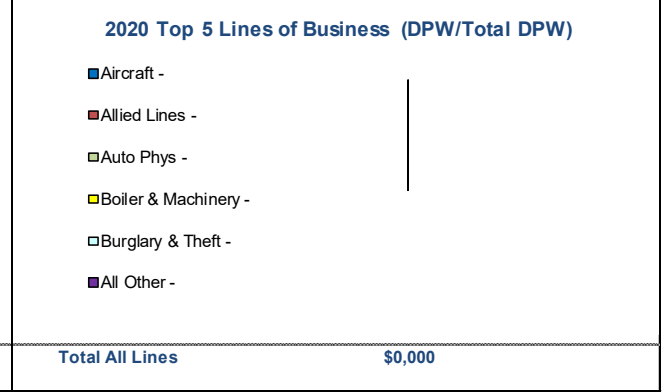
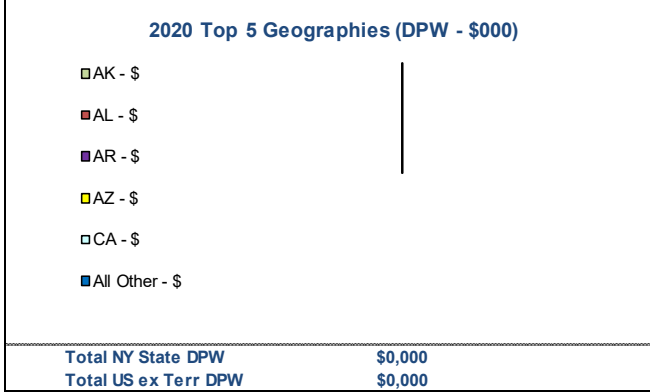
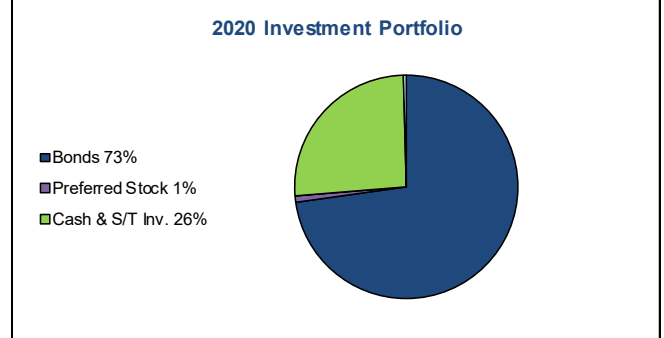
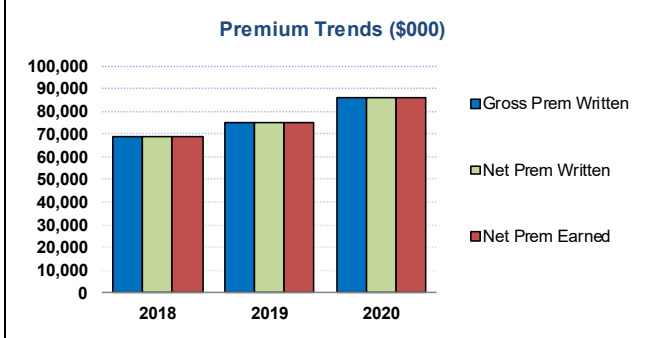
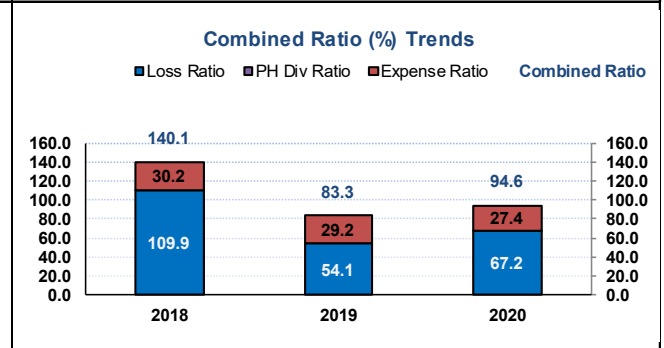
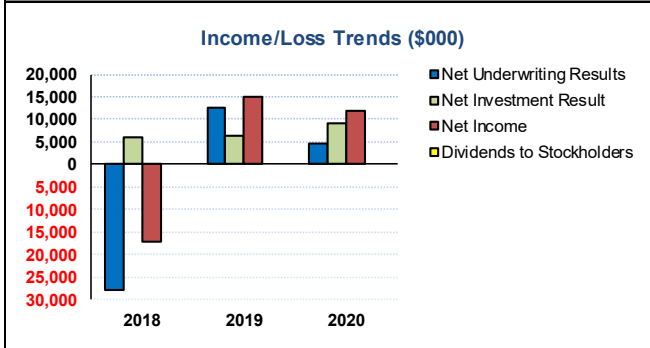




