if there is a material weakening of risk-adjusted capitalization.

Financial Data Notes:

Time Period: Annual - 2017

Status: A.M. Best Quality Cross Checked

Key Financial Indicators:

Key Financial Indicators (000)

	Year End - December 31				
	2017	**2016**	**2015**	**2014**	**2013**
Premiums Written					
Direct	32,943	38,424	37,167	35,966	35,925
Net	21,283	26,324	25,854	24,450	22,404
Pre-tax Operating Income ($000)	12,079	13,873	15,114	8,433	8,635
Net Income	8,032	10,818	-4,122	8,046	8,364
Total Admitted Assets	107,683	98,754	94,218	98,932	108,960
Policyholders' Surplus	64,251	59,784	54,078	55,319	60,330

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

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

	Year End - December 31				
	2017	**2016**	**2015**	**2014**	**2013**
Profitability					
Combined Ratio	62.3	56.0	50.0	76.3	80.9
Investment Yield	1.9	2.4	3.3	3.8	3.8
Pre-Tax Return on Revenue	51.2	52.5	60.2	36.5	37.5
Leverage					
Non-Affiliated Investment Leverage	21.7	21.4	29.6	48.0	17.3
Net Premiums Written to Policyholders' Surplus	0.3	0.4	0.5	0.4	0.4
Net Leverage	1.0	1.1	1.2	1.2	1.2
Liquidity					
Overall Liquidity	247.9	253.4	234.7	226.8	224.1
Operating Cash-Flow	139.4	114.5	142.6	139.6	138.0

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

(*) Within several financial tables of this report, this company is compared against the Commercial Property Composite.
(*) Data reflected within all tables of this report has been compiled from the company-filed statutory statement.

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

Confidence Level	**95.0**	**99.0**	**99.5**	**99.6**
BCAR Score	88.2	83.2	81.1	79.2

Source: Best's Capital Adequacy Ratio Model - P/C, US

Credit Analysis:

Balance Sheet Strength: Very Strong

USIC's balance sheet strength assessment is rated very strong based on its risk-adjusted capitalization as measured by Best's Capital Adequacy Ratio (BCAR), stable loss reserving trends, prudent investment portfolio, strong liquidity measures which are enhanced by positive underwriting and operating cash flows and comprehensive reinsurance program with strong partners, partially offset by the company's stockholder dividend requirements, and somewhat limited financial flexibility.

Capitalization:

The company maintains a strongest level of risk-adjusted capitalization as measured by BCAR. The capital position reflects the company's conservative underwriting leverage, stable loss reserving trends and prudent investment portfolio. Despite strong earnings, surplus growth has been tempered by sizable annual stockholder dividends over the past five-year period as well as realized capital losses. Management has indicated that future dividend allocation remains flexible and dependent upon company performance. A.M. Best anticipates that capitalization will remain fully supportive of the assessment over the near term as additional surplus growth should be driven by profitable earnings.

Capital Generation Analysis

	Year End - December 31				
	2017	2016	2015	2014	2013
Pre-tax Operating Income ($000)	12,079	13,873	15,114	8,433	8,635
Realized Capital Gains ($000)	-380	575	-15,151	869	1,535
Income Taxes ($000)	3,667	3,630	4,085	1,256	1,806
Unrealized Capital Gains ($000)	658	597	10,974	-7,211	-1,772
Net Contributed Capital ($000)	-4,000	-6,000	-6,940	-4,000	-8,861
Other Changes ($000)	-223	292	-1,153	-1,846	-204
Change in Policyholders' Surplus ($000)	4,466	5,707	-1,241	-5,011	-2,472
Change in Policyholders' Surplus (%)	7.5	10.6	-2.2	-8.3	-3.9

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

Liquidity Analysis (%)

