



BEST'S COMPANY REPORT



OBSIDIAN

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

February 25, 2025

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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)

<p style="font-size: 2em; margin: 0;">A-</p> <p style="font-size: 1.5em; margin: 0;">Excellent</p>
<p>Outlook: Stable</p> <p>Action: Affirmed</p>

Issuer Credit Rating (ICR)

<p style="font-size: 2em; margin: 0;">a-</p> <p style="font-size: 1.5em; margin: 0;">Excellent</p>
<p>Outlook: Stable</p> <p>Action: Affirmed</p>

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**

- Risk-adjusted capitalization as measured by Best's Capital Adequacy Ratio (BCAR) is at the very strong level, a decline from the strongest level in prior years.
- Risk-adjusted capitalization declined from the initial start-up period as growing premium and credit risks related to reinsurance recoverables outpaced capital accumulation. Organic capital growth is expected to accelerate, supported by stronger profitability.
- Credit risk is partially mitigated through a growing number of quality reinsurance partners, no more than 10% of recoverable exposure to any single reinsurer and use of collateral where appropriate.
- Financial leverage at the holding company is within AM Best's tolerance for the rating level.
- Conservative investment portfolio dominated by high-quality fixed-income instruments with no equity exposure.

Operating Performance: **Adequate**

- The group achieved positive underwriting results through nine months of 2024, supported by the growing scale of operations, expansion of programs and targeted actions to enhance profitability.
- Results were below target in 2023 due to a higher-than-expected loss ratio in commercial auto business, which was in line with the overall market trends. Corrective actions included exit from several programs and sizable rate increases for the renewed business.
- Direct premium grew substantially over the last year in line with projections as market conditions for fronting business remain favorable. However, net premium grew slower due to a lower retention level.
- Fronting fees continue to be stable despite growing competition in the fronting market.
- Investment income has become a larger contributor to earnings due to a growing asset base and higher yields; however, the group remains focused on underwriting discipline as a basis of profitability.

Business Profile: **Limited**

- The group posted significant growth in direct premium in 2023 and through nine months of 2024, achieved through expansion of programs and lines of business.
- Strategy is based on a service-oriented agile approach to building and maintaining efficient working relationships with managing general agents and reinsurers.
- Operating as a fronting carrier in an increasingly competitive space with a growing number of incumbents and new entrants. However, fronting fees have remained stable despite competition.
- Seasoned management team with extensive industry experience.
- Very low premium retention level and high dependence on reinsurance partners limit the opportunities to expand market share.

Enterprise Risk Management: **Appropriate**

- Executive team oversees continuous enhancements of risk controls to better manage and reduce exposures.
- Defined risk appetite and tolerance levels incorporated into underwriting capacity and credit risk management.
- Tailored reinsurance coverage is obtained on a per program basis including analysis of tail events.
- Established a process of independent letters of credit (LOC) verification in response to recent industry developments with LOC fraud.

Outlook

- The stable outlooks for the Obsidian companies reflect a very strong balance sheet strength assessment and profitable measured premium growth supporting organic surplus expansion.

Rating Drivers

- Negative rating actions could occur if risk-adjusted capitalization fails to return to the strongest level as measured by BCAR.
- Negative rating action could occur if there is material and sustained deterioration of operating performance.
- While unlikely, positive rating action can occur if there is consistent profitable growth while maintaining a very strong balance sheet strength assessment.

