



BEST'S COMPANY REPORT



OBSIDIAN INSURANCE GROUP

AMB #: 018956

NAIC #: N/A

FEIN #: N/A

Phone:

Fax:

Website: N/A

Obsidian Insurance Company	A-
Obsidian Pacific Insurance Co	A-
Obsidian Specialty Ins Co	A-



Best's Credit Rating Effective Date

November 10, 2022

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Information

[Best's Credit Rating Methodology](#)

[Guide to Best's Credit Ratings](#)

[Market Segment Outlooks](#)

Financial Data Presented

Financial data in this report: (i) includes data of affiliated entities that are not rating unit members where analytics benefit from inclusion; and/or (ii) excludes data of rating unit member entities if they operate in different segments or geographic areas than the Rating Unit generally. See [list of companies](#) for details of rating unit members and any such included and/or excluded entities.

The financial data in this report reflects the most current data available to the Analytical Team at the time of the rating. Updates to the financial exhibits in this report are available here: [Best's Financial Report](#).

Obsidian Insurance Group

AMB #: 018956

Associated Ultimate Parent: AMB # 044571 - Obsidian Insurance Holdings, Inc.

Best's Credit Ratings - for the Rating Unit Members

Financial Strength Rating (FSR)

<h1 style="margin: 0;">A-</h1> <h2 style="margin: 0;">Excellent</h2>
Outlook: Stable Action: Affirmed

Issuer Credit Rating (ICR)

<h1 style="margin: 0;">a-</h1> <h2 style="margin: 0;">Excellent</h2>
Outlook: Stable Action: Affirmed

Assessment Descriptors

Balance Sheet Strength	Very Strong
Operating Performance	Adequate
Business Profile	Limited
Enterprise Risk Management	Appropriate

Rating Unit - Members

Rating Unit: Obsidian Insurance Group | AMB #: 018956

AMB # Rating Unit Members
 020624 Obsidian Insurance Company
 021080 Obsidian Pacific Insurance Co

AMB # Rating Unit Members
 020917 Obsidian Specialty Ins Co

Rating Rationale

Balance Sheet Strength: Very Strong

- Balance sheet strength assessment placed at very strong given the start-up nature of the group.
- Risk-adjusted capital as measured by Best's Capital Adequacy Ratio (BCAR) remains well above the level of required capital necessary through the start-up period.
- Risk-adjusted capital is primarily measured against reinsurance recoverable amounts including credit risk and reinsurance dependence factors.
- Opportunity to organically advance policyholders' surplus over the near term is limited.
- Balanced view of a short-term window for servicing debt at the holding company level and retaining earnings in the operating entities.

Operating Performance: Adequate

- Performance to date has been in-line with the expectations of fronting services organizations having a diverse mix of managing general agents and reinsurance partners.
- Income from service fees and investment returns is expected to offset underwriting-based metrics as the premium base develops.
- Advanced net income expectations as the organization matures.

Business Profile: Limited

- An active pipeline of business is supported by healthy working relationships with managing general agents and reinsurers.
- Operating as a fronting carrier in an increasingly competitive space with a number of incumbents and ensuing new entrants.
- Seasoned management team with extensive industry experience.
- Continued development of a diversified business profile may be hampered by concentration risk. This may include a geographic compression or product convergence.

Enterprise Risk Management: Appropriate

- Established responsibilities of the board and executive team with respect to risk management.
- Defined risk appetite and tolerance levels incorporated into underwriting capacity and credit risk management.
- A clear understanding exists of the potential risks and necessary contingency plans.
- Tailored reinsurance coverage is obtained on a per program basis including analysis of tail events.

Outlook

- The stable outlooks for the Obsidian companies are in recognition of the strength and quality of their capital position, attainability of the five-year business plan, actual results being within range of the initial projections, and successful implementation of enterprise risk management policies and procedures.

Rating Drivers

- Negative rating actions could occur if risk-adjusted capital falls below required levels, actual operating results fall outside an acceptable range to the initial five-year business plan, the enterprise is unable to gain traction within the parameters of its business profile, or risk appetite and tolerance levels prove to be inadequate for the organization's profile and risk management practices.