	Company					Industry Composite				
	Year End - December 31					Year End - December 31				
	2017	2016	2015	2014	2013	2017	2016	2015	2014	2013
Quick Liquidity	95.3	82.2	87.0	61.9	60.1	61.0	59.9	57.7	57.2	51.2
Current Liquidity	274.4	233.4	224.6	216.5	213.7	122.3	118.6	120.6	116.6	114.4
Overall Liquidity	247.9	253.4	234.7	226.8	224.1	191.6	188.4	191.5	179.7	172.6

Source: Bestlink - Best's Statement File - P/C, US
Industry Composite: Commercial Property Composite - Bestlink - Best's Statement File - P/C, US

Asset Liability Management – Investments:

The company maintains a prudent investment portfolio which consists of mostly fixed income securities, a well diversified equity portfolio, cash and short-term investment and small amount of BA assets. Currently, the company holds a small percentage of investments in Puerto

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

Rico debt holdings. The group's investment portfolio has generated approximately fourteen points to their operating ratio over the past five years.

Bond Portfolio - 2017 Bonds Distribution by Maturity (%)

	Years					Years Average
	0-1	1-5	5-10	10-20	20+	Maturity
Government	2.7	9.1	6.2	0.6	...	4.5
Government Agencies and Municipal Bonds	5.2	23.9	22.5	4.6	0.2	5.6
Industrial and Misc.	13.8	6.7	4.5	...	...	2.4
Total	21.7	39.8	33.2	5.2	0.2	4.6

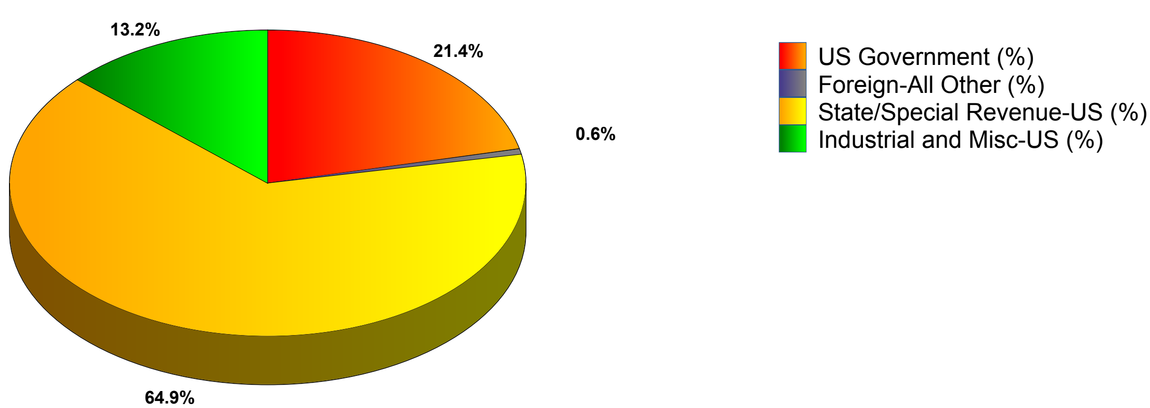
Source: Bestlink - Best's Statement File - P/C, US

Bond Distribution by Issuer Type

	Year End - December 31				
	2017	2016	2015	2014	2013
Bonds ($000)	71,842	69,948	64,569	80,039	87,074
US Government (%)	21.4	26.1	28.3	23.4	21.5
Foreign Government (%)	...	...	...	1.6	1.5
Foreign-All Other (%)	0.6	0.9	...	...	...
State/Special Revenue-US (%)	64.9	63.9	68.5	72.9	75.7
Industrial and Misc-US (%)	13.2	9.0	3.2	2.1	1.3

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

2017 Bond Distribution By Issuer Type



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

Reserve Adequacy:

USIC has reported favorable loss reserve development in nine straight calendar years which reflects management's conservative underwriting guidelines for contract surety bonds, and improved monitoring of construction projects. However, the company reported slight adverse reserve development on two of the recent nine accident years. The adverse loss reserve development in accident year 2012 was driven by a spike in surety losses and incorrect allocation between accident years which were corrected in 2013. Subsequently, management implemented a number of initiatives including, corrective underwriting actions to limit future potential loss and reserves are set at the worst case scenario and do not reflect potential recoverables. Additionally, the company has also reported a slight adverse development in accident year 2015 largely driven by late reported claims. However, the company does anticipate that 2015 accident year will end up in a redundant position. In 2018, the company will be reporting approximately $11 million in reserve releases, mostly driven by the Catastrophe Reserves balance mandated by Office of Insurance Commissioner.