Key Financial Indicators

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

Confidence Level	95.0	99.0	99.5	99.6
BCAR Score	35.2	24.8	18.2	14.5

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

Key Financial Indicators USD (000)	9-Months		Year End - December 31				
	2024	2023	2023	2022	2021	2020	2019
Premiums Written:							
Direct	432,667	283,884	397,167	258,607	119,324	1,512	...
Assumed*	48,887	45,159	29,264	16,637	109	...	...
Ceded*	459,860	311,045	394,049	252,195	109,840	1,376	...
Net	21,693	17,998	32,382	23,048	9,593	135	...
Net Operating Income	6,399	1,529	-140	-4,198	1,807	-2,594	86
Net Income	6,363	1,529	-688	-4,199	4,959	-683	385
Total Admitted Assets	391,037	327,450	291,273	211,169	131,353	61,952	10,064
Policyholders' Surplus	82,040	79,799	70,074	76,292	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 (%)	9-Months		Year End - December 31					Weighted Average
	2024	2023	2023	2022	2021	2020	2019	
Profitability:								
Combined Ratio	83.1	106.5	103.7	123.8	128.1	999.9	...	115.5
Reserve Development Combined Ratio Impact	-7.8	1.4	4.8	-9.1	50.1	999.9	...	15.2
Net Investment Yield	3.7	3.0	3.2	1.6	2.7	2.6	...	...
Pre-Tax Operating Return on Net Earned Premiums	43.1	11.0	14.8	-18.5	11.1	-99.9	...	0.1
Net Income Return on Policyholders' Surplus	11.2	2.6	-0.9	-5.4	7.3	-2.1	...	...
Total Return on Policyholders' Surplus	3.8	1.8	-14.8	-5.0	7.3	-2.1	...	...
Leverage:								
Net	4.2	3.4	3.5	2.0	0.8	0.1	0.1	...
Gross	...	...	16.0	8.8	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 at the very strong level. BCAR declined substantially at year end 2023 and through nine months of 2024. The decline was due to growth of premium, reserves and reinsurance recoverables, as the company gains scale. BCAR is expected to remain at the very strong level at year end 2024. The balance sheet strength is supported by a risk averse investment portfolio and solid liquidity metrics.

Capitalization

Initial capitalization of the enterprise was completed in the form of equity. Organic surplus growth has been modest and below projections due to weaker than expected earnings in 2023. In addition, 2023 year end surplus was negatively impacted by the timing of increased provision for reinsurance. Surplus has bounced back in the first quarter 2024 and grew further through second and third quarter driven by stronger earnings.

BCAR decline has been driven by high reinsurance recoverables which are inherent to the fronting business model.

Reinsurance recoverables grew to \$510M in 2023 compared to \$268M in 2022 and \$117M in 2021. Obsidian has established relationships with 101 (up from 71 and 45 a year and two years ago respectively) reinsurance partners to date. Top 10 reinsurance comprise 55% of ceded premium. The top counter party - NelNet Captive Insurance Company comprises 12% of ceded premium. The

Balance Sheet Strength (Continued...)

credit quality of counter parties is good with 52% of recoverables from reinsurer rated A or higher. All parties rated below A are fully collateralized, total collateral is 42% higher than Net Expected Recoverable for A- or lower rated parties.

However, as a result of growing quota share arrangement with unrated reinsurer NelNet, the credit quality of recoverables continued to decline in 2023. Unrated recoverables comprised 37% of total for 2023 compared to 27% and 19% in 2022 and 2021 respectively. The recoverables from NelNet (and other unrated parties) are fully collateralize through Letters of Credit. LOCs grew to \$171M in 2023 up from \$55M and \$18M in 2022 and 2021 respectively. Growth in unrated recoverables puts pressure on the BCAR. There are no recoverables in dispute. To address some of the capital pressure, the group has kept the premium retention lower compared to initial plans.

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 relies heavily on ceding business to reinsurance partners and generating revenues from fronting fees.

