



BEST'S COMPANY REPORT

THE **ANDOVER** COMPANIES®

• EST 1828 •

ANDOVER COMPANIES POOL

AMB #: 000166

NAIC #: N/A

FEIN #: N/A

Phone:

Fax:

Website: N/A

BAY STATE INSURANCE COMPANY

A

Domiciliary Address: 95 Old River Road, Andover, Massachusetts 01810-1078 United States

Administrative Office: 95 Old River Road, Andover, Massachusetts 01810-1078 United States

Mailing Address: 95 Old River Road, Andover, Massachusetts 01810-1078 United States

AMB #: 002053

NAIC #: 19763

FEIN#: 04-2200004

Phone: +1-978-475-3300

Fax: +1-800-323-5112

Website: www.andovercompanies.com

CAMBRIDGE MUTUAL FIRE INSURANCE COMPANY

A

Domiciliary Address: 95 Old River Road, Andover, Massachusetts 01810-1078 United States

Administrative Office: 95 Old River Road, Andover, Massachusetts 01810-1078 United States

Mailing Address: 95 Old River Road, Andover, Massachusetts 01810-1078 United States

AMB #: 002054

NAIC #: 19771

FEIN#: 04-1144900

Phone: +1-978-475-3300

Fax: +1-800-323-5112

Website: www.andovercompanies.com

MERRIMACK MUTUAL FIRE INSURANCE COMPANY

A

Domiciliary Address: 95 Old River Road, Andover, Massachusetts 01810-1078 United States

Administrative Office: 95 Old River Road, Andover, Massachusetts 01810-1078 United States

Mailing Address: 95 Old River Road, Andover, Massachusetts 01810-1078 United States

AMB #: 002055

NAIC #: 19798

FEIN#: 04-1614490

Phone: +1-978-475-3300

Fax: +1-800-323-5112

Website: www.andovercompanies.com



Best's Credit Rating Effective Date

August 28, 2024

Analytical Contacts

Kenneth E. Tappen
Senior Financial Analyst
Kenneth.Tappen@ambest.com
+1(908) 439-2200 Ext. 5248

Richard Attanasio
Senior Director
Richard.Attanasio@ambest.com
+1(908) 439-2200 Ext. 5432

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](#).

Andover Companies Pool

AMB #: 000166

Ultimate Parent: AMB # 000166 - Andover Companies Pool

Best's Credit Ratings - for the Rating Unit Members

Financial Strength Rating (FSR)

<p>A</p> <p>Excellent</p>
<p>Outlook: Stable</p> <p>Action: Affirmed</p>

Issuer Credit Rating (ICR)

<p>a+</p> <p>Excellent</p>
<p>Outlook: Stable</p> <p>Action: Affirmed</p>

Assessment Descriptors

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

Rating Unit - Members

Rating Unit: Andover Companies Pool | **AMB #:** 000166

AMB # **Rating Unit Members**
002053 Bay State Insurance Company
002054 Cambridge Mutual Fire Ins Co

AMB # **Rating Unit Members**
002055 Merrimack Mutual Fire Ins Co

Rating Rationale**Balance Sheet Strength: Very Strong**

- Strongest level of risk-adjusted capitalization as measured by Best's Capital Adequacy Ratio (BCAR) at the 99.6% confidence level.
- Low underwriting leverage relative to the personal property composite, indicative of less sensitivity to price and reserve inadequacies.
- Quick, current and overall liquidity measures are strong and compare favorably to the composite. Liquidity has benefited from positive operating cash flows in each of the last five years.
- Very high common stock leverage exposes capital to equity market shifts as evidenced in periods of market volatility. This is partially mitigated through investments in large-cap dividend-paying stocks and the maintenance of strict investment guidelines.
- Loss reserve development has been favorable in seven of the last ten calendar and accident years. However, modestly adverse development has been reported in the three most recent calendar and accident years, driven by the commercial multi-peril, assumed property reinsurance and general liability lines of business.

Operating Performance: Adequate

- Historically favorable five-year and ten-year average loss and LAE ratios compared to the personal property composite, marked by a few years with elevated results due to severe weather-related events.
- Elevated five-year and ten-year average underwriting expense ratio, driven by higher commission costs, which are typical for New England writers. Collectively, with the loss and LAE ratio, the five-year average combined ratio is slightly below the composite.
- Growing stream of net investment income that has offset underwriting losses that occurred in four of the last five years. Net investment income has become increasingly driven by dividend income from the common stock portfolio.
- Five-year and ten-year average pre-tax and total returns on revenue and equity are higher than the composite. Total returns on revenue and equity are reflective of material unrealized capital gains from the equity portfolio in select years.

Business Profile: Favorable

- Andover is one of the largest regional mutuals in the Northeast personal lines market with a modest share of the homeowners market in Massachusetts.
- Writes homeowners, small business owners, fire and allied line products distributed through a wide network of independent agents specifically geared towards more desirable risks based on insurance score.
- Historically profitable geographic diversification by assuming both domestic and international property catastrophe reinsurance business from carefully selected strategic partners on a quota share basis.
- Direct exposure to severe weather-related events in the Northeast is partially mitigated by a comprehensive reinsurance program.

Enterprise Risk Management: Appropriate

- Andover's enterprise risk management (ERM) capabilities are considered appropriate for its risk profile.
- A formal program has been developed and documented, with participation and input from the board, executive leadership and the ERM team. The ERM team is responsible for oversight and implementation.
- Formal risk tolerance and appetite statements have been developed, which include both qualitative and quantitative parameters for all major risks.
- The pool is exposed to tail risk as evidenced by the BCAR at the 99.8% confidence level, reflective of management's view of events with low probability. Models are regularly reviewed for accuracy, relevance and to monitor tail risk.

Outlook

- The stable outlooks reflect the expectation that Andover will maintain its overall balance sheet strength assessment, supported by risk-adjusted capitalization at the strongest level, while strategic initiatives implemented by management will support more stable operating performance over the intermediate term, inclusive of results from its assumed book of business.

Rating Drivers

- Negative rating action could occur following deterioration in risk-adjusted capitalization to a level that no longer supports the balance sheet strength assessment.
- Negative rating action could occur with a trend of significant volatility in overall operating results bringing into question the group's favorable business profile assessment.
- While unlikely, positive rating action could occur following prolonged improvement in underwriting and operating performance that aligns with rating units assessed as strong within its composite.

Key Financial Indicators

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

Confidence Level	95.0	99.0	99.5	99.6
BCAR Score	75.4	60.3	44.9	26.7

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

Key Financial Indicators USD (000)	6-Months		Year End - December 31				
	2024	2023	2023	2022	2021	2020	2019
Premiums Written:							
Direct	430,753	375,428	826,837	736,094	663,389	617,638	585,549
Assumed*	509,535	413,930	117,850	128,735	143,694	146,792	141,380
Ceded*	459,302	396,450	92,087	73,259	56,202	77,135	70,461
Net	480,986	392,908	852,601	791,570	750,882	687,295	656,469
Net Operating Income	56,752	-41,226	34,932	22,209	4,547	75,411	29,007
Net Income	66,064	-41,222	25,320	12,551	-4,030	46,179	75,407
Total Admitted Assets	4,469,209	3,990,271	4,213,724	3,956,533	3,973,186	3,325,296	3,228,796
Policyholders' Surplus	2,527,848	2,168,041	2,348,694	2,194,030	2,275,172	1,836,936	1,800,563

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
	2024	2023	2023	2022	2021	2020	2019	
Profitability:								
Combined Ratio	91.6	124.2	105.3	106.2	107.4	94.9	104.0	103.7
Reserve Development Combined Ratio Impact	-2.7	2.4	1.3	0.7	-1.3	-4.7	...	-0.7
Net Investment Yield	2.9	3.0	2.9	2.6	2.3	2.4	2.7	2.6
Pre-Tax Operating Return on Net Earned Premiums	16.4	-12.9	5.2	3.5	1.0	14.0	6.6	5.9
Net Income Return on Policyholders' Surplus	5.4	-3.8	1.1	0.6	-0.2	2.5	4.5	1.5
Total Return on Policyholders' Surplus	12.5	-2.7	6.9	-5.5	18.8	4.1	16.4	7.6
Leverage:								
Net	1.1	1.2	1.2	1.2	1.1	1.2	1.2	...
Gross	...	...	1.2	1.2	1.1	1.2	1.2	...
Non-affiliated Investment	105.8	110.0	108.1	108.0	108.1	101.5	99.1	...