Key Financial Indicators

Best's Capital Adequacy Ratio (BCAR) Scores (%)

Confidence Level	95.0	99.0	99.5	99.6
BCAR Score	85.7	79.8	77.3	76.5

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

Key Financial Indicators USD (000)	6-Months		Year End - December 31				
	2022	2021	2021	2020	2019	2018	2017
Premiums Written:							
Direct	116,403	32,193	119,324	1,512	...	...	...
Assumed*	10,163	3,006	109	...	...	...	...
Ceded*	116,403	32,895	109,840	1,376	...	...	...
Net	10,163	2,304	9,593	135	...	...	...
Net Operating Income	-2,807	-398	1,807	-2,594	86	...	...
Net Income	-2,807	-251	4,959	-683	385	...	...
Total Admitted Assets	159,584	80,533	131,353	61,952	10,064	...	...
Policyholders' Surplus	77,278	55,611	79,745	55,861	9,511	...	...

Source: BestLink® - Best's Financial Suite

*Quarterly premiums include affiliated reinsurance premiums that are eliminated in annual assumed and ceded values.

Key Financial Ratios (%)	6-Months		Year End - December 31					Weighted Average
	2022	2021	2021	2020	2019	2018	2017	
Profitability:								
Combined Ratio	142.0	179.6	128.1	999.9	...	...	...	...
Reserve Development Combined Ratio Impact	1.0	...	50.1	999.9	...	...	...	...
Net Investment Yield	1.1	0.8	2.7	2.6	...	...	...	...
Pre-Tax Operating Return on Net Earned Premiums	-52.4	-82.5	11.1	-99.9	...	...	...	...
Net Income Return on Policyholders' Surplus	-7.2	-0.7	7.3	-2.1	...	...	...	...
Total Return on Policyholders' Surplus	-7.2	-1.0	7.3	-2.1	...	...	...	...
Leverage:								
Net	1.3	0.5	0.8	0.1	0.1	...	...	...
Gross	...	...	3.6	0.5	2.0	...	...	...

Source: BestLink® - Best's Financial Suite

Credit Analysis

Balance Sheet Strength

Consolidated risk-adjusted capital for Obsidian Insurance Group (Obsidian), as measured by Best's Capital Adequacy Ratio (BCAR), is well above the level of credit risks and retained exposure currently on the group's balance sheet. It is expected that this strength will continue throughout the start-up period. The balance sheet strength is supported by a risk averse investment portfolio and solid liquidity metrics. The assessment is balanced against reliance on reinsurance partners and elevated premium leverage metrics.

Capitalization

The quality of capital is expected to remain favorable over the next five years. Initial capitalization of the enterprise was completed in the form of equity. Consolidated policyholder surplus is expected advance through moderate annual retained earnings. The organization is expected to remain highly liquid, especially in the first few years, with very a moderate level of liabilities on their balance sheet. This is expected to dissipate as the organization matures and scales operations. Given the pooling agreement, surplus within each company is expected to align to assumed exposures.

Underwriting leverage metrics on a gross and ceded basis, both current and planned, are in line with peers of similar business profiles, despite the difference to an industry wide composite result. This is acceptable given the company will rely heavily on ceding business to reinsurance partners and generating revenues from fronting fees.

Balance Sheet Strength (Continued...)

Capital Generation Analysis USD (000)	6-Months		Year End - December 31				
	2022	2021	2021	2020	2019	2018	2017
Beginning Policyholders' Surplus	79,745	55,861	97,994	9,511	...	...	...
Net Operating Income	-2,807	-398	1,807	-2,594	86	...	...
Net Realized Capital Gains (Losses)	-1	147	3,152	1,911	299	...	...
Net Unrealized Capital Gains (Losses)	...	-152	...	...	...	...	...
Net Change in Paid-In Capital and Surplus	...	...	15,880	57,430	9,137	...	...
Stockholder Dividends	...	...	-37,453	...	...	...	...
Other Changes in Capital and Surplus	340	153	-1,635	-10,397	-11	...	...
Net Change in Policyholders' Surplus	-2,468	-250	-18,249	46,349	9,511	...	...
Ending Policyholders' Surplus	77,278	55,611	79,745	55,861	9,511	...	...
Net Change in Policyholders' Surplus (%)	-3.1	-43.3	42.8	487.3	...	...	...