	9-Months		Year End - December 31				
	2024	2023	2023	2022	2021	2020	2019
Capital Generation Analysis USD (000)							
Beginning Policyholders' Surplus	70,074	76,292	76,292	79,745	97,994	9,511	...
Net Operating Income	6,399	1,529	-140	-4,198	1,807	-2,594	86
Net Realized Capital Gains (Losses)	-36	...	-548	-1	3,152	1,911	299
Net Unrealized Capital Gains (Losses)	-4,193	-447	-10,162	263	...	...	...
Net Change in Paid-In Capital and Surplus	...	...	32,154	...	15,880	57,430	9,137
Stockholder Dividends	...	...	...	...	-37,453	...	...
Other Changes in Capital and Surplus	9,796	2,425	-27,522	482	-1,635	-10,397	-11
Net Change in Policyholders' Surplus	11,966	3,507	-6,218	-3,453	-18,249	46,349	9,511
Ending Policyholders' Surplus	82,040	79,799	70,074	76,292	79,745	55,861	9,511
Net Change in Policyholders' Surplus (%)	17.1	4.6	-8.1	-4.3	42.8	487.3	...

Source: BestLink® - Best's Financial Suite

	9-Months		Year End - December 31				
	2024	2023	2023	2022	2021	2020	2019
Liquidity Analysis							
Net Operating Cash Flow USD (000)	17,185	36,514	179	30,622	-23,916	-2,439	725
Current Liquidity (%)	55.2	54.1	62.3	81.5	173.2	976.6	999.9

Source: BestLink® - Best's Financial Suite

Asset Liability Management - Investments

The investment portfolio is maintained as outlined in the initial business plan. New England Assets Management serves as investment managers since the beginning of operations. Portfolio is comprised of investment grade bonds with AA average quality, 3.5% book yield (6/30/24) and 3.18 year duration. Duration of purchased securities in 2024 was 5.9 year. There are no equities or alternative assets in the portfolio. Cash is a fair portion of the assets on the balance sheet each quarter as the assets are acquired in increments. About \$40M cash balance at 6/30/24 compared to \$35M at 2023 YE and \$19M at 2022 YE. Cash tend to be high at quarter end due to timing of premium receipts vs. payments to reinsurers.

	9-Months		Year End - December 31				
	2024	2023	2023	2022	2021	2020	2019
Composition of Cash and Invested Assets							
Total Cash and Invested Assets USD (000)	169,881	133,469	135,582	109,414	88,938	59,180	9,263
Composition Percentages (%)							
Unaffiliated:							
Cash and Short Term Investments	34.3	27.4	24.8	14.2	20.9	8.8	23.6
Bonds	65.7	72.6	75.2	85.8	79.1	91.0	76.4
Other Invested Assets	...	...	...	...	...	0.3	...
Total Unaffiliated	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: BestLink® - Best's Financial Suite

Balance Sheet Strength (Continued...)

Bonds and Short Term Investments - Distribution by Maturity (%)	Years					Average (Years)
	0-1	1-5	5-10	10-20	20+	
Government Bonds	0.2	6.0	0.4	...	...	3.3
Government Agencies and Municipal Bonds	2.6	14.7	8.9	4.4	0.7	6.3
Industrial and Miscellaneous Bonds	9.0	35.7	15.4	1.7	0.2	4.2
Total Bonds	11.8	56.4	24.7	6.2	0.9	4.8

Source: BestLink® - Best's Financial Suite

Reserve Adequacy

Reserves are established by the Chief Actuary/CRO and validated by an external actuarial firm. With the abbreviated experience and prescribed risk retention appetite of the organization, reserves levels have been moderate for the first two years of operations, but increased materially in 2023 and 2022. At 2023 YE, there was a material reserves strengthening related to poor performance on commercial auto business. The organization is using the expertise of independent actuaries to further support internal actuarial expertise.