Source: BestLink® - Best's Financial Suite

Credit Analysis

Balance Sheet Strength

Andover's risk-adjusted capitalization is strongest as measured by BCAR at the 99.6 VaR confidence level. Balance sheet strength is reinforced by underwriting leverage that compares favorably to the low composite metrics, strong liquidity measures supported by solid operating cash flows, modest reinsurance dependence and favorable overall loss reserve development in most calendar and accident years. Low net and gross underwriting leverage measures indicate Andover's policyholder surplus position is less susceptible to deterioration due to pricing errors and loss reserve inadequacies. Furthermore, Andover purchases catastrophe and other forms of reinsurance to help protect its balance sheet against severe events. These factors are partially offset by very high common stock leverage, which illustrates an acute sensitivity to equity market fluctuations.

Balance Sheet Strength (Continued...)
Capitalization

Andover's strongest risk-adjusted capitalization is driven by surplus growth in four of the last five years, a low net premiums written to surplus position, and favorable loss reserve development in most calendar and accident years. In 2022, Andover reported a modest surplus decline, driven by unrealized capital losses from unfavorable equity market conditions, as well as unfavorable underwriting results due to rising loss costs from persistent inflation. The surplus increase in 2023 (7.0%; \$154.7M) was driven by unrealized capital gains (\$131.9M) due to favorable equity market conditions, net investment income (\$99.3M) and other income (\$4.2M), partially offset by net underwriting losses (-\$62.0M), realized capital losses (-\$9.6M), income tax (\$6.5M) and other surplus losses (-\$2.5M). Although the surplus position will continue to be susceptible to weather-related events and stock market sensitivity, Andover's robust investment income and ability to produce substantial underwriting gains in benign weather years partially mitigates the potential impact.

Capital Generation Analysis USD (000)	6-Months		Year End - December 31				
	2024	2023	2023	2022	2021	2020	2019
Beginning Policyholders' Surplus	2,348,694	2,194,030	2,194,030	2,275,172	1,836,936	1,800,563	1,522,741
Net Operating Income	56,752	-41,226	34,932	22,209	4,547	75,411	29,007
Net Realized Capital Gains (Losses)	9,312	4	-9,613	-9,659	-8,577	-29,232	46,400
Net Unrealized Capital Gains (Losses)	85,773	12,262	131,852	-134,823	390,764	28,029	196,577
Other Changes in Capital and Surplus	27,317	2,971	-2,507	41,131	51,502	-37,835	5,838
Net Change in Policyholders' Surplus	179,154	-25,989	154,664	-81,141	438,236	36,373	277,821
Ending Policyholders' Surplus	2,527,848	2,168,041	2,348,694	2,194,030	2,275,172	1,836,936	1,800,563
Net Change in Policyholders' Surplus (%)	7.6	-1.2	7.0	-3.6	23.9	2.0	18.2
Net Change in Policyholders' Surplus (5 yr CAGR)	...	...	9.1	...	...	...	...

Source: BestLink® - Best's Financial Suite

Liquidity Analysis	6-Months		Year End - December 31				
	2024	2023	2023	2022	2021	2020	2019
Net Operating Cash Flow USD (000)	91,886	781	71,633	122,034	125,821	87,119	55,365
Current Liquidity (%)	182.6	171.3	179.0	176.2	188.1	176.6	179.8

Source: BestLink® - Best's Financial Suite

Asset Liability Management - Investments

Andover's investment portfolio allocations reflect management's response to the suppressed interest rate environment for most of the recent five-year period. In prior years, after an influx of calls on fixed-income securities, management decided to reinvest proceeds into common stock, believing equities would generate better returns. As of year-end 2023, the investment portfolio was primarily comprised of common stock (69%) with smaller positions in intermediate-term bonds (17%) and cash (8%). Although the strategy has resulted in investment yield and total return on invested assets that are higher than the composite averages, it does not come without risk, which is reflected in Andover's very high common stock leverage. At 104.5% as of year-end 2023, policyholder surplus is highly sensitive to shifts in the equity market and has a greater potential to be negatively impacted should markets deteriorate, as illustrated in 2022. Andover somewhat mitigates the associated risk through focusing investments on large-cap, dividend paying stocks, considering Value Line safety and rating standards, and using an external advisor to improve knowledge and expertise as well as the long-term investment horizon.

Liquidity metrics (quick, current and overall) are positively influenced by Andover's common stock position and compare favorably to the composite averages. Liquidity is also supported by solid operating cash flows in each of the last five years, which are derived from investment and underwriting activities.

Balance Sheet Strength (Continued...)

Composition of Cash and Invested Assets	6-Months		Year End - December 31				
	2024	2023	2023	2022	2021	2020	2019
Total Cash and Invested Assets USD (000)	3,741,324	3,323,526	3,532,967	3,310,539	3,365,827	2,756,231	2,693,672
Composition Percentages (%)							
Unaffiliated:							
Cash and Short Term Investments	9.7	8.7	7.9	8.9	13.9	9.5	8.4
Bonds	15.6	15.8	16.9	15.7	9.0	18.1	20.5
Stocks	69.3	69.1	69.5	68.9	71.8	67.6	66.1
Other Invested Assets	2.2	2.6	2.4	2.6	1.3	0.1	0.1
Total Unaffiliated	96.7	96.2	96.6	96.2	96.0	95.2	95.1
Investments in Affiliates	3.3	3.8	3.4	3.8	4.0	4.8	4.9
Total	100.0	100.0	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	8.1	11.6	2.1	0.2	...	2.6
Government Agencies and Municipal Bonds	2.4	13.5	11.6	5.7	2.0	7.5
Industrial and Miscellaneous Bonds	7.6	27.8	6.7	0.6	0.2	3.5
Total Bonds	18.1	52.8	20.5	6.4	2.2	4.7

Source: BestLink® - Best's Financial Suite

Reserve Adequacy

As a property-predominant writer, Andover's loss reserve development patterns are relatively short tail and the pool has reported favorable overall loss reserve development in seven of the last ten calendar and accident years. However, modestly adverse development was reported in the three most recent calendar and accident years, driven by the commercial multi-peril, assumed property reinsurance and general liability lines of business due primarily to greater than expected loss costs arising from inflationary trends. However, the group has implemented numerous rate increases across all states and lines of business, which are expected to have a favorable impact on development trends as they become fully earned.

Loss and Loss Adjustment Expense Reserves and Development - Calendar Year	6-Months		Year End - December 31				
	2024	2023	2023	2022	2021	2020	2019
Loss and ALAE* Reserves USD (000)	554,732	620,760	546,526	580,611	531,780	435,945	370,030
Loss and ALAE* Reserves Development USD (000)	-11,849	8,803	...	15,088	18,107	1,395	-64,941
Development to:							
Original Reserves (%)	...	...	...	2.7	3.5	0.3	-14.9
Prior Year End Reserves(%)	-2.1	1.5	...	...	...	...	...
Prior Year End Surplus (%)	-0.5	0.4	...	0.7	0.8	0.1	-3.6

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.

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)	214,372	253,328	251,431	182,116	210,683
Loss and ALAE Reserves Developed thru Latest Year End USD (000)	214,372	259,110	262,595	221,494	182,846
Development to Original Reserves (%)	...	2.3	4.4	21.6	-13.2
Accident Year Loss and LAE Ratio (%)	63.7	66.9	69.3	64.0	57.2
Accident Year Combined Ratio (%)	104.0	105.8	109.7	105.0	99.0

Source: BestLink® - Best's Financial Suite

Operating Performance

Underwriting results have been volatile over the most recent five-year period with four years reporting underwriting losses due to severe weather events and in more recent years also due to rising loss costs from inflation. Despite this volatility, the five-year loss and LAE ratio is substantially lower than the personal property composite, reflective of strict underwriting guidelines and a focus on rate adequacy. In contrast, the underwriting expense ratio average is elevated relative to the composite, driven by higher commission costs that are typical for New England writers. Overall, Andover reported a five-year average combined ratio that is modestly above breakeven but slightly lower than the composite. The geographic concentration in the Northeast exposes Andover to severe weather events, which will continue to influence underwriting performance as will its exposure to catastrophes outside of its operating territory through its assumed property reinsurance program. To partially mitigate direct exposure, Andover maintains a comprehensive catastrophe reinsurance program with a large panel of highly rated reinsurers.