Source: BestLink® - Best's Financial Suite

Liquidity Analysis	6-Months		Year End - December 31				
	2022	2021	2021	2020	2019	2018	2017
Net Operating Cash Flow USD (000)	-6,102	2,516	-23,916	-2,439	725	...	...
Current Liquidity (%)	121.0	241.5	173.2	976.6	999.9	...	...

Source: BestLink® - Best's Financial Suite

Asset Liability Management - Investments

Investment management is overseen by the CFO & COO and implemented through external portfolio managers. The composition of invested assets is expected to be 100% investment grade bonds with a relatively even split among government debt, NAIC class 1, and NAIC class 2 securities, including an objective for an average rating of "AA". Obsidian expects to hold an appropriate amount of cash on hand over this time.

Composition of Cash and Invested Assets	6-Months		Year End - December 31				
	2022	2021	2021	2020	2019	2018	2017
Total Cash and Invested Assets USD (000)	99,075	59,916	88,938	59,180	9,263	...	...
Composition Percentages (%)							
Unaffiliated:							
Cash and Short Term Investments	20.1	19.4	20.9	8.8	23.6	...	...
Bonds	79.9	80.6	79.1	91.0	76.4	...	...
Other Invested Assets	...	...	...	0.3	...	...	...
Total Unaffiliated	100.0	100.0	100.0	100.0	100.0	...	...
Total	100.0	100.0	100.0	100.0	100.0	...	...

Source: BestLink® - Best's Financial Suite

Bonds and Short Term Investments - Distribution by Maturity (%)	Years					Average (Years)
	0-1	1-5	5-10	10-20	20+	
Government Bonds	0.4	2.5	8.1	0.1	...	6.3
Government Agencies and Municipal Bonds	5.2	15.2	15.9	4.5	0.2	5.9
Industrial and Miscellaneous Bonds	1.6	31.2	15.2	...	...	4.3
Total Bonds	7.2	48.9	39.1	4.6	0.2	5.2

Source: BestLink® - Best's Financial Suite

Reserve Adequacy

Reserves are established by the Chief Actuary/CRO. With the abbreviated experience and prescribed risk retention appetite of the organization, reserves levels to date have been moderate. The organization is beginning to use the expertise of independent actuaries.

Balance Sheet Strength (Continued...)

	6-Months		Year End - December 31				
	2022	2021	2021	2020	2019	2018	2017
Loss and Loss Adjustment Expense Reserves and Development - Calendar Year							
Loss and ALAE* Reserves USD (000)	6,931	383	2,201	3	1,445	3,328	14,749
Loss and ALAE* Reserves Development USD (000)	71	...	...	-652	-1,004	-595	-510
Development to:							
Original Reserves (%)	...	...	...	-99.5	-41.0	-15.2	-3.3
Prior Year End Reserves(%)	3.1	...	...	...	...	...	...
Prior Year End Surplus (%)	0.1	...	...	-1.2	-10.6	...	...

Source: BestLink® - Best's Financial Suite

* Interim LAE reserves balances displayed include Adjusting and Other Unpaid as well as Defense and Cost Containment Unpaid. Year End LAE balances include Defense and Cost Containment Unpaid only.

	Year End - December 31				
Loss and Loss Adjustment Expense Reserves and Development - Accident Year	2021	2020	2019	2018	2017
Original Loss and ALAE Reserves USD (000)	2,200	224	469	1,356	5,403
Loss and ALAE Reserves Developed thru Latest Year End USD (000)	2,200	1	57	615	3,111
Development to Original Reserves (%)	...	-99.6	-87.8	-54.6	-42.4
Accident Year Loss and LAE Ratio (%)	111.7	999.9	26.4	54.9	68.8
Accident Year Combined Ratio (%)	169.5	999.9	26.4	...	...