Loss and Allocated Loss Adjustment Expense Reserve Development

	Year End - December 31				
Calendar Year:	**2017**	**2016**	**2015**	**2014**	**2013**
Original Loss Reserves ($000)	6,196	8,461	10,882	16,119	17,664
Developed Reserves Thru Latest Year End ($000)	6,196	6,795	7,254	7,686	10,742
Development to Original (%)	...	-19.7	-33.3	-52.3	-39.2
Development to Policyholder Surplus (%)	...	-2.8	-6.7	-15.2	-11.5
Developed Reserves to Net Premiums Earned (%)	26.3	25.7	28.9	33.3	46.7
Unpaid Reserves @ Latest Year End ($000)	6,196	5,516	4,938	3,762	3,222
Unpaid Reserves to Developed Reserves (%)	100.0	81.2	68.1	48.9	30.0

	Year End - December 31				
Accident Year:	**2017**	**2016**	**2015**	**2014**	**2013**
Original Loss Reserves ($000)	680	1,136	1,419	4,109	5,816
Developed Reserves Thru Latest Year End ($000)	680	707	1,862	1,855	2,324
Development to Original (%)	...	-37.8	31.2	-54.9	-60.0
Unpaid Reserves @ Latest Year End ($000)	680	578	1,176	540	1,183
Accident Year Loss Ratio (%)	10.9	4.6	9.0	10.6	15.9
Accident Year Combined Ratio (%)	69.4	63.4	69.1	69.6	78.0

Source: Bestlink - Schedule P (Loss Reserves) - P/C, US

Operating Performance: Strong

United Surety & Indemnity Company (USIC) has produced strong operating earnings over the long term as evidenced by its total return measures (Revenue and Surplus) which outperform its industry composite over the recent five and ten-year period. The strong operating performance reflects consistently profitable underwriting results given its local market expertise along with benefiting from consistent favorable loss reserve development occurring on prior accident years, augmented by solid investment income. Going forward, A.M. Best anticipates that USIC will continue to generate strong earnings despite ongoing competitive market conditions.

USIC's strong underwriting performance has benefited from the company's reported loss and LAE ratios which has outperformed it's peer composite by more than 55 points over the recent five-year period. This is somewhat skewed as the company's premium is comprised of a highly profitable property book, along with a large surety component. However, the underwriting expense ratio does exceed that of the peer composite by more than 25 points over the recent five-year period given the surety book of business which has a high commission component, and competitive market conditions and its high commission expense structure (excluding surety business). While the underwriting expense ratio has always been high, a 2007 law (Law 84) states that only those insurance carriers that report an annual underwriting profit on the entire book of business will have the flexibility to pay a contingent commission to general agents or banks. As a result, the placing agent or bank is in a position to request a higher commission in the form of a contingent commission. Paying this commission acts as a retention tool on business. Given the competitive marketplace, insurance carriers are almost obligated to pay the commission, or risk losing the business. Despite the higher expense ratio, USIC's reported combined ratios have outperformed the commercial property composite by approximately twenty points over the long term.

In 2017, the company's underwriting result was impacted by two major hurricanes (Irma and Maria) that generated gross losses of approximately $35 million and net losses of $2.1 million (Maria accounts for $2 million and Irma $0.1 million). The issue is the aftermath of these Hurricanes, such as: increase in reinsurance costs (approximately 30%), pressure on near-term premium as the economy and businesses recover, and margin compression puts pressure on rates and commissions. However, USIC has mitigated some of these issues as their reinsurance program is multi-year and does not renew until 2019 and the company's surety book of business should benefit from the anticipated reconstruction boom.

