### Appalachian Insurance Company, NAIC #10316
**Factory Mutual Insurance Company**

#### Key Financial Ratios and Figures

- **Total Assets**: 2017: $325,972, 2018: $292,556, 2019: $290,650
- **Total Liabilities**: 2017: $121,538, 2018: $105,180, 2019: $88,358
- **2yr Res Dev Development**: 2017: -$6,699, 2018: 1, 2019: 0
- **Net Reins Recoverable**: 2019: $57,942
- **Net Reins Rec / Surplus**: 2019: 28.6%

#### Income/Loss Trends ($000)

- **Net Underwriting Results**: 2017: $108.4, 2018: $109.9, 2019: $137.4
- **Net Investment Result**: 2017: $54.1, 2018: $28.9, 2019: $29.2
- **Net Income**: 2017: $83.3, 2018: $20.0, 2019: $40.0

#### Combined Ratio (%)

- **Loss Ratio**: 2017: 28.9, 2018: 30.2, 2019: 29.2
- **PH Div Ratio**: 2017: 108.4, 2018: 109.9, 2019: 140.1
- **Expense Ratio**: 2017: 54.1, 2018: 29.2, 2019: 54.1
- **Combined Ratio**: 2017: 160.0, 2018: 120.0, 2019: 83.3

#### Premium Trends ($000)

- **Gross Prem Written**: 2017: $30,000, 2018: $25,000, 2019: $20,000
- **Net Prem Written**: 2017: $10,000, 2018: $5,000, 2019: $0
- **Net Prem Earned**: 2017: $0

#### 2019 Investment Portfolio

- **Cash & S/T Inv.**: 25%
- **Preferred Stock**: 1%
- **Bonds**: 74%

#### 2019 Top 5 Lines of Business (DPW/Total DPW)

- **Aircraft**
- **Allied Lines**
- **Auto Phys**
- **Boiler & Machinery**
- **Burglary & Theft**
- **All Other**

#### Top 5 Reinsurers for Appalachian Insurance Co. by Gross Recoverables

<table>
<thead>
<tr>
<th>Reinsurer</th>
<th>Reinsurance Class</th>
<th>Reins Authorized Status</th>
<th>Gross Recov</th>
<th>Over 120 Days Overdue</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - Excess and Casualty Reinsurance Association</td>
<td>Voluntary Pools</td>
<td>Authorized</td>
<td>$3,363</td>
<td>232</td>
</tr>
<tr>
<td>2 - Everest Reinsurance Company</td>
<td>US Unaffiliated</td>
<td>Authorized</td>
<td>$2,226</td>
<td>0</td>
</tr>
<tr>
<td>3 - TG Insurance Company</td>
<td>US Unaffiliated</td>
<td>Authorized</td>
<td>$2,068</td>
<td>0</td>
</tr>
<tr>
<td>4 - XL Reinsurance America Inc.</td>
<td>US Unaffiliated</td>
<td>Authorized</td>
<td>$1,603</td>
<td>0</td>
</tr>
<tr>
<td>5 - Argonaut Insurance Company</td>
<td>US Unaffiliated</td>
<td>Authorized</td>
<td>$1,592</td>
<td>0</td>
</tr>
</tbody>
</table>
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, 2019, 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 2017 through 2019, Appalachian Insurance net reinsurance recoverable was shown as $58m, $58m and $58m, representing 29%, 31% and 29% 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 2017 through 2019 was rated ‘A+’, and assigned a financial size of XV ($2.0bn >).

SUBSEQUENT EVENTS
In March 2020, the Covid-19 influenza was recognized as a global pandemic, severely disrupting economic activity. As of April, 2020, the results of this event upon year-ending 2020 insurance operations and those of its parent group are not known. For those companies exposed however, the potential for reduced premiums, return of premiums, and an increase in collections and operation expense may reduce cash flows. Losses and loss adjustment expenses may increase when losses become known and investments in affiliates and equity investments may suffer a decline in values. Also, the effect of future legislation, regulation and litigation could cause an adverse financial impact on those companies exposed.
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.