Source: BestLink® - Best's Financial Suite

Holding Company Assessment

The U.S. domiciled holding company was formed as a capital conduit and provides flexibility to the organizational structure. Capital raised via the holding company is intended to be an efficient combination of equity and debt. AM Best will monitor the organization's capacity and ability to service debt at the holding company level while the operating entities scale operations and organically retain policyholder's surplus. An additional \$1 million was raised at the holding company and retained for future interest expense and other corporate purposes.

Financial Leverage Summary - Holding Company

Financial Leverage Ratio (%)	23.90
Adjusted Financial Leverage Ratio (%)	23.90
Interest Coverage (x)	-2.70

Operating Performance

As the group expands operations and develops its written premium base, operating performance reflects traditional metrics of companies that retain exposures. Results capture the level of ceded exposure under the fronting model. Slight losses were incurred in the first year of operations driven by large startup and underwriting costs offsetting minimal underwriting, fee, and investment income. Net income has turned positive, with an expectation of annual incremental growth.

Underwriting metrics on a net basis capture the established risk profile the group retaining up to 10% of exposures on select programs.

Obsidian anticipates a modest ramping of gross premiums across the first five years of operations. The pace of written premium oscillates across quarters as programs are added. The amount of ceded premiums raise concerns related to reinsurance credit and dependency risks. These risks are reflected in the BCAR and the balance sheet assessment.

Management's estimate of an average investment income yield of 2.5% is considered prudent. While investment income is expected to comprise the majority of revenue in early years, management does not expect reliance on investment income to drive profitability. Investment income to date has met expectations, with greater results expected in forthcoming years.

Operating Performance (Continued...)

Operating and Financial Performance Ratios (%) - Company	6-Months		Year End - December 31					Weighted Average
	2022	2021	2021	2020	2019	2018	2017	
Calendar Year Loss and LAE Ratio	96.5	157.5	70.4	999.9	...	...	...	...
Expense and Policyholder Dividend Ratio	45.5	22.1	57.7	999.9	...	...	...	...
Combined Ratio	142.0	179.6	128.1	999.9	...	...	...	...
Reserve Development Ratio Impact	1.0	...	50.1	999.9	...	...	...	...
Net Investment Yield	1.1	0.8	2.7	2.6	...	...	...	...
Pre-Tax Operating Return on Net Earned Premiums	-52.4	-82.5	11.1	-99.9	...	...	...	...
Net Income Return on Policyholders' Surplus	-7.2	-0.7	7.3	-2.1	...	...	...	...
Total Return on Policyholders' Surplus	-7.2	-1.0	7.3	-2.1	...	...	...	...

Source: BestLink® - Best's Financial Suite

Operating and Financial Performance Ratios (%) - Composite	6-Months		Year End - December 31					Weighted Average
	2022	2021	2021	2020	2019	2018	2017	
Calendar Year Loss and LAE Ratio	59.7	67.8	69.5	70.4	67.7	68.7	71.4	69.5
Expense and Policyholder Dividend Ratio	27.4	23.3	23.7	26.0	27.7	28.6	28.3	26.4
Combined Ratio	87.1	91.1	93.2	96.3	95.4	97.3	99.7	95.9
Reserve Development Ratio Impact	-0.2	0.9	1.0	-1.2	-1.0	-4.1	-6.1	-1.8
Net Investment Yield	2.4	2.3	1.9	2.2	2.8	2.8	2.3	2.4
Pre-Tax Operating Return on Net Earned Premiums	21.8	14.5	11.8	11.6	14.8	14.3	10.9	12.6
Net Income Return on Policyholders' Surplus	14.9	5.3	5.3	4.2	6.6	5.2	4.0	5.1
Total Return on Policyholders' Surplus	-12.2	13.8	15.9	7.5	17.2	-0.4	11.8	10.6

Source: BestLink® - Best's Financial Suite

Industry Composite: Surplus Lines Composite - BestLink® - Best's Financial Suite

Business Profile

Within the group, Obsidian Specialty Insurance Company functions as a surplus lines company, with Obsidian Insurance Company and Obsidian Pacific Insurance Company operating as admitted carriers. Beyond licensing and regulatory differences, the business profile is the same for all entities. The group writes multiple lines of business with risks distributed across the country. The profile continues to diversify as new programs are brought on board. The group works closely with reputable MGA's, whom management has lasting business relationships with, to provide coverage for programs that meet select requirements. Obsidian is targeting risk retention of five to ten percent on each program, with reinsurance provided by a diverse portfolio of recognizable and financially strong reinsurance companies.