Loss and Loss Adjustment Expense Reserves and Development - Calendar Year	9-Months		Year End - December 31				
	2024	2023	2023	2022	2021	2020	2019
Loss and ALAE* Reserves USD (000)	41,006	24,828	25,779	13,975	2,983	58	1,485
Loss and ALAE* Reserves Development USD (000)	-1,631	256	...	1,749	782	-595	-964
Development to:							
Original Reserves (%)	...	...	...	14.3	35.5	-91.1	-39.4
Prior Year End Reserves(%)	-5.6	1.9	...	...	...	...	...
Prior Year End Surplus (%)	-2.3	0.3	...	2.3	1.0	-1.1	-10.1

Source: BestLink® - Best's Financial Suite

Loss and Loss Adjustment Expense Reserves and Development - Accident Year	Year End - December 31				
	2023	2022	2021	2020	2019
Original Loss and ALAE Reserves USD (000)	14,934	10,312	2,200	224	469
Loss and ALAE Reserves Developed thru Latest Year End USD (000)	14,934	11,492	2,927	16	91
Development to Original Reserves (%)	...	11.4	33.0	-92.9	-80.6
Accident Year Loss and LAE Ratio (%)	102.2	104.8	138.5	999.9	33.3
Accident Year Combined Ratio (%)	99.0	134.8	196.2	999.9	33.3

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 has been an efficient combination of equity and debt. Currently, the debt balance consists of \$23 million senior notes maturing in 2025. Financial leverage is within AM Best tolerance and the interest coverage has improved in 2023 and 2024 as the organization posted higher net gains. Management plans to refinance the debt upon maturity. Despite higher interest rates, the organization will be in a better credit position compared to the initial issuance. An additional \$1 million was raised at the holding company in 2022 and retained for interest expense and other corporate purposes.

Financial Leverage Summary - Holding Company

Financial Leverage Ratio (%)	24.70
Adjusted Financial Leverage Ratio (%)	24.70
Interest Coverage (x)	3.09

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. Net results fluctuated for the first three years of operation (2020-2022) driven by large startup and underwriting costs offsetting underwriting, fee, and investment income.

In 2023, net income was positive and improved compared 2022, however underwriting results were significantly below projections due to weak results in commercial auto segment. The group increased rate requirements and moved away from the most challenged classes. In 2024, the group posted materially improved underwriting gains and net income was enhanced through higher investment returns. Going forward, management expects to benefit from more favorable pricing resulting in on-going improvement of combined ratio and gradual strengthening of underwriting results.

Premium growth has exceeded initial projections, with gross premium expected to reach almost \$650M in 2024, around 50% increase over 2023, while net premium remained at \$33M for both years. Premium was generated through 40 different programs in 2024. The pace of written premium oscillates across quarters as programs are added. The amount of ceded premiums raises concerns related to reinsurance credit and dependency risks. These risks are reflected in the BCAR and the balance sheet assessment.

Investment income has been enhanced due to asset base growth and a more favorable interest rate environment. While investment income comprised the majority of earnings through 2023, management does not expect reliance on investment income to drive profitability in the long-term. Investment income to date has met expectations, with greater results expected in forthcoming years.

Operating and Financial Performance Ratios (%) - Company	9-Months		Year End - December 31					Weighted Average
	2024	2023	2023	2022	2021	2020	2019	
Calendar Year Loss and LAE Ratio	117.7	101.4	107.0	93.8	70.4	999.9	...	92.9
Expense and Policyholder Dividend Ratio	-34.5	5.1	-3.2	30.0	57.7	999.9	...	22.6
Combined Ratio	83.1	106.5	103.7	123.8	128.1	999.9	...	115.5
Reserve Development Ratio Impact	-7.8	1.4	4.8	-9.1	50.1	999.9	...	15.2
Net Investment Yield	3.7	3.0	3.2	1.6	2.7	2.6	...	...
Pre-Tax Operating Return on Net Earned Premiums	43.1	11.0	14.8	-18.5	11.1	-99.9	...	0.1
Net Income Return on Policyholders' Surplus	11.2	2.6	-0.9	-5.4	7.3	-2.1	...	...
Total Return on Policyholders' Surplus	3.8	1.8	-14.8	-5.0	7.3	-2.1	...	...