In 2018, the company has reported another strong operating performance year driven by underwriting result which is considered to be one of its best underwriting years in the company's history. The company anticipated reporting an underwriting profit of nearly $18 million with a combined ratio of 37.3%. The underwriting performance benefitted from a significant loss reserve release of $11 million (catastrophe reserve reduction which was approved by the Insurance Commissioner of Puerto Rico).

USIC's premium volume over the past five years has been pretty steady until 2017, where the company direct and net writings declined by approximately 19%. The premium reduction in 2017 was primarily driven by the lost one of its largest banking relationships which had generated an average of $2 million in premiums (dwelling and flood). However, in 2018 forecast, the company expects direct and net writings to increase by nearly 40%, due to significant rate increases (40% to 50%) in the commercial lines book, surety book of business increase of approximately 30% due to reconstruction activity following Hurricane Maria financed in part by FEMA and new products (Residential Personal Property Package and Residential Condo) which should account for approximately $8 million in 2018 (direct).

The company maintains a significant level of short term holdings which allows the company to address claim and other short term obligations. Prior to 2017, USIC's invested asset base has declined over the past five year period largely driven by stockholder dividends payouts, capital losses and an accounting change in certain investments as a result of downgrades on selected Puerto Rico securities. The company's net investment income has declined over the current five year period primarily due to the reduced invested assets base and the low interest rate environment. Despite the decline, investment yields have outperformed the peer composite over the long term. USIC typically invests approximately 95% of admitted assets, primarily in a portfolio consisting of government bonds, tax exempt securities, corporate bonds, and to a lesser extent, common stocks.

Financial Performance Summary (000)

	Year End - December 31				
	2017	**2016**	**2015**	**2014**	**2013**
Pre-tax Operating Income	12,079	13,873	15,114	8,433	8,635
Net Income	8,032	10,818	-4,122	8,046	8,364

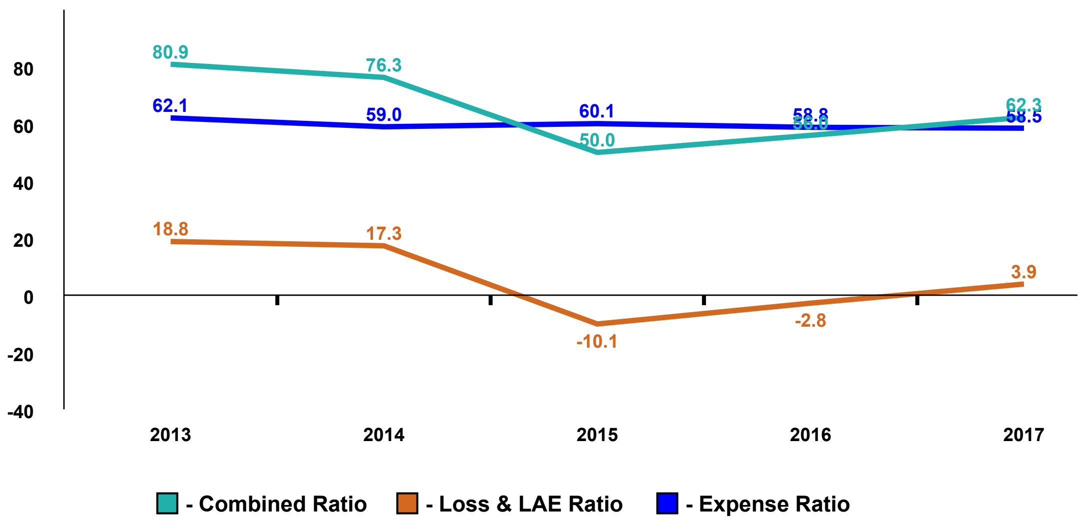
Source: Bestlink - Best's Statement File - P/C, US