Net investment income has been on an increasing trend in recent years influenced by Andover's strategy to invest primarily in common stock and target higher returns through dividend-paying equities. Under this strategy, the pool has produced a reliable and robust stream of net investment income, which has offset years with net underwriting losses. Over the last five years, a material amount of unrealized capital gains have been recorded along with dividend income. Andover's approach has produced a five-year average investment yield that is slightly above the composite and a total return on invested assets that is well above the composite. However, the total return on invested assets has experienced volatility due to equity market shifts, which have yielded fluctuations in capital gains. The volatility reflects the risk associated with Andover's high common stock leverage.

Net investment income, net underwriting income and other income have combined for positive pre-tax operating income in each of the past five years, albeit fluctuating in size due to underwriting volatility. Core operations are consistently profitable as illustrated by a five-year average operating ratio that is well below breakeven and lower than the composite. Both pre-tax returns on revenue and equity have been positive each year but influenced by underwriting losses in four of the past five years. These underwriting losses were driven by a deterioration in loss experience on the assumed catastrophe property program in 2019 and 2021 and on direct business in 2022 and 2023 due to weather losses and rising loss costs on all lines of business from inflation. However, the assumed catastrophe property program has generated solid overall profitability over the last ten years (\$135.8M), including 2020 (\$43.5M), 2022 (\$15.7M) and 2023 (\$54.9M).

Operating and Financial Performance Ratios (%) - Company	6-Months		Year End - December 31					Weighted Average
	2024	2023	2023	2022	2021	2020	2019	
Calendar Year Loss and LAE Ratio	52.1	81.9	65.0	67.3	67.0	53.9	62.2	63.3
Expense and Policyholder Dividend Ratio	39.5	42.3	40.3	38.9	40.4	41.0	41.8	40.4
Combined Ratio	91.6	124.2	105.3	106.2	107.4	94.9	104.0	103.7
Reserve Development Ratio Impact	-2.7	2.4	1.3	0.7	-1.3	-4.7	...	-0.7
Net Investment Yield	2.9	3.0	2.9	2.6	2.3	2.4	2.7	2.6
Pre-Tax Operating Return on Net Earned Premiums	16.4	-12.9	5.2	3.5	1.0	14.0	6.6	5.9
Net Income Return on Policyholders' Surplus	5.4	-3.8	1.1	0.6	-0.2	2.5	4.5	1.5
Total Return on Policyholders' Surplus	12.5	-2.7	6.9	-5.5	18.8	4.1	16.4	7.6

Source: BestLink® - Best's Financial Suite

Operating and Financial Performance Ratios (%) - Composite	6-Months		Year End - December 31					Weighted Average
	2024	2023	2023	2022	2021	2020	2019	
Calendar Year Loss and LAE Ratio	...	84.2	81.4	79.0	74.6	80.5	66.9	76.9
Expense and Policyholder Dividend Ratio	...	28.0	26.1	26.4	28.3	29.3	29.6	27.8
Combined Ratio	...	112.1	107.5	105.5	102.9	109.7	96.5	104.7
Reserve Development Ratio Impact	...	0.5	1.9	-0.2	0.3	-1.9	-1.2	-0.1
Net Investment Yield	...	2.6	3.3	2.2	2.1	2.4	2.5	2.5
Pre-Tax Operating Return on Net Earned Premiums	...	-6.1	-1.1	-1.4	1.2	-4.0	10.0	0.7
Net Income Return on Policyholders' Surplus	...	-3.8	-1.3	-1.4	1.2	-1.2	5.6	0.5
Total Return on Policyholders' Surplus	...	-2.0	0.7	-4.3	5.4	0.2	8.8	2.1

Source: BestLink® - Best's Financial Suite

Industry Composite: Personal Property Composite - BestLink® - Best's Financial Suite

Business Profile

Andover Companies Pool is comprised of Merrimack Mutual Fire Insurance Company, Cambridge Mutual Fire Insurance Company and Bay State Insurance Company, which operate under an intercompany pooling agreement. Collectively, the pool predominantly writes in the Northeast region through a wide network of independent agents. The majority of direct premium written is from Massachusetts, where Andover maintains a strong presence as one of the leading homeowners writers.

Andover achieves modest geographic diversification through assumed domestic and international personal property business from carefully selected strategic partners. Historically, the assumed business has been profitable but exposes the pool to potential severe weather-events that can negatively impact results. The non-correlated nature of the direct and assumed business has proven to effectively offset volatility in past years.

Andover also writes business in New York, New Jersey, Connecticut, Rhode Island, Illinois, Maine and New Hampshire. The concentration risk in the Northeast is partially mitigated by a comprehensive catastrophe reinsurance program. Aside from homeowners, the next largest lines written are commercial multi-peril, fire, allied lines, other liability, and inland marine. Andover focuses on achieving rate adequacy to protect against underwriting volatility. The pool has built in several edits to its online rating system to control risk submission and write what it believes to be desirable business.

Premium Composition and Growth	6-Months		Year End - December 31					5 Year CAGR
	2024	2023	2023	2022	2021	2020	2019	
Direct Premiums Written USD (000)	430,753	375,428	826,837	736,094	663,389	617,638	585,549	...
% Change	14.7	12.9	12.3	11.0	7.4	5.5	5.4	8.3
Reinsurance Premiums Assumed USD (000)*	509,535	413,930	117,850	128,735	143,694	146,792	141,380	...
% Change	23.1	2.7	-8.5	-10.4	-2.1	3.8	-4.3	-4.4
Reinsurance Premiums Ceded USD (000)*	459,302	396,450	92,087	73,259	56,202	77,135	70,461	...
% Change	15.9	10.0	25.7	30.4	-27.1	9.5	10.4	7.6
Net Premiums Written USD (000)	480,986	392,908	852,601	791,570	750,882	687,295	656,469	...
% Change	22.4	4.8	7.7	5.4	9.3	4.7	2.6	5.9

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)	%	%
Homeowners	470,781	56.9	...	...	58,809	63.9	411,972	48.3	87.5
Comm M.P.	176,421	21.3	...	...	17,534	19.0	158,887	18.6	90.1
Fire	67,489	8.2	1,471	1.2	5,764	6.3	63,197	7.4	91.6
Allied Lines	51,558	6.2	...	...	5,489	6.0	46,069	5.4	89.4
Other Liab Occurrence	46,740	5.7	...	...	1,980	2.1	44,761	5.2	95.8
Top 5	812,991	98.3	1,471	1.2	89,575	97.3	724,886	85.0	89.0
All Other	13,847	1.7	116,379	98.8	2,511	2.7	127,714	15.0	98.1
Total	826,837	100.0	117,850	100.0	92,087	100.0	852,601	100.0	90.3

Source: BestLink® - Best's Financial Suite

Year End - December 31

Geographic Breakdown by Direct Premiums Written USD (000)	2023	2022	2021	2020	2019
Massachusetts	317,488	281,578	254,847	241,702	228,732
New York	181,792	156,921	138,216	126,066	117,175
New Jersey	94,789	88,427	80,670	78,696	77,975
Connecticut	62,477	56,662	52,903	50,917	51,627
Rhode Island	52,815	48,074	41,998	38,638	34,999
Top 5 States	709,362	631,661	568,635	536,020	510,508
All Other	117,475	104,433	94,754	81,618	75,041
Total	826,837	736,094	663,389	617,638	585,549
Geographic Concentration Index	0.23	...	...	...	...