Source: BestLink® - Best's Financial Suite

Operating and Financial Performance Ratios (%) - Composite	9-Months		Year End - December 31					Weighted Average
	2024	2023	2023	2022	2021	2020	2019	
Calendar Year Loss and LAE Ratio	59.7	57.7	58.9	64.5	69.4	70.7	67.8	65.6
Expense and Policyholder Dividend Ratio	25.7	27.9	27.9	27.6	23.8	26.0	27.6	26.6
Combined Ratio	85.4	85.6	86.8	92.1	93.3	96.6	95.4	92.2
Reserve Development Ratio Impact	0.6	-9.6	-5.8	-1.9	1.1	-1.2	-1.0	-2.0
Net Investment Yield	4.0	3.5	3.5	2.4	1.9	2.2	2.8	2.6
Pre-Tax Operating Return on Net Earned Premiums	30.4	27.6	27.2	16.5	11.6	11.4	15.0	17.1
Net Income Return on Policyholders' Surplus	26.5	10.9	10.2	9.0	5.2	4.2	6.6	7.2
Total Return on Policyholders' Surplus	17.7	14.8	18.0	-4.0	15.7	7.3	17.1	10.7

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, many with whom management has lasting business relationships, 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.

Business Profile (Continued...)

Business mix is evolving as the business grows, with General Liability and Auto comprising close to 70% of premium in 2024. Overall, diversification by line of business, geographic footprint, and program source has improved as operations matured.

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.

Premium Composition and Growth	9-Months		Year End - December 31					5 Year CAGR
	2024	2023	2023	2022	2021	2020	2019	
Direct Premiums Written USD (000)	432,667	283,884	397,167	258,607	119,324	1,512	...	...
% Change	52.4	48.5	53.6	116.7	999.9	...	...	...
Reinsurance Premiums Assumed USD (000)*	48,887	45,159	29,264	16,637	109	...	...	...
% Change	8.3	35.3	75.9	999.9	...	...	...	...
Reinsurance Premiums Ceded USD (000)*	459,860	311,045	394,049	252,195	109,840	1,376	...	...
% Change	47.8	49.7	56.2	129.6	999.9	...	...	...
Net Premiums Written USD (000)	21,693	17,998	32,382	23,048	9,593	135	...	...
% Change	20.5	7.5	40.5	140.3	999.9	...	...	...

Source: BestLink® - Best's Financial Suite

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

2023 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 Occurrence	182,230	45.9	46	0.2	171,328	43.5	10,948	33.8	6.0
Comm Auto Liab	106,913	26.9	...	...	91,090	23.1	15,823	48.9	14.8
Other Liab Claims made	44,190	11.1	...	...	41,414	10.5	2,776	8.6	6.3
Fire	36,751	9.3	247	0.8	36,195	9.2	804	2.5	2.2
Inland Marine	10,845	2.7	279	1.0	10,439	2.6	684	2.1	6.2
Top 5	380,929	95.9	572	2.0	350,466	88.9	31,035	95.8	8.1
All Other	16,238	4.1	28,692	98.0	43,583	11.1	1,346	4.2	3.0
Total	397,167	100.0	29,264	100.0	394,049	100.0	32,382	100.0	7.6

Source: BestLink® - Best's Financial Suite

Year End - December 31

Geographic Breakdown by Direct Premiums Written USD (000)	2023	2022	2021	2020	2019
Florida	68,906	39,968	15,341	...	...
California	56,500	49,285	31,228	346	...
Texas	55,131	32,772	12,953	...	...
New York	31,179	18,602	8,612	202	...
New Jersey	19,675	11,895	7,418	10	...
Top 5 States	231,391	152,521	75,552	558	...
All Other	165,776	106,085	43,772	953	...
Total	397,167	258,607	119,324	1,512	...
Geographic Concentration Index	0.09	...	...	...	...

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 processes, while certain risks such as data security require elevated actions.

Enterprise Risk Management (Continued...)

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

As the organization matures, additional risk identification and mitigation processes have been implemented. In response to industry issues around Letters of Credit fraud, Obsidian implemented a process of independent verification for letters of credit used as collateral by its reinsurers partners.