A.M. Best Ratios (%)

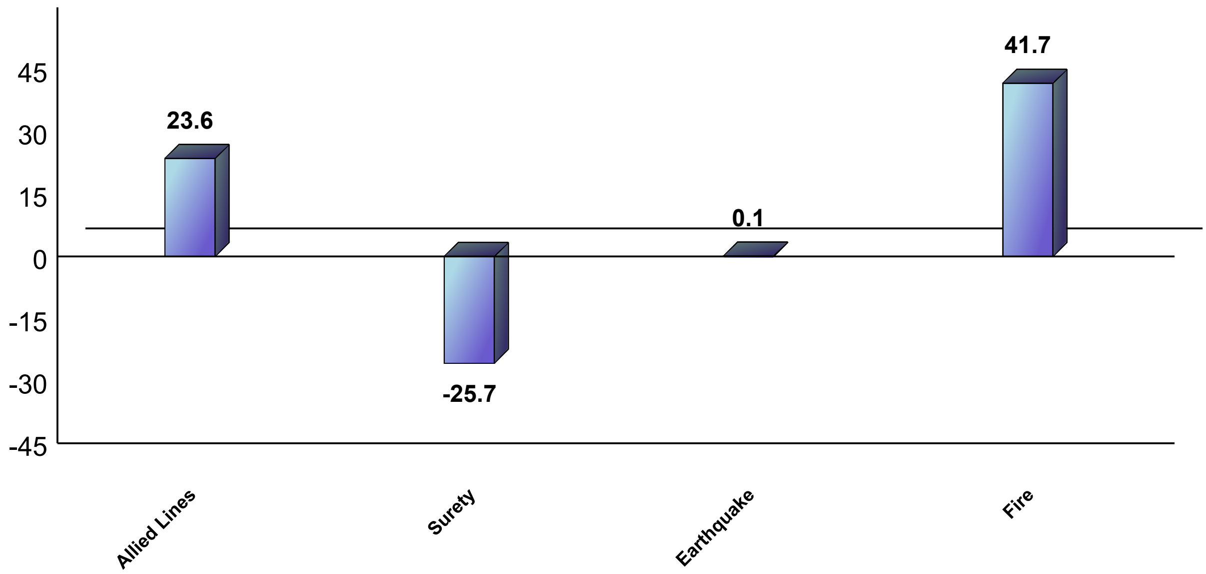
	Company					Industry Composite				
	Year End - December 31					Year End - December 31				
	2017	**2016**	**2015**	**2014**	**2013**	**2017**	**2016**	**2015**	**2014**	**2013**
Operating Ratio	54.3	47.7	37.8	60.0	64.1	105.1	86.5	86.4	87.6	87.9
Realized Return on Invested Assets	1.5	3.1	-12.1	4.7	5.4	4.0	2.9	2.9	3.4	3.4
Pre-Tax Return on Revenue	51.2	52.5	60.2	36.5	37.5	-4.6	12.7	16.2	13.6	13.1
Return on Surplus	14.0	20.0	12.5	1.4	10.7	6.9	8.0	5.7	8.2	12.5
Loss & LAE Ratio	3.9	-2.8	-10.1	17.3	18.8	78.2	56.6	58.3	60.1	60.7
Expense Ratio	58.5	58.8	60.1	59.0	62.1	34.0	35.8	33.8	32.6	32.0
Combined Ratio	62.3	56.0	50.0	76.3	80.9	114.3	93.2	92.9	93.5	93.6
Net Investment Yield	1.9	2.4	3.3	3.8	3.8	2.9	2.1	2.2	2.1	2.2

Source: Bestlink - Best's Statement File - P/C, US
Industry Composite: Commercial Property Composite - Bestlink - Best's Statement File - P/C, US

Combined Ratio (%)



2017 Pure Loss Ratio by Product Line (%)



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

Business Profile: Neutral

United Surety & Indemnity Company's (USIC) business profile is viewed as neutral largely based on its market leader position in several niche lines of business, such as, surety, earthquake, flood and dwelling.

