

BEST'S RATING REPORT



BEST MERIDIAN INSURANCE COMPANY

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Best Meridian Insurance Company

Disclosure Information: View A.M. Best's [Rating Disclosure Form](#)

Ultimate Parent: [051318 - BMI Financial Group, Inc.](#)

A.M. Best Rating Unit: 060007 - Best Meridian Insurance Company

Best's Credit Ratings:

Rating Effective Date: May 31, 2019

Best's Financial Strength Rating:	A-	Outlook:	Stable	Action:	Affirmed
Best's Issuer Credit Rating:	a-	Outlook:	Stable	Action:	Affirmed

Best's Credit Ratings for Group Members:

Rating Effective Date: May 31, 2019

AMB#	Company	Rating Unit	Best's Financial Strength Ratings			Best's Issuer Credit Ratings		
			Rating	Outlook	Action	Rating	Outlook	Action
060007	Best Meridian Ins Co		A-	Stable	Affirmed	a-	Stable	Affirmed
086911	Best Meridian Intl Ins Co SPC		A-	Stable	Affirmed	a-	Stable	Affirmed

Best's Country Risk Reports Utilized:

- [Mexico](#) - CRT - 3
- [Costa Rica](#) - CRT - 4
- [Venezuela](#) - CRT - 5
- [Ecuador](#) - CRT - 5

Five Year Credit Rating History:

Date	Best's Financial Strength Ratings			Best's Issuer Credit Ratings		
	Rating	Outlook	Action	Rating	Outlook	Action
05/31/2019	A-	Stable	Affirmed	a-	Stable	Affirmed
05/04/2018	A-	Stable	Affirmed	a-	Stable	Affirmed
03/31/2017	A-	Stable	Affirmed	a-	Stable	Affirmed
03/24/2016	A-	Stable	Affirmed	a-	Stable	Affirmed
03/13/2015	A-	Stable	Affirmed	a-	Stable	Affirmed

Rating Rationale:

Balance Sheet Strength: Strongest

- Strongest level of risk-adjusted capitalization as measured by the Best's Capital Adequacy Ratio (BCAR) model.
- The group has no dependence on debt to manage its balance sheet.
- Risk associated with a relatively large investment allocation to mortgage loans. However, majority of the mortgages are directly issued shorter-term loans on local properties. There is no history of defaults.
- Potential risk associated with Best Meridian International Insurance Company SPC's growing reinsurance business. However, close to 100% of that business is currently retro-ceded to high quality reinsurers.

Operating Performance: Adequate

- Positive net gains driven by steady net investment income. Investment income has historically offset underwriting volatility.
- Underwriting results deteriorated substantially over the past three years driven by higher loss ratio.
- Deterioration in economic conditions and difficulties in transferring money from Venezuela have attributed to a large decrease in reinsurance assumed for Best Meridian Insurance Company (BMIC).

Business Profile: Neutral

- Despite the economic challenges in Latin America, the group has been able to maintain a niche status in private medical insurance and universal life.
- Business persistency is more solid as products are specifically designed to serve the markets of Latin America and the surrounding region. Premiums are diversified by geography with no heavy dependency on one market.
- The group is exposed to the economic, political and regulatory risks in Latin American countries to the extent that they may impact its sales and/or persistency of products.

Enterprise Risk Management: Marginal

- The group's risk management framework is developing, and its risk management capability is viewed to be marginal relative to the size and complexity of its operations.
- The group has good controls and adequate capability for key underwriting risks; however, AM Best considers there to be deficiencies in the management of certain key risks.
- Country risk remains a key risk for the group given its underwriting operations are primarily focused in Latin America. Therefore, challenges posed by regulatory and economic uncertainty risk from revenue streams from its high-risk markets are discussed by the directors of the group on a regular basis.

Outlook

The stable outlooks reflect the group's strongest level of balance sheet strength assessment.

Rating Drivers

Negative rating movement could occur if there is a deterioration of operating performance.

Negative rating movement could occur if the group reports a material decline in risk-adjusted capitalization.

Financial Statements:

Balance Sheet:

Balance Sheet:

Admitted Assets	Year End - December 31	
	2018 (\$000)	2017 (\$000)
Bonds	164,137	156,045
Common Stocks	4,328	3,943
Mortgage Loans	38,480	38,529
Real Estate	27,186	29,915
Contract Loans	4,175	4,343
Cash & short-term Investments	50,813	44,557
Other Invested Assets	1,459	1,464
Premiums & Consideration Due	16,832	13,345
Receivable from affiliates	9,382	8,667
Investment income due & accrued	1,857	1,683
Other Assets	31,782	34,437
Total Assets	350,430	336,929

Liabilities & Surplus	Year End - December 31	
	2018 (\$000)	2017 (\$000)
Net policy reserves (see components below)	251,970	242,809
Liabilities for deposit type contracts	485	427
Policy Claims	23,990	23,986
Interest maintenance reserve	1,810	1,721
Commissions, taxes and expenses	2,970	2,987
Asset Valuation Reserve	3,666	3,435
Other Liabilities	5,657	7,328
Total Liabilities	290,548	282,694

YE 2018: Life \$225,051; annuities \$0; disability active lives \$34; disability disabled lives \$0; miscellaneous reserves \$1,297; accident & health \$25,588.

YE 2017: Life \$217,781; annuities \$0; disability active lives \$27; disability disabled lives \$0; miscellaneous reserves \$1,032; accident & health \$23,970.

Capital & Surplus	Year End - December 31	
	2018 (\$000)	2017 (\$000)
Common Stock	750	750
Paid-in & Contributed Surplus	5,650	5,650
Unassigned Surplus	53,482	47,836
Total Policyholders' Surplus	59,882	54,236
Total Liabilities & Surplus	350,430	336,929

Source: Bestlink - Best's Statement File - L/H, US

Company History:

Date Incorporated: 06/23/1986

Date Commenced: 08/01/1987

Domicile: United States: Florida

Company Management:

Last significant update on 05/18/2018

Officers

Chairman of the Board: Antonio M. Sierra

Vice Chairman of the Board: Brent Bush

President and CEO: Anthony F. Sierra

Vice President, Treasurer and CFO: Manuel Pelati

Vice President: Karen M. Michell

Secretary: Andrew Sierra

Medical Director: Rene J. Gomez

General Counsel: Carlos M. Machado

Directors

Brent Bush

Carlos Garcia-Velez

Rosario Portuondo Duncan

Anthony F. Sierra

Antonio M. Sierra

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Credit risk is the risk that an entity may not meet its contractual, financial obligations as they come due. These credit ratings do not address any other risk, including but not limited to liquidity risk, market value risk or price volatility of rated securities. The rating is not a recommendation to buy, sell or hold any securities, insurance policies, contracts or any other financial obligations, nor does it address the suitability of any particular financial obligation for a specific purpose or purchaser.

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