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 reinsurance entities complemented by companies that post high-quality collateral which is consistently monitored. To date the many reinsurance partners support a number of diverse programs within the portfolio. The use of non-rated counterparties increased primarily driven by relationship with Nelnet Captive Insurance Company utilized for obligatory quota share support. The treaty with Nelnet is fully collateralized. AM Best will continue to monitor the use of unrated reinsurers and any significant impact it has on the risk-adjusted capitalization.

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

	9-Months		Year End - December 31			
	2024		2023		2022	
	USD (000)	%	USD (000)	%	USD (000)	%
Balance Sheet						
Cash and Short Term Investments	58,274	14.9	33,653	11.6	15,565	7.4
Bonds	111,607	28.5	101,928	35.0	93,849	44.4
Total Cash and Invested Assets	169,881	43.4	135,582	46.5	109,414	51.8
Premium Balances	158,388	40.5	109,380	37.6	51,250	24.3
Net Deferred Tax Asset	6,784	1.7	410	0.1	2,189	1.0
Other Assets	55,983	14.3	45,902	15.8	48,316	22.9
Total Assets	391,037	100.0	291,273	100.0	211,169	100.0
Loss and Loss Adjustment Expense Reserves:						
Net Reported Loss Reserves*	11,906	3.0	5,719	2.0	2,053	1.0
Net IBNR Loss Reserves*	29,100	7.4	15,000	5.1	7,492	3.5
Net LAE Reserves	...	...	8,523	2.9	3,807	1.8
Total Net Loss and LAE Reserves	41,006	10.5	29,242	10.0	13,352	6.3
Net Unearned Premiums	19,598	5.0	18,789	6.5	11,676	5.5
Other Liabilities	248,393	63.5	173,168	59.5	109,850	52.0
Total Liabilities	308,996	79.0	221,199	75.9	134,877	63.9
Capital Stock	5,000	1.3	5,000	1.7	9,200	4.4
Paid-In and Contributed Surplus	84,584	21.6	84,584	29.0	72,018	34.1
Unassigned Surplus	-7,543	-1.9	-19,510	-6.7	-4,926	-2.3
Total Policyholders' Surplus	82,040	21.0	70,074	24.1	76,292	36.1
Total Liabilities and Surplus	391,037	100.0	291,273	100.0	211,169	100.0

Source: BestLink® - Best's Financial Suite

* Interim reserves balances include LAE.

Income Statement USD (000)	9-Months		Year End - December 31	
	2024	2023	2023	2022
Net Premiums Earned	20,884	18,486	25,268	17,506
Net Losses and LAE Incurred:				
Current Accident Year	26,205	18,486	25,821	18,023
Prior Accident Years	-1,631	256	1,203	-1,595
Underwriting Expenses Incurred	-7,493	921	-1,044	6,914
Net Underwriting Income	3,803	-1,176	-712	-5,835
Net Investment Income	4,234	2,703	3,932	1,635
Other Income (Expense)	973	511	511	955
Pre-Tax Operating Income	9,010	2,037	3,731	-3,245
Income Taxes Incurred	2,611	509	3,870	954
Net Operating Income	6,399	1,529	-140	-4,198
Net Realized Capital Gains (Losses)	-36	...	-548	-1
Net Income	6,363	1,529	-688	-4,199

Source: BestLink® - Best's Financial Suite

Statement of Operating Cash Flows USD (000)	9-Months		Year End - December 31	
	2024	2023	2023	2022
Net Premiums Collected	40,059	38,304	9,737	50,789
Net Losses Paid	22,181	7,341	18,986	9,152
Expenses Paid	-1,193	-2,137	-6,818	13,138
Net Underwriting Cash Flow	19,071	33,099	-2,430	28,499
Net Investment Income	4,011	2,967	4,233	2,116
Other Income (Expense)	973	511	511	955
Income Taxes Paid (Recovered)	6,869	63	2,135	949
Net Operating Cash Flow	17,185	36,514	179	30,622

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

February 25, 2025

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: February 25, 2025

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.