USIC is a subsidiary of MRM Group, Inc. (formerly USIC Group, Inc.), and is a sister company to USIC Life Insurance Company. USIC's business is written exclusively within Puerto Rico. Currently, the company's business distribution in terms of premiums written is comprised primarily of property (65%), surety and fidelity (35%), with the balance comprised of inland marine. The business is placed through 18 general agents and a network of approximately 500 independent agents/brokers.

USIC is the largest surety writer (35% market share) in Puerto Rico and specializes in contract surety bonds. The company was the first insurance carrier in Puerto Rico to offer Debt Protection Contractual Liability and has recently started to offer Builders' Risk ($350K inforce premiums). USIC is fully licensed to write business in all property and casualty lines in Puerto Rico and commenced writing dwelling on single family, reinforced concrete properties in 1993. USIC began writing private flood and lower EQ deductible policies in 2012. The private flood product is an alternative to the National Flood Insurance program (NFIP) and offers an increase in limits up to $1 million covering dwelling only (no commercial property or beach front property). The lower EQ deductible policies will be 2.0%, versus the market offering at 2.0% to 5%. USIC business profile supports its ratings based on the above information.

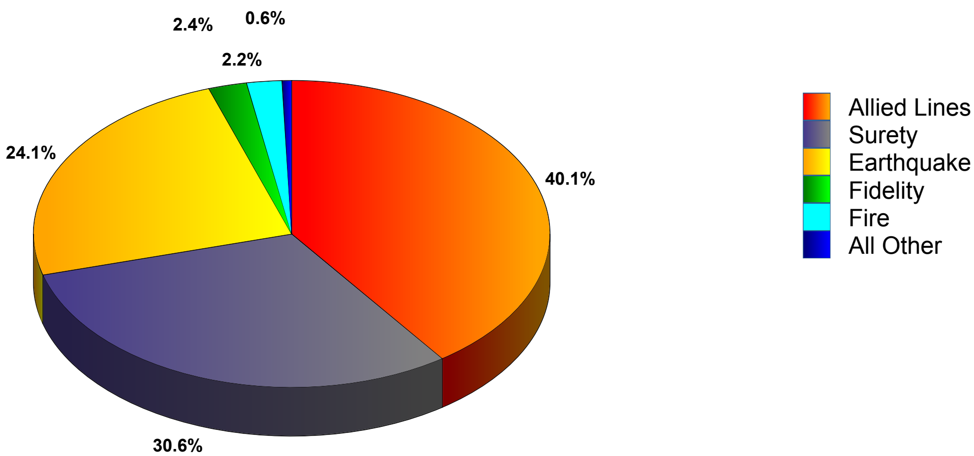
Effective November 2018, the company launched a new product in Puerto Rico, residential condominium policy that only provides property and flood coverage. USIC anticipates direct writing on this product will be approximately $15 million in 2019 which the company has a 70% quota share with a number of reinsurers.

Leverage Analysis

	Company					Industry Composite				
	Year End - December 31					Year End - December 31				
A.M. Best Ratios (%)	2017	2016	2015	2014	2013	2017	2016	2015	2014	2013
Net Premiums Written to Policyholders' Surplus	0.3	0.4	0.5	0.4	0.4	0.5	0.5	0.5	0.6	0.6

Source: Bestlink - Best's Statement File - P/C, US
Industry Composite: Commercial Property Composite - Bestlink - Best's Statement File - P/C, US