Net premium concentration among the top three lines of business way highly concentrated within the first year of operations. Subsequent premium diversification among lines of business as operations matured has increased diversification by line of business, geographic footprint, and program source.

The fronting carrier space continues to become more competitive with additional new entrants, along with a continued presence of well-capitalized incumbent carriers. The management team includes members with experience specific to the fronting / program manager space.

Business Profile (Continued...)

Premium Composition and Growth	6-Months		Year End - December 31					5 Year CAGR
	2022	2021	2021	2020	2019	2018	2017	
Direct Premiums Written USD (000)	116,403	32,193	119,324	1,512	...	...	...	...
% Change	261.6	...	999.9	...	...	...	...	...
Reinsurance Premiums Assumed USD (000)*	10,163	3,006	109	...	...	...	...	...
% Change	238.1	...	...	...	...	...	...	...
Reinsurance Premiums Ceded USD (000)*	116,403	32,895	109,840	1,376	...	...	...	...
% Change	253.9	...	999.9	...	...	...	...	...
Net Premiums Written USD (000)	10,163	2,304	9,593	135	...	...	...	...
% Change	341.1	...	999.9	...	...	...	...	...

Source: BestLink® - Best's Financial Suite

*Quarterly premiums include affiliated reinsurance premiums that are eliminated in annual assumed and ceded values.

2021 By Line Business	Direct Premiums Written		Reinsurance Premiums Assumed		Reinsurance Premiums Ceded		Net Premiums Written		Business Retention
	USD (000)	%	USD (000)	%	USD (000)	%	USD (000)	%	%
Other Liab Claims made	59,664	50.0	...	...	55,870	50.9	3,793	39.5	6.4
Other Liab Occurrence	30,036	25.2	...	...	26,994	24.6	3,042	31.7	10.1
Comm Auto Liab	18,931	15.9	...	...	17,556	16.0	1,375	14.3	7.3
Fire	5,310	4.5	...	...	5,040	4.6	271	2.8	5.1
Products Liab Claims made	2,695	2.3	...	...	2,463	2.2	232	2.4	8.6
Top 5	116,636	97.7	...	...	107,923	98.3	8,713	90.8	7.5
All Other	2,688	2.3	109	100.0	1,917	1.7	879	9.2	31.4
Total	119,324	100.0	109	100.0	109,840	100.0	9,593	100.0	8.0

Source: BestLink® - Best's Financial Suite

Year End - December 31

Geographic Breakdown by Direct Premiums Written USD (000)	2021	2020	2019	2018	2017
California	31,228	346	...	...	...
Florida	15,341	...	...	...	...
Texas	12,953	...	...	...	...
New York	8,612	202	...	...	...
New Jersey	7,418	10	...	...	...
Top 5 States	75,552	558	...	...	...
All Other	43,772	953	...	...	...
Total	119,324	1,512	...	...	...
Geographic Concentration Index	0.11	...	...	...	...

Source: BestLink® - Best's Financial Suite

Enterprise Risk Management

Obsidian designed and implemented enterprise risk management practices appropriate for an entity of its complexity and scale. Broad risk standards were established at the Board level and are executed by members of the executive team and management. During the start-up period many risks have been addressed by the program due diligence structure, while certain risks such as data security require elevated actions.

Monthly reviews of underwriting performance and ongoing audits of managing general agents help maintain a quality of risk deemed acceptable by Obsidian's management.