State Rate Filings

Summary of Approved Filings

The table below shows the number of approved filings in the last five years. For more information, please refer to [Best's State Rate Filings - 018956 - Obsidian Insurance Group](#)

Major Line	2025	2024	2023	2022	2021
Aviation	...	5	44	...	...
Commercial Auto	6	63	214	110	94
Commercial General Liability	7	109	77	91	122
Commercial Inland Marine	7	115	51	1	21
Commercial Interline	1	26	39	2	1
Commercial Multi-Peril	1	40	...	2	...
Crime	3	34	...	...	...
Fire And Allied Lines (Commercial Property)	3	39	...	...	...
Fire And Allied Lines (Personal Property)	12	25	34	35	16
Homeowners Multi-Peril	...	8	3	2	3
Personal Inland Marine	...	3	5	26	13
Personal Interline	1	3	5	1	...
Private Passenger Auto	...	...	...	1	3
Total	41	470	472	271	273

Source: Best's State Rate Filings

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	2023	2022	2021	2020	2019
Obsidian Insurance Group					
Ceded Reinsurance USD (000)	898,838	517,427	226,644	21,372	18,580
Business Retention (%)	7.6	8.4	8.0	9.0	...
Reinsurance Recoverables to PHS (%)	720.4	347.7	146.5	35.8	195.3
Ceded Reinsurance to PHS (%)	999.9	678.2	284.2	38.3	195.3
Surplus Lines Composite					
Business Retention (%)	25.8	27.7	31.1	30.0	33.0
Reinsurance Recoverables to PHS (%)	66.5	69.7	68.5	67.0	57.9
Ceded Reinsurance to PHS (%)	104.8	107.0	105.5	100.7	86.4

Source: BestLink® - Best's Financial Suite

	Paid & Unpaid Losses	Incurred but not reported (IBNR) losses	Unearned premiums	Other Recoverables	Total Reinsurance Recoverables
2023 Reinsurance Recoverables USD (000)					
US Affiliates	11,547	21,565	18,789	248	52,148
US Insurers	41,436	120,482	91,264	-5,420	247,762
Other Non-US	50,807	98,419	97,299	-348	246,177
Total (excluding US Affiliates)	92,243	218,901	188,563	-5,768	493,939
Grand Total	104,559	244,416	213,497	-5,533	556,941

Source: BestLink® - Best's Financial Suite

Balance Sheet Highlights

Asset Liability Management | Investments

	9-Months		Year End - December 31				
	2024	2023	2023	2022	2021	2020	2019
Bond Portfolio							
Bonds & Short Term Investments USD(000)	115,087	96,943	101,928	93,849	70,835	57,326	7,073
By Issuer (%)							
Unaffiliated Bonds:							
US Government	...	...	6.5	7.8	11.1	6.4	43.9
Foreign - All other	...	...	4.6	3.8	4.0	4.3	...
State, Municipal & Special Revenue	...	...	31.3	32.4	40.6	40.7	54.7
Industrial and Misc, Hybrid and SVO Identified	...	...	57.5	56.1	44.3	48.6	1.3
Bonds and Short Term Investments By Private vs Public (%)							
Private issues	...	...	14.2	7.7	...	...	...
Public issues	...	...	85.8	92.3	100.0	100.0	100.0
Bonds and Short Term Investments By Quality (%)							
Class 1	93.9	95.4	95.7	96.0	93.6	92.5	99.2
Class 2	6.1	4.6	4.3	4.0	6.4	7.5	0.8