**APPALACHIAN INSURANCE COMPANY, NAIC #10316  
FACTORY MUTUAL INSURANCE COMPANY**

Dollars in 000

	2018	2019	2020		2018	2019	2020
Total Assets	292,556	290,650	295,707	RBC Ratio (%)	650.1	779.5	752.4
Total Liabilities	105,180	88,358	81,662	2yr Res Development	1	0	-1
Policyholder Surplus	187,376	202,292	214,046	2yr Dev / Surplus	0.0%	0.0%	-0.1%
Cash & Invested Assets	266,777	267,092	270,586	Affiliated Common Stck	0	0	0
Cash & Invested Assets / Total Assets	91.2%	91.9%	91.5%	Affiliated CS / Surplus	0.0%	0.0%	0.0%
Net Cash from Operations	-12,080	-5,080	4,923	Net Reins Recoverable	57,744	57,942	57,210
Loss & LAE Reserves	68,420	68,112	67,513	Net Reins Rec / Surplus	30.8%	28.6%	26.7%
Loss & LAE Reserves/Surplus	36.5%	33.7%	31.5%	AMB / S&P Ratings	A+ / A+	A+ / A+	A+ / A+



**Top 5 Reinsurers for Appalachian Insurance Co. by Gross Recoverables  
Period: 2020Y**

Dollars in 000

Reinsurer	Reinsurance Class	Reins Authorized Status	Gross Recov	Over 120 Days Overdue
1 - Excess and Casualty Reinsurance Association	Voluntary Pools	Authorized	3,358	237
2 - Everest Reinsurance Company	US Unaffiliated	Authorized	2,183	0
3 - TIG Insurance Company	US Unaffiliated	Authorized	2,023	0
4 - XL Reinsurance America Inc.	US Unaffiliated	Authorized	1,598	0
5 - Argonaut Insurance Company	US Unaffiliated	Authorized	1,592	0

**S&P Disclaimer Notice:**

Reproduction of any information, data or material, including ratings ("content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("content providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such content. In no event shall content providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the content. A reference to a particular investment or security, a rating or any observation concerning an investment that is part of the content is not a recommendation to buy, sell or hold such investment or security, does not address the suitability of an investment or security and should not be relied on as investment advice. Credit ratings are statements of opinions and are not statements of fact.

## ULTIMATE PARENT –Factory Mutual Insurance Company

Corporate Profile		Financial Strength Ratings	
Address:	Factory Mutual Insurance Company 270 Central Avenue Johnston, RI, 02919	S&P Global:	A+
Website:	<a href="http://www.fmglobal.com">www.fmglobal.com</a>	Moody's:	-
President :	-	Fitch:	AA
Ticker Symbol:	-: -	AM Best - P&C:	A+
2020 Form 10-K:	<a href="#">SEC Website</a>		

Highlights (\$000)	2017	2018	2019	2020
Total Assets	23,246,900	22,207,500	25,053,800	0
Total Policy Reserves	8,429,800	8,904,800	8,464,100	0
Total Debt	0	0	0	0
Total Other Liabilities	1,035,800	1,121,300	1,362,000	0
Sep Account Liabilities	0	0	0	0
Total Liabilities	10,218,400	10,380,600	10,471,100	0
<b>Total Equity</b>	<b>13,028,500</b>	<b>11,826,900</b>	<b>14,582,700</b>	<b>0</b>
Total Liab & Equity	23,246,900	22,207,500	25,053,800	0
Book Value / Share (\$)	0.00	0.00	0.00	0.00
Reserves / Investments & Cash (x)	0.46	0.50	0.43	NA
Reserves / Liabilities (x)	0.82	0.86	0.81	NA
Reserves / Equity (x)	0.65	0.75	0.58	0.00
Debt / Equity (x)	0.00	0.00	0.00	0.00
Dec. 31 Closing Price (\$)	0.00	0.00	0.00	0.00
Net Income (\$)	254,100	161,400	2,479,300	0
Basic EPS (\$)	0.00	0.00	0.00	0.00
Investment Yield (%)	3.94	6.93	11.96	0.00
Ratios (%)				
Loss Ratio	100.80	100.10	52.50	0.00
Expense Ratio	29.10	28.50	28.10	0.00
PH Dividend Ratio	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Combined Ratio	129.90	128.60	80.60	0.00