Reinsurance Summary

Reinsurance through quota-share treaties is tailored for each program. The company expects to purchase coverage up to a 1-in-250 year event with no net after-tax loss accounting for more than 5% of surplus. The company has developed a portfolio of highly rated

Enterprise Risk Management (Continued...)

reinsurance entities complemented by companies that post high-quality collateral which is consistently monitored. To date the reinsurance partners have a favorable distribution across a diverse population of companies including geographic dispersion.

Environmental, Social & Governance

As Obsidian navigates its development stages it is well positioned to incorporate environmental, social and governance goals and objectives into operations and metrics. The organization has implemented internal guidance within investments and underwriting to attain an optimal balance across serving insurance needs and functioning as a strong corporate citizen. The group has the ability to leverage stakeholders as a resource for meeting goals and objectives.

Financial Statements

	6-Months		Year End - December 31			
	2022		2021		2020	
Balance Sheet	USD (000)	%	USD (000)	%	USD (000)	%
Cash and Short Term Investments	19,940	12.5	18,609	14.2	5,204	8.4
Bonds	79,135	49.6	70,329	53.5	53,825	86.9
Other Invested Assets	...	...	...	...	151	0.2
Total Cash and Invested Assets	99,075	62.1	88,938	67.7	59,180	95.5
Premium Balances	32,932	20.6	29,019	22.1	2,268	3.7
Net Deferred Tax Asset	873	0.5	...	...	-182	-0.3
Other Assets	26,704	16.7	13,396	10.2	686	1.1
Total Assets	159,584	100.0	131,353	100.0	61,952	100.0
Loss and Loss Adjustment Expense Reserves:						
Net Reported Loss Reserves*	1,392	0.9	326	0.2	...	...
Net IBNR Loss Reserves*	5,539	3.5	1,386	1.1	1	...
Net LAE Reserves	...	...	594	0.5	1	...
Total Net Loss and LAE Reserves	6,931	4.3	2,306	1.8	2	...
Net Unearned Premiums	9,517	6.0	6,134	4.7	134	0.2
Other Liabilities	65,859	41.3	43,168	32.9	5,955	9.6
Total Liabilities	82,307	51.6	51,608	39.3	6,091	9.8
Capital Stock	7,240	4.5	7,240	5.5	5,000	8.1
Paid-In and Contributed Surplus	73,978	46.4	73,978	56.3	52,430	84.6
Unassigned Surplus	-3,941	-2.5	-1,473	-1.1	-1,569	-2.5
Total Policyholders' Surplus	77,278	48.4	79,745	60.7	55,861	90.2
Total Liabilities and Surplus	159,584	100.0	131,353	100.0	61,952	100.0

Source: BestLink® - Best's Financial Suite

* Interim reserves balances include LAE.

Income Statement USD (000)	6-Months		Year End - December 31	
	2022	2021	2021	2020
Net Premiums Earned	6,779	550	19,141	2
Net Losses and LAE Incurred:				
Current Accident Year	6,468	866	3,891	384
Prior Accident Years	71	...	9,582	379
Underwriting Expenses Incurred	4,628	509	5,539	2,716
Net Underwriting Income	-4,388	-826	130	-3,478
Net Investment Income	535	372	1,997	885
Other Income (Expense)	300	...	...	...
Pre-Tax Operating Income	-3,553	-454	2,127	-2,593
Income Taxes Incurred	-746	-56	320	1
Net Operating Income	-2,807	-398	1,807	-2,594
Net Realized Capital Gains (Losses)	-1	147	3,152	1,911
Net Income	-2,807	-251	4,959	-683

Source: BestLink® - Best's Financial Suite

Statement of Operating Cash Flows USD (000)	6-Months		Year End - December 31	
	2022	2021	2021	2020
Net Premiums Collected	7,450	319	12,934	-623
Net Losses Paid	3,557	-194	29,671	381
Expenses Paid	11,100	-1,310	9,289	2,513
Net Underwriting Cash Flow	-7,207	1,823	-26,027	-3,516
Net Investment Income	778	688	3,282	1,107
Other Income (Expense)	300	...	...	...
Income Taxes Paid (Recovered)	-27	-6	1,172	30
Net Operating Cash Flow	-6,102	2,516	-23,916	-2,439