Source: BestLink® - Best's Financial Suite

Operating Performance Highlights

Operating and Financial Performance Ratios (%)	9-Months		Year End - December 31					Weighted Average
	2024	2023	2023	2022	2021	2020	2019	
Surplus Lines Composite								
Calendar Year Loss and LAE Ratio	59.7	57.7	58.9	64.5	69.4	70.7	67.8	65.6
Expense and Policyholder Dividend Ratio	25.7	27.9	27.9	27.6	23.8	26.0	27.6	26.6
Combined Ratio	85.4	85.6	86.8	92.1	93.3	96.6	95.4	92.2
Reserve Development Ratio Impact	0.6	-9.6	-5.8	-1.9	1.1	-1.2	-1.0	-2.0
Net Investment Yield	4.0	3.5	3.5	2.4	1.9	2.2	2.8	2.6
Pre-Tax Operating Return on Net Earned Premiums	30.4	27.6	27.2	16.5	11.6	11.4	15.0	17.1
Net Income Return on Policyholders' Surplus	26.5	10.9	10.2	9.0	5.2	4.2	6.6	7.2
Total Return on Policyholders' Surplus	17.7	14.8	18.0	-4.0	15.7	7.3	17.1	10.7

Source: BestLink® - Best's Financial Suite

By Line - Net Loss Ratio (%)	Year End - December 31				
	2023	2022	2021	2020	2019
Other Liab	49.6	45.3	28.8	44.7	...
Comm Auto Liab	90.7	81.3	11.3	...	...
Auto Phys Dmg	52.8	50.3	1.0	...	...
Fire	65.8	17.1	6.8	...	...
Inland Marine	24.1	41.3	2.2	...	...
Product Liab	-6.8	-13.9	6.0	...	...
Comm M.P.	24.5	...	...	...	...
Aircraft	50.0	...	...	...	...
PP Auto Liab	-99.9	75.5	0.3	...	...
Allied Lines	0.1	...	...	...	...
All Other	47.7	...	219.0	...	...
Total	60.1	52.3	54.1	44.7	...

Source: BestLink® - Best's Financial Suite

Operating Performance Highlights

Geographic - Direct Loss Ratio (%)	Year End - December 31				
	2023	2022	2021	2020	2019
Florida	45.9	48.0	48.9	...	...
California	68.7	46.1	46.5	46.0	...
Texas	77.9	60.9	51.9	...	...
New York	34.6	51.4	45.5	44.8	...
New Jersey	43.6	48.6	54.3	46.4	...
Georgia	104.1	103.2	63.6	...	...
Washington	36.9	48.0	52.3	38.8	...
Illinois	80.4	35.9	44.2	...	...
Arizona	51.7	57.3	48.4	37.0	...
Colorado	56.1	48.7	49.1	46.0	...
All Other	45.4	35.2	52.4	45.1	...
Total	56.4	48.1	49.8	44.5	...

Source: BestLink® - Best's Financial Suite

Business Profile Highlights

Historical Market Presence

By Line Breakdown - NPW USD (000)	Year End - December 31				
	2023	2022	2021	2020	2019
Comm Auto Liab	15,823	5,270	1,375	...	...
Other Liab	13,724	16,134	6,836	135	...
Fire	804	379	271	...	...
Auto Phys Dmg	708	619	686	...	...
Inland Marine	684	505	82	...	...
Aircraft	332	...	...	...	...
Comm M.P.	189	...	...	...	...
Product Liab	78	91	232	...	...
Allied Lines	23	...	...	...	...
Homeowners	19	...	...	...	...
All Other	-2	51	111	...	...
Total	32,382	23,048	9,593	135	...

Source: BestLink® - Best's Financial Suite

By Line Reserves USD (000)	Year End - December 31		
	2023	2022	2021
Other Liab	19,356	9,140	1,694
Comm Auto Liab	8,552	3,536	413
Auto Phys Dmg	487	281	33
Fire	270	111	63
Inland Marine	195	76	11
Rein-NPA Liab	187	79	...
Rein-NPA Prop	89	48	...
Product Liab	53	43	86
PP Auto Liab	21	40	7
Comm M.P.	20	...	...
All Other	13
Total	29,242	13,352	2,306

Source: BestLink® - Best's Financial Suite

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