Source: BestLink® - Best's Financial Suite

Enterprise Risk Management

Andover's enterprise risk management (ERM) is considered appropriate for its risk profile. A formal program has been developed that includes participation from an ERM team, the Executive Leadership team and the Board. The ERM team maintains the program, provides oversight of risk exposure and mitigation, monitors industry developments and performs periodic analysis of risk-adjusted capitalization for changes in strategy. The Executive Leadership team meets regularly to discuss all aspects of ongoing operations and consists of the Chairman and CEO, the Executive Vice President, Senior Vice President and four Vice Presidents, each representing a different functional area. Lastly, the Board monitors the identification and response to current and emerging risks, reviews risk tolerances and has an established sub-committee to focus on key areas of operations. The Vice President and Treasurer acts as the liaison between the ERM team, Executive Leadership team and Board. A formal document outlines the definition, prioritization, mitigation, risk appetite and tolerances for catastrophe, investment, operational, cyber security, underwriting, strategic and credit risks.

Andover regularly tests the impact of various scenarios on risk-adjusted capitalization. Management maintains a degree of skepticism regarding the accuracy of the catastrophe models. Despite this, the pool purchases reinsurance that provides coverage in excess of the 1/100-year total all perils probable maximum loss. Management has prudently made efforts to improve its risk management abilities, specifically in regards to risk identification and quantification, its reinsurance program and formal documentation.

Reinsurance Summary

Andover strategically uses reinsurance to insulate itself from severe events and large losses. The catastrophe reinsurance program provides ground up coverage of \$1.58 billion in five layers, which includes a \$225 million retention. Layers 1 to 3 have a 20% co-participation. All layers have one reinstatement. A 3-year Catastrophe Bond (Locke Tavern Re) issued in 2023 is placed in the fourth layer of the program, providing \$175 million of coverage and 39% of the fourth layer. In addition, personal property/casualty and commercial property/casualty excess of loss provides coverage in two layers. The first layer (treaty) provides \$7.5 million excess of \$2.5 million and the second layer (facultative) provides \$25 million excess of \$10 million with the special acceptance above that. Quota share treaties are used to enable the pool to offer certain coverages and enrich the marketability of products.

Environmental, Social & Governance

AM Best considers Andover's exposure to material environmental, social, and corporate governance (ESG) risks to be modest. The main ESG risk to the group is climate risk, as rising global temperatures contribute to increased frequency and severity of natural catastrophe events. Andover is geographically concentrated in Northeastern states, which exposes it to these events. However, the group utilizes a comprehensive reinsurance program comprised of highly rated reinsurers to manage this risk. As a result, Andover has adequately absorbed these risks in the past.

Financial Statements

	6-Months		Year End - December 31			
	2024		2023		2022	
Balance Sheet	USD (000)	%	USD (000)	%	USD (000)	%
Cash and Short Term Investments	362,089	8.1	278,457	6.6	293,879	7.4
Bonds	582,971	13.0	595,339	14.1	520,743	13.2
Preferred and Common Stock	2,591,169	58.0	2,454,430	58.2	2,282,523	57.7
Other Invested Assets	205,095	4.6	204,741	4.9	213,394	5.4
Total Cash and Invested Assets	3,741,324	83.7	3,532,967	83.8	3,310,539	83.7
Premium Balances	635,752	14.2	577,843	13.7	533,578	13.5
Other Assets	92,133	2.1	102,914	2.4	112,416	2.8
Total Assets	4,469,209	100.0	4,213,724	100.0	3,956,533	100.0
Loss and Loss Adjustment Expense Reserves:						
Net Reported Loss Reserves*	406,336	9.1	379,503	9.0	355,601	9.0
Net IBNR Loss Reserves*	148,396	3.3	139,192	3.3	178,585	4.5
Net LAE Reserves	...	...	58,602	1.4	57,332	1.4
Total Net Loss and LAE Reserves	554,732	12.4	577,297	13.7	591,518	15.0
Net Unearned Premiums	494,841	11.1	445,564	10.6	398,030	10.1
Other Liabilities	891,788	20.0	842,169	20.0	772,955	19.5
Total Liabilities	1,941,361	43.4	1,865,030	44.3	1,762,503	44.5
Capital Stock	1	...	1	...	1	...
Unassigned Surplus	2,526,847	56.5	2,347,693	55.7	2,193,029	55.4
Other Surplus	1,000	...	1,000	...	1,000	...
Total Policyholders' Surplus	2,527,848	56.6	2,348,694	55.7	2,194,030	55.5
Total Liabilities and Surplus	4,469,209	100.0	4,213,724	100.0	3,956,533	100.0

Source: BestLink® - Best's Financial Suite

* Interim reserves balances include LAE.

	6-Months		Year End - December 31	
	2024	2023	2023	2022
Income Statement USD (000)				
Net Premiums Earned	431,709	369,185	805,067	761,284
Net Losses and LAE Incurred:				
Current Accident Year	236,736	293,637	512,658	507,595
Prior Accident Years	-11,849	8,803	10,606	4,978
Underwriting Expenses Incurred	189,865	166,299	343,834	307,577
Net Underwriting Income	16,958	-99,554	-62,031	-58,867
Net Investment Income	53,013	49,518	99,256	87,562
Other Income (Expense)	864	2,324	4,240	-2,413
Pre-Tax Operating Income	70,835	-47,711	41,464	26,282
Income Taxes Incurred	14,083	-6,485	6,532	4,073
Net Operating Income	56,752	-41,226	34,932	22,209
Net Realized Capital Gains (Losses)	9,312	4	-9,613	-9,659
Net Income	66,064	-41,222	25,320	12,551

Source: BestLink® - Best's Financial Suite

Statement of Operating Cash Flows USD (000)	6-Months		Year End - December 31	
	2024	2023	2023	2022
Net Premiums Collected	449,980	389,578	816,350	759,543
Net Losses Paid	487,242	249,212	470,852	392,438
Expenses Paid	-52,934	201,160	384,348	339,182
Dividends to Policyholders	2,348	...	...	...
Net Underwriting Cash Flow	13,324	-60,793	-38,850	27,924
Net Investment Income	50,192	48,522	96,563	85,994
Other Income (Expense)	1,783	2,326	3,585	-777
Income Taxes Paid (Recovered)	-26,587	-10,726	-10,335	-8,893
Net Operating Cash Flow	91,886	781	71,633	122,034

Source: BestLink® - Best's Financial Suite

Andover Companies Pool

Last Update

August 28, 2024

Identifiers

AMB #: 000166

This company is a data record that AM Best utilizes to represent the AM Best Consolidated financials for the Property/Casualty business of AMB#: [000166 Andover Companies Pool](#).

AMB#: [002055 Merrimack Mutual Fire 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.

Operations

Date Incorporated: February 11, 1828

Domiciled: Massachusetts, United States

Business Type: Property/Casualty

Organization Type: Mutual

Marketing Type: Independent Agency

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: August 28, 2024

Rating rationale and credit analysis can be found in the [Best's Credit Report for AMB# 000166 - Andover Companies Pool](#).

AMB#	Rating Unit Members	Best's Credit Ratings	
		Financial Strength Rating	Long-Term Issuer Credit Rating
002053	Bay State Insurance Company	A	a+
002054	Cambridge Mutual Fire Ins Co	A	a+
002055	Merrimack Mutual Fire Ins Co	A	a+

Corporate Structure

Ultimate Parent: AMB # 000166 - Andover Companies Pool

Based on AM Best's analysis, AMB# 000166 Andover Companies Pool 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.

Overview

Andover Companies Pool consists of three insurance entities. Merrimack Mutual Fire Insurance Company (Merrimack) and Cambridge Mutual Fire Insurance Company (Cambridge) are affiliated property/casualty insurers. Merrimack owns 99.3% of the authorized and issued common stock of property/casualty subsidiary Bay State Insurance Company (Bay State). All three companies participate in a pooling arrangement (Merrimack 50%, Cambridge 35% and Bay State 15%). The three companies share a common management. Premiums, losses and expenses are shared through the intercompany pooling arrangement. For ease of operations, a majority of the pool's third-party transactions are handled through Merrimack with the two remaining companies ultimately receiving their portion through the pooling agreement.