Source: BestLink® - Best's Financial Suite

Obsidian Insurance Group

Operations

Domiciled: New York, United States

Business Type: Property/Casualty

Organization Type: Stock

Marketing Type: MGA

Last Update

November 10, 2022

Identifiers

AMB #: 018956

This company is a data record that AM Best utilizes to represent the AM Best Consolidated financials for the Property/Casualty business of AMB#: [044571 Obsidian Insurance Holdings, Inc.](#)

AMB#: [020917 Obsidian Specialty Insurance Company](#) has been assigned as the AMB Group Lead for this consolidation and should be used to access name, address, or other contact information for this AM Best Consolidated Group.

Financial Data Presented

See [LINK](#) for details of the entities represented by the data presented in this report.

Best's Credit Ratings

Rating Relationship

This group represents an AM Best Rating Unit. In our opinion, companies under this Rating Unit have an Excellent ability to meet their ongoing insurance obligations and an Excellent ability to meet their ongoing senior financial obligations.

Best's Credit Rating Effective Date: November 10, 2022

Rating rationale and credit analysis can be found in the [Best's Credit Report for AMB# 018956 - Obsidian Insurance Group](#).

AMB#	Rating Unit Members	Best's Credit Ratings	
		Financial Strength Rating	Long-Term Issuer Credit Rating
020624	Obsidian Insurance Company	A-	a-
021080	Obsidian Pacific Insurance Co	A-	a-
020917	Obsidian Specialty Ins Co	A-	a-

Corporate Structure

Associated Ultimate Parent: AMB # 044571 - Obsidian Insurance Holdings, Inc.

Based on AM Best's analysis, AMB# 044571 Obsidian Insurance Holdings, Inc. is the Associated Ultimate Parent to this group. Its current data structure is based on the corporate structure for the associated ultimate parent and the non-legal entities such as data records and AM Best Groups. Access current [Data Structure](#) in BestLink.

Financial Results

Financial exhibits presented in this report provide calculated ratios using the most recent AM Best consolidated statements available in BestLink - Best's Statement File – P/C, US. Access [Quantitative Analytical Report \(QAR\) Annual](#) and [Quarterly](#) for additional details.

Currency: US Dollars

Balance Sheet Highlights

Year End - December 31

Ceded Reinsurance Analysis

	2021	2020	2019	2018	2017
Obsidian Insurance Group					
Ceded Reinsurance USD (000)	226,644	21,372	18,580	...	...
Business Retention (%)	8.0	9.0	...	...	...
Reinsurance Recoverables to PHS (%)	146.5	35.8	195.3	...	...
Ceded Reinsurance to PHS (%)	284.2	38.3	195.3	...	...
Surplus Lines Composite					
Business Retention (%)	31.4	30.2	33.3	33.6	31.1
Reinsurance Recoverables to PHS (%)	67.2	65.7	57.8	62.0	60.2
Ceded Reinsurance to PHS (%)	103.3	98.4	85.4	87.4	87.4

Source: BestLink® - Best's Financial Suite

	Paid & Unpaid Losses	Incurred but not reported (IBNR) losses	Unearned premiums	Other Recoverables	Total Reinsurance Recoverables
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2021 Reinsurance Recoverables USD (000)

	2021	2020	2019	2018	2017
US Affiliates	767	1,908	6,134	...	8,809
US Insurers	21,817	16,407	41,131	...	79,355
Other Non-US	2,352	7,438	27,660	...	37,450
Total (excluding US Affiliates)	24,169	23,845	68,791	...	116,805
Grand Total	24,936	25,753	74,925	...	125,614

Source: BestLink® - Best's Financial Suite

Asset Liability Management | Investments

6-Months
2022

Year End - December 31
2020 2019 2018 2017

Bond Portfolio

	2022	2021	2021	2020	2019	2018	2017
Bonds & Short Term Investments USD(000)	79,635	48,280	70,835	57,326	7,073	...	...
By Issuer (%)							
Unaffiliated Bonds:							
US Government	...	...	11.1	6.4	43.9	...	...
Foreign - All other	...	...	4.0	4.3	...	...	...
State, Municipal & Special Revenue	...	...	40.6	40.7	54.7	...	...
Industrial and Misc, Hybrid and SVO Identified	...	...	44.3	48.6	1.3	...	...
Bonds and Short Term Investments By Private vs Public (%)							
Public issues	...	...	100.0	100.0	100.0	...	...
Bonds and Short Term Investments By Quality (%)							
Class 1	95.3	93.6	93.6	92.5	99.2	...	...
Class 2	4.7	6.4	6.4	7.5	0.8	...	...