2017 Top Product Lines of Business (Net Premiums Written)



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

2017 By-Line Business

Product Line	Direct Premiums Written ($000)	(%)	Reinsurance Premiums Assumed ($000)	(%)	Reinsurance Premiums Ceded ($000)	(%)	Net Premiums Written ($000)	(%)	Business Retention (%)
Allied Lines	10,862	33.0	...	...	2,329	20.0	8,534	40.1	78.6
Surety	13,145	39.9	...	...	6,625	56.8	6,520	30.6	49.6
Earthquake	6,688	20.3	...	...	1,563	13.4	5,125	24.1	76.6
Fidelity	561	1.7	...	...	56	0.5	505	2.4	90.0
Fire	605	1.8	...	...	142	1.2	464	2.2	76.6
Group A & H	709	2.2	...	...	709	6.1	...	...	...
All Other	372	1.1	...	...	236	2.0	135	0.6	36.4
Total	32,943	100.0	...	...	11,660	100.0	21,283	100.0	64.6

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

Geographical Breakdown By Direct Premium Writings

	2017	2016	2015	2014	2013
Puerto Rico	32,943	38,424	37,167	35,966	35,925
Total	32,943	38,424	37,167	35,966	35,925

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

Enterprise Risk Management: Appropriate

USIC has developed a comprehensive risk management process which is regularly evaluated. Management reviews a number of areas including Operational, Financial, Event, Geographic, Infrastructure, and Investment Risk, all of which potentially represent an exposure to the organization. While management has identified the 5 largest exposures (OTTI risk due to downgrade of PR bonds, Exposure to a series of surety losses, loss of main dwelling client, Internal systems and control failures, CAT risk) it has not yet quantified the potential correlation of the risks occurring in combination. However, management has identified its risk appetite statement (evaluated on an annual basis) which provides probabilities for specific loss occurring in various risk categories such as: Capital Risk, Rating Risk, Profitability Risk (ROE) and Profitability Risk (Combined Ratio). Management has identified risks which could potentially pose a threat to the organization, performing stress tests on both budgeted and actual results. Event risk from catastrophe losses are monitored weekly, as management monitors risk aggregation and concentration by producer with an effective reinsurance program. Excess EQ and Flood protection is in place to protect against a potential model error.

Reinsurance Summary:

The company maintains dwelling property catastrophe reinsurance which provides protection against windstorm and earthquake exposures up to $40.0 million, excess retention of $2.0 million. USIC maintains an additional $60 million excess $40 million layer covering both earthquake and flood losses. For Builders Risk exposures, USIC maintains a surplus share proportional treaty which provides a maximum retention of $500,000 on any one risk. USIC utilizes quota share reinsurance on the surety lines which provides 44% quota share reinsurance on bonds up to $500,000, and 56% quota share reinsurance on bonds in excess of $500,000 up to $6.0 million.

Financial Statements:

Balance Sheet:

Balance Sheet:

Admitted Assets	2017 ($000)	2016 ($000)	2017 (%)	2016 (%)
	Year End - December 31			
Bonds	71,842	69,948	66.7	70.8
Preferred Stock	1,445	1,805	1.3	1.8
Common Stock	10,280	8,829	9.5	8.9
Cash and Short-term Invest	18,635	9,732	17.3	9.9
Real Estate, Investment	170	...	0.2	...
Derivatives	...	...	...	...
Other Non-Affil Inv Asset	1,763	1,600	1.6	1.6
Investments in Affiliates	...	...	...	...
Real Estate, Offices	...	...	...	...
Total Invested Assets	104,135	91,913	96.7	93.1
Premium Balances	1,304	2,197	1.2	2.2
Accrued Interest	617	653	0.6	0.7
All Other Assets	1,627	3,990	1.5	4.0
Total Assets	107,683	98,754	100.0	100.0

Liabilities & Surplus	2017 ($000)	2016 ($000)	2017 (%)	2016 (%)
	Year End - December 31			
Loss and LAE Reserves	6,197	8,464	5.8	8.6
Unearned Premiums	12,844	15,141	11.9	15.3
Derivatives	...	...	...	...
Conditional Reserve Funds	...	...	...	...
All Other Liabilities	24,392	15,364	22.7	15.6
Total Liabilities	43,432	38,970	40.3	39.5
Surplus notes	...	...	...	...
Capital and Assigned Surplus	20,656	20,368	19.2	20.6
Unassigned Surplus	43,595	39,416	40.5	39.9
Total Policyholders' Surplus	64,251	59,784	59.7	60.5
Total Liabilities and Surplus	107,683	98,754	100.0	100.0