History

The Andover Companies Pool is led by Merrimack Mutual Fire Insurance Company, which began operations in 1828. Cambridge Mutual Fire Insurance Company was incorporated in 1833 and commenced business in 1834. Bay State Insurance Company, formed in 1955, was the most recent addition to the group.

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 - 000166 - Andover Companies Pool](#)

Major Line	2024	2023	2022	2021	2020
Commercial General Liability	4	4	2	3	1
Commercial Interline	1	...	1	...	2
Commercial Multi-Peril	20	9	11	11	34
Fire And Allied Lines (Personal Property)	10	13	9	7	9
Homeowners Multi-Peril	26	32	24	26	19
Personal General Liability	1	3	2	...	1
Personal Interline	...	...	4	...	2
Total	62	61	53	47	68

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
Andover Companies Pool					
Ceded Reinsurance USD (000)	118,048	100,046	72,613	102,022	105,716
Business Retention (%)	90.3	91.5	93.0	89.9	90.3
Reinsurance Recoverables to PHS (%)	1.1	1.2	0.7	1.4	2.0
Ceded Reinsurance to PHS (%)	5.0	4.6	3.2	5.6	5.9
Personal Property Composite					
Business Retention (%)	48.8	50.6	50.7	52.2	53.5
Reinsurance Recoverables to PHS (%)	23.5	31.4	20.3	20.4	18.0
Ceded Reinsurance to PHS (%)	53.5	58.4	45.9	45.0	39.9

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	378,333	111,766	400,800	11,582	902,481
US Insurers	8,713	...	10,261	...	18,974
Pools/Associations	...	...	1	...	1
Other Non-US	6,986	...	...	...	6,986
Total (excluding US Affiliates)	15,699	...	10,262	...	25,961
Grand Total	394,032	111,766	411,062	11,582	928,442

Source: BestLink® - Best's Financial Suite



Balance Sheet Highlights

Asset Liability Management | Investments

	6-Months		2023	Year End - December 31			
	2024	2023		2022	2021	2020	2019
Bond Portfolio							
Bonds & Short Term Investments USD(000)	583,828	524,983	596,088	520,743	303,695	498,195	552,554
By Issuer (%)							
Unaffiliated Bonds:							
US Government	...	...	22.0	33.1	74.7	66.4	62.4
Foreign - All other	...	...	6.7	6.3	...	...	...
State, Municipal & Special Revenue	...	...	35.2	27.7	15.6	9.6	15.9
Industrial and Misc, Hybrid and SVO Identified	...	...	36.1	32.8	9.8	24.0	21.7
Bonds and Short Term Investments By Private vs Public (%)							
Private issues	...	...	8.8	8.4	...	...	...
Public issues	...	...	91.2	91.6	100.0	100.0	100.0
Bonds and Short Term Investments By Quality (%)							
Class 1	79.3	86.9	86.2	88.4	99.3	92.0	100.0
Class 2	20.6	12.9	13.6	11.5	0.7	8.0	...
Class 3	0.1	0.2	0.1	0.2	...	...	...
Below Investment Grade (NAIC 3-6)	0.1	0.2	0.1	0.2	...	...	...

Source: BestLink® - Best's Financial Suite

	6-Months		2023	Year End - December 31			
	2024	2023		2022	2021	2020	2019
Stock Portfolio							
Stocks USD(000)	2,591,169	2,297,759	2,454,430	2,282,523	2,416,633	1,863,180	1,781,823
By Type (%)							
Unaffiliated Common							
	...	...	100.0	100.0	100.0	100.0	100.0

Source: BestLink® - Best's Financial Suite

Operating Performance Highlights

Operating and Financial Performance Ratios (%)	6-Months		Year End - December 31				2019	Weighted Average
	2024	2023	2023	2022	2021	2020		
Personal Property Composite								
Calendar Year Loss and LAE Ratio	...	84.2	81.4	79.0	74.6	80.5	66.9	76.9
Expense and Policyholder Dividend Ratio	...	28.0	26.1	26.4	28.3	29.3	29.6	27.8
Combined Ratio	...	112.1	107.5	105.5	102.9	109.7	96.5	104.7
Reserve Development Ratio Impact	...	0.5	1.9	-0.2	0.3	-1.9	-1.2	-0.1
Net Investment Yield	...	2.6	3.3	2.2	2.1	2.4	2.5	2.5
Pre-Tax Operating Return on Net Earned Premiums	...	-6.1	-1.1	-1.4	1.2	-4.0	10.0	0.7
Net Income Return on Policyholders' Surplus	...	-3.8	-1.3	-1.4	1.2	-1.2	5.6	0.5
Total Return on Policyholders' Surplus	...	-2.0	0.7	-4.3	5.4	0.2	8.8	2.1

Source: BestLink® - Best's Financial Suite

Operating Performance Highlights

	Year End - December 31				
	2023	2022	2021	2020	2019
By Line - Net Loss Ratio (%)					
Homeowners	65.6	59.6	55.3	52.6	52.9
Comm M.P.	61.5	63.1	50.0	37.0	38.1
Rein-NPA Prop	27.5	70.4	95.1	49.4	89.8
Fire	48.0	47.1	42.0	35.3	37.4
Allied Lines	86.1	56.4	59.3	70.8	58.2
Other Liab	56.6	43.6	34.1	26.7	14.1
Inland Marine	20.3	23.6	20.0	16.9	23.8
Auto Phys Dmg	74.0	63.0	51.6	40.0	51.9
PP Auto Liab	66.9	60.7	48.6	37.2	56.6
All Other	...	...	-99.9	50.0	...
Total	58.4	59.6	59.6	47.4	55.3

Source: BestLink® - Best's Financial Suite

	Year End - December 31				
	2023	2022	2021	2020	2019
Geographic - Direct Loss Ratio (%)					
Massachusetts	54.1	45.4	38.5	38.5	42.5
New York	62.9	62.6	53.6	40.9	43.6
New Jersey	55.3	48.1	61.0	49.4	40.5
Connecticut	51.5	53.8	51.9	44.8	39.9
Rhode Island	68.5	65.2	47.0	62.9	56.4
Illinois	50.2	71.9	44.0	46.0	50.1
Maine	63.8	65.8	37.7	42.5	42.4
New Hampshire	50.1	50.5	54.3	31.2	29.0
Total	56.9	53.9	46.9	42.7	42.9

Source: BestLink® - Best's Financial Suite

Business Profile Highlights

Historical Market Presence

	Year End - December 31				
	2023	2022	2021	2020	2019
By Line Breakdown - NPW USD (000)					
Homeowners	411,972	370,306	338,704	309,962	301,783
Comm M.P.	158,887	140,010	122,629	93,270	79,703
Rein-NPA Prop	112,404	123,841	138,840	140,061	134,999
Fire	63,197	58,087	55,457	51,225	50,013
Allied Lines	46,069	42,257	39,311	37,748	36,584
Other Liab	44,761	42,074	40,914	40,158	39,205
Inland Marine	11,335	11,367	11,401	11,154	10,682
Auto Phys Dmg	2,079	1,862	1,845	1,847	1,734
PP Auto Liab	1,896	1,766	1,780	1,871	1,765
Total	852,601	791,570	750,882	687,295	656,469

Source: BestLink® - Best's Financial Suite

Business Profile Highlights

Historical Market Presence (Continued...)

	Year End - December 31		2021
	2023	2022	
By Line Reserves USD (000)			
Rein-NPA Prop	190,500	252,023	253,754
Homeowners	164,658	149,326	128,250
Comm M.P.	115,830	94,840	67,168
Other Liab	63,213	62,416	57,865
Fire	24,040	19,656	17,941
Allied Lines	16,446	10,509	9,416
PP Auto Liab	1,676	1,563	1,395
Inland Marine	808	1,099	838
Auto Phys Dmg	127	86	116
Total	577,297	591,518	536,742

Source: BestLink® - Best's Financial Suite

Bay State Insurance Company

Operations

Date Incorporated: May 31, 1955 | **Date Commenced:** July 01, 1955

Domiciled: Massachusetts, United States

Licensed: (Current since 05/30/2019). The company is licensed in CT, IL, ME, MA, NH, NJ, NY, RI and VT.