### Company Description and Notes

Industries: Property and Casualty Insurance Reinsurance, Engineering and Inspection Services, Insurance Services, Claims Management and Associated Asset Management

Geography: The Americas and Caribbean, Britain, European Union, Asia and South Pacific

## **HISTORY**

Appalachian Insurance Company (Appalachian Insurance) was incorporated in the State of Rhode Island in April 1941 as Appalachian Insurance Company of Providence, a subsidiary of Factory Mutual Insurance Company (Factory Mutual). The company adopted its current name in 1975. The company has been eligible to write surplus lines business in New York at least since ELANY's inception in 1989. As of December 31, 2020, Appalachian Insurance is licensed in Rhode Island and operated on a non-admitted basis in forty-nine (49) states, the District of Columbia, Guam, Puerto Rico, and the U.S. Virgin Islands.

## **REINSURANCE**

Appalachian Insurance is a participant in an intercompany pooling agreement including three (3) affiliates, with its parent, Factory Mutual, pool lead retaining 86% and Affiliated FM Insurance Company 12%. Appalachian Insurance cedes 100% of its premiums to Factory Mutual and receives a 2.0% share of the pool's combined results, which includes lines of business not directly written by the company. As such, the financial strength of the company is heavily dependent on the underwriting performance of its pool members, the credit risk of Factory Mutual, as well as investment risk of its own investment portfolio, managed in common by Factory Mutual. For the years 2018 through 2020, Appalachian Insurance net reinsurance recoverable was shown as \$58m, \$58m and \$58m, representing 31%, 29% and 27% of company surplus.

## **HOLDING COMPANY**

Founded in 1835 by Rhode Island textile mill owners as Manufactures Mutual Insurance Company, the company insured mills through commonly agreed mill changes in manufacturing, safety, and loss prevention efforts, regularly inspected. Having grown and expanded over the successive generations as new mutual companies were formed for new enterprises, the collective companies became known as the Associated Factory Mutual Fire Insurance Companies (Factory Mutual), or FM Global. FM Global, based in Johnston, Rhode Island, maintains offices worldwide, specializing in loss prevention services primarily to large corporations in the Highly Protected Risk (HPR) property insurance market sector. Maintaining its roots in loss prevention and inspection, risks and premiums are determined by engineering analysis and regular inspection. AM Best collectively rates eight (8) insurance subsidiaries of FM Global, including Appalachian Insurance Company. FM Global was initially rated in 1918, and for the years 2018 through 2020 was rated 'A+' and assigned a financial size of XV (\$2.0bn >).

## **SUBSEQUENT NOTEWORTHY OBSERVATIONS**

### **Important Information Regarding Financial Summaries**

This financial summary contains information helpful to New York excess lines brokers in meeting their non-delegable duty to use "due care" in the selection of a financially secure excess line insurer. Definitions of the financial terms used in the summaries appear as pop-up boxes when hovering your mouse over the corresponding text. For additional guidance on assessing insurance company financial statements, please reference "ELANY COMPLIANCE ADVISOR: FUNDAMENTALS OF INSURANCE COMPANY FINANCIAL ANALYSIS".

The Excess Line Association of New York has compiled the insurance company financial information from the Annual Statutory Financial Statements. All ratios, charts, and graphs are based on the compiled information. We have made every effort to ensure all information transcribed for these pages is correct. However, the Excess Line Association of New York cannot attest to the accuracy of data provided by its sources, nor do we make any warranties, either expressed or implied, regarding the accuracy or completeness of information presented in this document. We assume no responsibility for loss or damage resulting from the use of this information.