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

Summary of Operations and Operating Cash Flow:

Summary of Operations (000)

Year End - December 31

Statement of Income	2017	Net Operating Cash Flow	2017
Premiums earned	23,581	Premiums collected	20,924
Losses incurred	594	Benefit & loss-related pmts	2,486
LAE incurred	321		
Undwr expenses incurred	12,443	LAE & undwr expenses paid	13,258
Other expenses incurred	...	Other income / expense	...
Dividends to policyholders	...	Dividends to policyholders	...
Net underwriting income	10,223	Underwriting cash flow	5,180
		Net transfer	...
Net investment income	1,896	Investment income	2,335
Other income/expense	-40	Other income/expense	-40
Pre-tax operating income	12,079	Pre-tax cash operations	7,475
Realized capital gains	-380		
Income taxes incurred	3,667	Income taxes pd (recov)	899
Net income	8,032	Net oper cash flow	6,576

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

United Surety and Indemnity Company

Report Revision Date:
April 30, 2019

Company Attributes:

Industry:	Insurance
Business Type:	Property/Casualty
Entity Type:	Operating Company
Organization Type:	Stock
Business Status:	In Business - Actively Underwriting
Marketing Type:	Broker
Financial Size:	VII ($50 Million to $100 Million)

Company History:

Date Incorporated: 01/29/1990 **Date Commenced:** 08/31/1990 **Domicile:** United States: Puerto Rico

United Surety & Indemnity Company was incorporated on January 29, 1990 in Puerto Rico to write surety business, and commenced operations on August 31, 1990. In 1993, USIC became fully licensed in all property lines and began writing dwelling business.

Company Operations:

Licensed Territory: (Current since 11/16/2001).The company is licensed in Puerto Rico.

2018 Rank	Top 5 Lines of Business by NPW	
1	Allied Lines	31.4%
2	Surety	26.4%
3	Earthquake	18.8%
4	Homeowners	17.4%
5	Inland Marine	1.3%

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

2018 Rank	Top 5 Geographic Distribution by DPW	
1	United States: PR	100.0%

Company Management:

Last significant update on 02/14/2017

The company is ultimately a family owned enterprise controlled by Maria de Lourdes Gonzalez Inclán (50%), Rafael Blanes Gonzalez (25%) and Maria de Lourdes Blanes Gonzalez (25%). Effective January 2004, the shareholders transferred 100% of the shares of the company to USIC Group, Inc., the holding company, in exchange for 100% of the shares of USIC. In 2014, USIC Group, Inc. changed its name to MRM Group, Inc. This change did not impact company structure or lines of business. Daily operations of the company are under the direction of Frederick Millan, president, who has over 30 years of experience in the Puerto Rico insurance industry.

Company Management: (Continued...)

Officers

President: Frederick Millán
CFO: Jorge Junquera
Vice President: Duhamel Iglesias
Secretary and Chief Risk Officer: Rafael Blanes
Controller: Gretchen Manzanet

Directors

Maria de Lourdes Blanes González
Rafael A. Blanes González
Carlos González Inclán
Maria de Lourdes González Inclán
Duhamel Iglesias
Frederick Millán

Regulatory:

Auditor: BDO Puerto Rico, LLP

An examination of the financial condition was made as of December 31, 2012, by the insurance department of Puerto Rico. The 2017 annual independent audit of the company was conducted by BDO Puerto Rico, LLP. The annual statement of actuarial opinion is provided by Charles C. Pearl, Jr., FCAS, MAAA, Milliman.

Additional Resources:

Related News
Rating Activity and Announcements
Company Overview
Archived Best's Credit Report
Corporate Changes & Retirements
BestAlert Service
Best's Credit Ratings Mobile Application