Source: BestLink® - Best's Financial Suite

Operating Performance Highlights

Operating and Financial Performance Ratios (%)	6-Months		Year End - December 31					Weighted Average
	2022	2021	2021	2020	2019	2018	2017	
Surplus Lines Composite								
Calendar Year Loss and LAE Ratio	59.7	67.8	69.5	70.4	67.7	68.7	71.4	69.5
Expense and Policyholder Dividend Ratio	27.4	23.3	23.7	26.0	27.7	28.6	28.3	26.4
Combined Ratio	87.1	91.1	93.2	96.3	95.4	97.3	99.7	95.9
Reserve Development Ratio Impact	-0.2	0.9	1.0	-1.2	-1.0	-4.1	-6.1	-1.8
Net Investment Yield	2.4	2.3	1.9	2.2	2.8	2.8	2.3	2.4
Pre-Tax Operating Return on Net Earned Premiums	21.8	14.5	11.8	11.6	14.8	14.3	10.9	12.6
Net Income Return on Policyholders' Surplus	14.9	5.3	5.3	4.2	6.6	5.2	4.0	5.1
Total Return on Policyholders' Surplus	-12.2	13.8	15.9	7.5	17.2	-0.4	11.8	10.6

Source: BestLink® - Best's Financial Suite

By Line - Net Loss Ratio (%)	Year End - December 31				
	2021	2020	2019	2018	2017
Other Liab	28.8	44.7	...	...	...
Comm Auto Liab	11.3	...	...	...	...
Auto Phys Dmg	1.0	...	...	...	...
PP Auto Liab	0.3	...	...	...	...
Fire	6.8	...	...	...	...
Product Liab	6.0	...	...	...	...
Inland Marine	2.2	...	...	...	...
All Other	999.9	...	...	...	...
Total	54.1	44.7	...	...	...

Source: BestLink® - Best's Financial Suite

Geographic - Direct Loss Ratio (%)	Year End - December 31				
	2021	2020	2019	2018	2017
California	46.5	46.0	...	...	...
Florida	48.9	...	...	...	...
Texas	51.9	...	...	...	...
New York	45.5	44.8	...	...	...
New Jersey	54.3	46.4	...	...	...
Georgia	63.6	...	...	...	...
Washington	52.3	38.8	...	...	...
Massachusetts	42.9	...	...	...	...
Arizona	48.4	37.0	...	...	...
Colorado	49.1	46.0	...	...	...
All Other	52.7	45.1	...	...	...
Total	49.8	44.5	...	...	...

Source: BestLink® - Best's Financial Suite

Business Profile Highlights

Historical Market Presence

	Year End - December 31				
	2021	2020	2019	2018	2017
By Line Breakdown - NPW USD (000)					
Other Liab	6,836	135	...	...	...
Comm Auto Liab	1,375	...	...	...	...
Auto Phys Dmg	686	...	...	...	...
Fire	271	...	...	...	...
Product Liab	232	...	...	...	...
Miscellaneous	109	...	...	...	...
Inland Marine	82	...	...	...	...
PP Auto Liab	3	...	...	...	...
Total	9,593	135	...	...	...

Source: BestLink® - Best's Financial Suite

	Year End - December 31		
	2021	2020	2019
By Line Reserves USD (000)			
Other Liab	1,694	2	...
Comm Auto Liab	413	...	...
Product Liab	86	...	...
Fire	63	...	...
Auto Phys Dmg	33	...	...
Inland Marine	11
PP Auto Liab	7
Total	2,306	2	...

Source: BestLink® - Best's Financial Suite

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