Business Type: Property/Casualty
Organization Type: Stock
Marketing Type: Independent Agency
Best's Financial Size Category: XV (Greater than or Equal to USD 2.00 Billion)

Last Update

August 28, 2024

Identifiers

AMB #: 002053

NAIC #: 19763

FEIN #: 04-2200004

LEI #: 254900GBNO9S0H8MJD47

Contact Information

Administrative Office:
 95 Old River Road, Andover,
 Massachusetts 01810-1078
 United States

Web: www.andovercompanies.com

Phone: +1-978-475-3300

Fax: +1-800-323-5112

Financial Data Presented

The financial data in this report reflects the most current data available at the time the report was printed.

Best's Credit Ratings

Rating Relationship

AM Best Rating Unit: [000166 - Andover Companies Pool](#)

Best's Credit Rating Effective Date: August 28, 2024

Bay State Insurance Company is a member of Andover Companies Pool (AMB# 000166) rating unit and the rating reflects the pooling arrangement with other members of the rating unit. Refer to the [Best's Credit Report for AMB# 000166 - Andover Companies Pool](#) for details regarding the rating rationale, credit analysis, and financial exhibits available at the time the credit analysis was performed.

Best's Credit Rating History

AM Best has assigned ratings on this company since 1956. In our opinion, the company has an Excellent ability to meet their ongoing insurance obligations and an Excellent ability to meet their ongoing senior financial obligations.

The following are the most recent rating events, for longer history refer to [Rating History](#) in BestLink:

Best's Financial Strength Ratings					Best's Long-Term Issuer Credit Ratings		
Effective Date	Rating	Affiliation	Outlook	Action	Rating	Outlook	Action
Current -							
Aug 28, 2024	A	p (Pooled Rating)	Stable	Affirmed	a+	Stable	Affirmed
Jul 19, 2023	A	p (Pooled Rating)	Stable	Affirmed	a+	Stable	Affirmed
Jun 27, 2022	A	p (Pooled Rating)	Stable	Affirmed	a+	Stable	Affirmed
Jun 10, 2021	A	p (Pooled Rating)	Stable	Affirmed	a+	Stable	Affirmed
May 14, 2020	A	p (Pooled Rating)	Stable	Downgraded	a+	Negative	Downgraded

Corporate Structure

Ultimate Parent: AMB # 000166 - Andover Companies Pool

Based on AM Best's analysis, AMB# 000166 Andover Companies Pool is the AMB Ultimate Parent and identifies the topmost entity of the corporate structure. Access in BestLink this company's current [Corporate Structure](#).

Management

Ownership, from commencement of business until 1969, was held jointly by the Merrimack Mutual Fire Insurance Company (75%) and the Cambridge Mutual Fire Insurance Company (25%). The latter's interest in that year was acquired by the Merrimack Mutual.

Under the same management are Cambridge Mutual Fire Insurance Company (organized in 1833) and Merrimack Mutual Fire Insurance Company, Andover, Mass., established in 1828.

Officers

President and CEO: Charles J. DiGrande

EVP: Paul R. Nadeau (Underwriting)

SVP: Stephen E. Randall (Claims)

Vice President, Secretary and General Counsel: Kevin J. Ouellette

Vice President and Treasurer: Amy L. DiPerna

Vice President: Justin H. Libbey (Marketing)

Vice President: Kevin A. McNamara (Information Technology)

Directors

John A. Appleton

Malcolm W. Brawn

David F. Dietz

Charles J. DiGrande

Amy L. DiPerna

Thomas J. Hollister

Paul J. Jacques

Amy A. Latimer

Paul R. Nadeau

Stephen E. Randall

Thomas J. Ridge

David A. Splaine

John A. Swift

History

This company was incorporated May 31, 1955 under the laws of Massachusetts and began business July 1 of the same year. Paid up capital of \$3,500,000 consists of 100,000 common shares at \$35 par value each. All of the shares are outstanding.

Regulatory

Auditor: PricewaterhouseCoopers, LLP

Actuary: Christine Kogut, FCAS, MAAA

An examination of the financial condition was made as of December 31, 2019, by the insurance department of Massachusetts. The 2023 annual independent audit of the company was conducted by PricewaterhouseCoopers, LLP. The annual statement of actuarial opinion is provided by Christine Kogut, FCAS, MAAA, PricewaterhouseCoopers, LLP.

Professional Service Providers

Investment Managers, Advisors, Brokers/Dealers:

- Wellington Management Company, LLP (Unaffiliated Firm)
- Amy L DiPerna (Internal Employee)

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 - 002053 - Bay State Insurance Company](#)

Major Line	2024	2023	2022	2021	2020
Commercial General Liability	1	1	...	1	1
Commercial Interline	1	...	1	...	2
Commercial Multi-Peril	4	3	4	4	10
Homeowners Multi-Peril	4	7	4	4	2
Personal General Liability	...	1	1	...	1
Personal Interline	...	...	2	...	1
Total	10	12	12	9	17

Source: Best's State Rate Filings

Financial Statements

Financial Statements reflected were compiled from the most recent company-filed statement available in BestLink - Best's Statement File – P/C, US.

Currency: US Dollars

	6-Months		Year End - December 31			
	2024		2023		2022	
Balance Sheet	USD (000)	%	USD (000)	%	USD (000)	%
Cash and Short Term Investments	68,194	6.5	40,322	4.4	45,417	5.5
Bonds	97,385	9.2	98,990	10.7	85,151	10.3
Preferred and Common Stock	757,772	71.8	666,715	71.9	576,428	69.9
Other Invested Assets	13,097	1.2	12,861	1.4	13,722	1.7
Total Cash and Invested Assets	936,449	88.7	818,889	88.4	720,719	87.4
Premium Balances	100,249	9.5	89,274	9.6	82,675	10.0
Other Assets	18,658	1.8	18,669	2.0	21,699	2.6
Total Assets	1,055,357	100.0	926,832	100.0	825,092	100.0
Loss and Loss Adjustment Expense Reserves:						
Net Reported Loss Reserves*	60,951	5.8	56,926	6.1	53,340	6.5
Net IBNR Loss Reserves*	22,259	2.1	20,879	2.3	26,788	3.2
Net LAE Reserves	...	...	8,790	0.9	8,600	1.0
Total Net Loss and LAE Reserves	83,210	7.9	86,595	9.3	88,728	10.8
Net Unearned Premiums	74,226	7.0	66,835	7.2	59,705	7.2
Other Liabilities	198,760	18.8	173,379	18.7	151,160	18.3
Total Liabilities	356,196	33.8	326,808	35.3	299,592	36.3
Capital Stock	3,500	0.3	3,500	0.4	3,500	0.4
Unassigned Surplus	695,661	65.9	596,524	64.4	522,000	63.3
Total Policyholders' Surplus	699,161	66.2	600,024	64.7	525,500	63.7
Total Liabilities and Surplus	1,055,357	100.0	926,832	100.0	825,092	100.0

Source: BestLink® - Best's Financial Suite

* Interim reserves balances include LAE.

BEST'S COMPANY REPORT

AMB #: 002053 - Bay State Insurance Company
Year End - December 31

Income Statement USD (000)	6-Months		Year End - December 31	
	2024	2023	2023	2022
Net Premiums Earned	64,756	55,378	120,760	114,193
Net Losses and LAE Incurred:				
Current Accident Year	35,510	44,046	76,899	76,139
Prior Accident Years	-1,777	1,320	1,591	747
Underwriting Expenses Incurred	28,480	24,945	51,575	46,137
Net Underwriting Income	2,544	-14,933	-9,305	-8,830
Net Investment Income	11,068	10,206	20,958	19,269
Other Income (Expense)	130	349	636	-362
Pre-Tax Operating Income	13,741	-4,379	12,289	10,077
Income Taxes Incurred	2,348	-1,473	1,813	2,052
Net Operating Income	11,393	-2,906	10,476	8,026
Net Realized Capital Gains (Losses)	15,519	-1	-688	-1,518
Net Income	26,912	-2,906	9,788	6,508

Source: BestLink® - Best's Financial Suite

Statement of Operating Cash Flows USD (000)	6-Months		Year End - December 31	
	2024	2023	2023	2022
Net Premiums Collected	62,650	57,589	123,864	112,335
Net Losses Paid	74,574	37,384	69,744	61,697
Expenses Paid	-10,016	30,131	57,669	50,892
Dividends to Policyholders	2,348	...	...	...
Net Underwriting Cash Flow	-4,255	-9,926	-3,548	-255
Net Investment Income	10,412	9,549	20,324	18,911
Other Income (Expense)	268	349	538	-117
Income Taxes Paid (Recovered)	-19,932	891	1,268	-1,366
Net Operating Cash Flow	26,356	-919	16,045	19,905

Source: BestLink® - Best's Financial Suite

Financial Results

Financial exhibits presented in this report provide calculated ratios using the most recent company-filed 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

Key Financial Indicators

Key Financial Indicators USD (000)	6-Months		Year End - December 31				
	2024	2023	2023	2022	2021	2020	2019
Premiums Written:							
Direct	77,224	65,732	151,261	128,600	110,172	100,059	90,047
Assumed*	72,148	58,936	...	...	2,460	3,035	8,423
Ceded*	77,224	65,732	23,371	9,865	...	...	...
Net	72,148	58,936	127,890	118,736	112,632	103,094	98,470
Net Operating Income	11,393	-2,906	10,476	8,026	4,973	15,134	7,707
Net Income	26,912	-2,906	9,788	6,508	4,973	6,177	20,112
Total Admitted Assets	1,055,357	849,509	926,832	825,092	838,877	681,065	635,526
Policyholders' Surplus	699,161	537,344	600,024	525,500	546,184	432,174	404,169

Source: BestLink® - Best's Financial Suite

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



Key Financial Indicators

Key Financial Ratios (%)	6-Months		Year End - December 31					Weighted Average
	2024	2023	2023	2022	2021	2020	2019	
Profitability:								
Combined Ratio	91.6	124.2	105.3	106.2	107.4	94.9	104.0	103.7
Reserve Development Combined Ratio Impact	-2.7	2.4	1.3	0.7	-1.3	-4.7	...	-0.7
Net Investment Yield	2.5	2.8	2.7	2.6	2.3	2.4	2.7	2.6
Pre-Tax Operating Return on Net Earned Premiums	21.2	-7.9	10.2	8.8	5.7	18.2	10.3	10.5
Net Income Return on Policyholders' Surplus	8.3	-1.1	1.7	1.2	1.0	1.5	5.5	2.0
Total Return on Policyholders' Surplus	24.8	4.6	13.4	-5.0	21.8	7.9	19.3	10.9
Leverage:								
Net	0.7	0.8	0.8	0.8	0.7	0.8	0.8	...
Gross	...	...	0.8	0.8	0.7	0.8	0.8	...
Non-affiliated Investment	108.4	110.8	111.1	109.7	111.5	108.9	100.8	...

Source: BestLink® - Best's Financial Suite

Balance Sheet Highlights

Capital Generation Analysis USD (000)	6-Months		Year End - December 31				
	2024	2023	2023	2022	2021	2020	2019
Beginning Policyholders' Surplus	600,024	525,500	525,500	546,184	432,174	404,169	331,912
Net Operating Income	11,393	-2,906	10,476	8,026	4,973	15,134	7,707
Net Realized Capital Gains (Losses)	15,519	-1	-688	-1,518	...	-8,956	12,405
Net Unrealized Capital Gains (Losses)	53,620	15,226	65,449	-33,558	101,457	26,819	50,856
Other Changes in Capital and Surplus	18,605	-475	-713	6,366	7,581	-4,991	1,289
Net Change in Policyholders' Surplus	99,137	11,845	74,524	-20,685	114,011	28,005	72,257
Ending Policyholders' Surplus	699,161	537,344	600,024	525,500	546,184	432,174	404,169
Net Change in Policyholders' Surplus (%)	16.5	2.3	14.2	-3.8	26.4	6.9	21.8
Net Change in Policyholders' Surplus (5 yr CAGR)	...	...	12.6	...	...	...	...

Source: BestLink® - Best's Financial Suite

Liquidity Analysis	6-Months		Year End - December 31				
	2024	2023	2023	2022	2021	2020	2019
Net Operating Cash Flow USD (000)	26,356	-919	16,045	19,905	24,553	20,087	17,997
Current Liquidity (%)	259.7	233.3	247.1	236.4	249.5	233.9	234.0

Source: BestLink® - Best's Financial Suite

Ceded Reinsurance Analysis	Year End - December 31				
	2023	2022	2021	2020	2019
Bay State Insurance Company					
Business Retention (%)	84.5	92.3	100.0	100.0	100.0
Personal Property Composite					
Business Retention (%)	48.8	50.6	50.7	52.2	53.5
Reinsurance Recoverables to PHS (%)	23.5	31.4	20.3	20.4	18.0
Ceded Reinsurance to PHS (%)	53.5	58.4	45.9	45.0	39.9

Source: BestLink® - Best's Financial Suite

2023 Reinsurance Recoverables USD (000)	Paid & Unpaid Losses	Incurred but not reported (IBNR) losses	Unearned premiums	Other Recoverables	Total Reinsurance Recoverables
	US Affiliates	59,943	8,829	78,228	2,305	149,306
Grand Total	59,943	8,829	78,228	2,305	149,306

Source: BestLink® - Best's Financial Suite

Balance Sheet Highlights

Asset Liability Management | Investments

	6-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)	936,449	739,866	818,889	720,719	744,026	595,383	554,363
Composition Percentages (%)							
Unaffiliated:							
Cash and Short Term Investments	7.3	5.8	4.9	6.3	9.9	6.1	9.7
Bonds	10.4	11.9	12.1	11.8	6.3	12.4	14.3
Stocks	80.9	80.5	81.4	80.0	81.9	79.0	73.5
Total Unaffiliated	98.6	98.2	98.4	98.1	98.0	97.6	97.4
Investments in Affiliates	1.4	1.8	1.6	1.9	2.0	2.4	2.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: BestLink® - Best's Financial Suite

	Years					Average (Years)
	0-1	1-5	5-10	10-20	20+	
Bonds and Short Term Investments						
Distribution by Maturity (%)						
Government Bonds	6.7	12.3	3.0	0.4	...	3.1
Government Agencies and Municipal Bonds	2.0	13.2	15.7	5.2	1.9	7.5
Industrial and Miscellaneous Bonds	5.6	26.9	6.5	0.6	0.1	3.6
Total Bonds	14.3	52.4	25.1	6.2	2.0	5.0

Source: BestLink® - Best's Financial Suite

	6-Months		Year End - December 31				
	2024	2023	2023	2022	2021	2020	2019
Bond Portfolio							
Bonds & Short Term Investments USD(000)	97,593	88,015	99,100	85,151	46,848	73,874	79,088
By Issuer (%)							
Unaffiliated Bonds:							
US Government	...	...	22.4	31.8	65.2	57.6	54.0
Foreign - All other	...	...	6.8	5.9	...	...	...
State, Municipal & Special Revenue	...	...	37.9	30.9	23.6	15.0	20.4
Industrial and Misc, Hybrid and SVO Identified	...	...	33.0	31.3	11.2	27.4	25.7
Bonds and Short Term Investments By Private vs Public (%)							
Private issues	...	...	8.7	7.9	...	...	...
Public issues	...	...	91.3	92.1	100.0	100.0	100.0
Bonds and Short Term Investments By Quality (%)							
Class 1	80.4	88.3	88.0	89.0	100.0	93.2	100.0
Class 2	19.5	11.6	11.9	10.8	...	6.8	...
Class 3	0.1	0.1	0.1	0.1	...	...	...
Below Investment Grade (NAIC 3-6)	0.1	0.1	0.1	0.1	...	...	...

Source: BestLink® - Best's Financial Suite

	6-Months		Year End - December 31				
	2024	2023	2023	2022	2021	2020	2019
Stock Portfolio							
Stocks USD(000)	757,772	595,415	666,715	576,428	609,022	470,606	407,292
By Type (%)							
Unaffiliated Common	...	...	100.0	100.0	100.0	100.0	100.0

Source: BestLink® - Best's Financial Suite

Balance Sheet Highlights

Reserve Adequacy

Loss and Loss Adjustment Expense Reserve Development

	6-Months		Year End - December 31				
	2024	2023	2023	2022	2021	2020	2019
Calendar Year:							
Loss and ALAE* Reserves USD (000)	83,210	93,114	81,980	87,091	79,766	65,392	55,503
Loss and ALAE* Reserves Development USD (000)	-1,777	1,320	...	2,262	2,717	208	-9,741
Development to:							
Original Reserves (%)	...	...	...	2.7	3.5	0.3	-14.9
Prior Year End Reserves(%)	-2.1	1.5	...	...	...	...	...
Prior Year End Surplus (%)	-0.3	0.3	...	0.4	0.5	...	-2.4

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				
	2023	2022	2021	2020	2019
Accident Year:					
Original Loss and ALAE Reserves USD (000)	32,156	37,999	37,715	27,317	31,602
Loss and ALAE Reserves Developed thru Latest Year End USD (000)	32,156	38,866	39,390	33,224	27,427
Development to Original Reserves (%)	...	2.3	4.4	21.6	-13.2
Accident Year Loss and LAE Ratio (%)	63.7	66.9	69.3	64.0	57.2
Accident Year Combined Ratio (%)	104.0	105.8	109.7	105.0	99.0

Source: BestLink® - Best's Financial Suite

Operating Performance Highlights

	6-Months		Year End - December 31					Weighted Average
	2024	2023	2023	2022	2021	2020	2019	
Operating and Financial Performance Ratios (%)								
Bay State Insurance Company								
Calendar Year Loss and LAE Ratio	52.1	81.9	65.0	67.3	67.0	53.9	62.2	63.3
Expense and Policyholder Dividend Ratio	39.5	42.3	40.3	38.9	40.4	41.0	41.8	40.4
Combined Ratio	91.6	124.2	105.3	106.2	107.4	94.9	104.0	103.7
Reserve Development Ratio Impact	-2.7	2.4	1.3	0.7	-1.3	-4.7	...	-0.7
Net Investment Yield	2.5	2.8	2.7	2.6	2.3	2.4	2.7	2.6
Pre-Tax Operating Return on Net Earned Premiums	21.2	-7.9	10.2	8.8	5.7	18.2	10.3	10.5
Net Income Return on Policyholders' Surplus	8.3	-1.1	1.7	1.2	1.0	1.5	5.5	2.0
Total Return on Policyholders' Surplus	24.8	4.6	13.4	-5.0	21.8	7.9	19.3	10.9

Source: BestLink® - Best's Financial Suite

Operating Performance Highlights

Operating and Financial Performance Ratios (%)	6-Months		Year End - December 31					Weighted Average
	2024	2023	2023	2022	2021	2020	2019	
Personal Property Composite								
Calendar Year Loss and LAE Ratio	...	84.2	81.4	79.0	74.6	80.5	66.9	76.9
Expense and Policyholder Dividend Ratio	...	28.0	26.1	26.4	28.3	29.3	29.6	27.8
Combined Ratio	...	112.1	107.5	105.5	102.9	109.7	96.5	104.7
Reserve Development Ratio Impact	...	0.5	1.9	-0.2	0.3	-1.9	-1.2	-0.1
Net Investment Yield	...	2.6	3.3	2.2	2.1	2.4	2.5	2.5
Pre-Tax Operating Return on Net Earned Premiums	...	-6.1	-1.1	-1.4	1.2	-4.0	10.0	0.7
Net Income Return on Policyholders' Surplus	...	-3.8	-1.3	-1.4	1.2	-1.2	5.6	0.5
Total Return on Policyholders' Surplus	...	-2.0	0.7	-4.3	5.4	0.2	8.8	2.1

Source: BestLink® - Best's Financial Suite

By Line - Net Loss Ratio (%)	Year End - December 31				
	2023	2022	2021	2020	2019
Homeowners	65.6	59.6	55.3	52.6	52.9
Comm M.P.	61.5	63.1	50.0	37.0	38.1
Rein-NPA Prop	27.5	70.4	95.1	49.4	89.8
Fire	48.0	47.1	42.0	35.3	37.4
Allied Lines	86.1	56.4	59.3	70.8	58.2
Other Liab	56.6	43.6	34.1	26.7	14.1
Inland Marine	20.3	23.6	20.0	16.9	23.8
Auto Phys Dmg	74.0	63.0	51.6	40.0	51.9
PP Auto Liab	66.9	60.7	48.6	37.2	56.6
All Other	...	...	-99.9	...	-99.9
Total	58.4	59.6	59.6	47.4	55.3

Source: BestLink® - Best's Financial Suite

Geographic - Direct Loss Ratio (%)	Year End - December 31				
	2023	2022	2021	2020	2019
Massachusetts	58.9	53.7	39.9	38.5	47.5
New Jersey	58.6	60.1	74.0	57.9	42.7
New York	69.6	113.3	103.6	51.7	57.8
Total	59.8	60.7	52.5	43.8	47.4

Source: BestLink® - Best's Financial Suite

Business Profile Highlights

Premium Composition and Growth	6-Months		Year End - December 31					2019 5 Year CAGR
	2024	2023	2023	2022	2021	2020	2019	
Direct Premiums Written USD (000)	77,224	65,732	151,261	128,600	110,172	100,059	90,047	...
% Change	17.5	17.9	17.6	16.7	10.1	11.1	10.0	13.1
Reinsurance Premiums Assumed USD (000)*	72,148	58,936	...	...	2,460	3,035	8,423	...
% Change	22.4	4.8	...	-99.9	-19.0	-64.0	-40.1	...
Reinsurance Premiums Ceded USD (000)*	77,224	65,732	23,371	9,865	...	...	...	...
% Change	17.5	17.9	136.9	...	...	...	...	...
Net Premiums Written USD (000)	72,148	58,936	127,890	118,736	112,632	103,094	98,470	...
% Change	22.4	4.8	7.7	5.4	9.3	4.7	2.6	5.9

Source: BestLink® - Best's Financial Suite

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

Business Profile Highlights

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)	%	%
Homeowners	119,979	79.3	...	...	58,183	249.0	61,796	48.3	51.5
Comm M.P.	19,354	12.8	4,479	...	...	...	23,833	18.6	100.0
Other Liab Occurrence	6,845	4.5	...	...	131	0.6	6,714	5.2	98.1
Inland Marine	3,963	2.6	...	...	2,262	9.7	1,700	1.3	42.9
Fire	646	0.4	8,833	...	...	...	9,480	7.4	100.0
Top 5	150,787	99.7	13,312	...	60,577	259.2	103,523	80.9	63.1
All Other	474	0.3	-13,312	...	-37,205	-99.9	24,367	19.1	-99.9
Total	151,261	100.0	...	100.0	23,371	100.0	127,890	100.0	84.5

Source: BestLink® - Best's Financial Suite

Historical Market Presence

	Year End - December 31				
	2023	2022	2021	2020	2019
By Line Breakdown - NPW USD (000)					
Homeowners	61,796	55,546	50,806	46,494	45,267
Comm M.P.	23,833	21,002	18,394	13,991	11,955
Rein-NPA Prop	16,861	18,576	20,826	21,009	20,250
Fire	9,480	8,713	8,319	7,684	7,502
Allied Lines	6,910	6,339	5,897	5,662	5,488
Other Liab	6,714	6,311	6,137	6,024	5,881
Inland Marine	1,700	1,705	1,710	1,673	1,602
Auto Phys Dmg	312	279	277	277	260
PP Auto Liab	284	265	267	281	265
Total	127,890	118,736	112,632	103,094	98,470

Source: BestLink® - Best's Financial Suite

	Year End - December 31				
	2023	2022	2021	2020	2019
By Geographic Breakdown - DPW USD (000)					
Massachusetts	112,757	94,579	79,712	70,701	61,273
New Jersey	24,314	21,510	19,408	19,346	19,764
New York	14,191	12,510	11,052	10,012	9,010
Total	151,261	128,600	110,172	100,059	90,047
Geographic Concentration Index	0.59	...	...	...	...

Source: BestLink® - Best's Financial Suite

	Year End - December 31		
	2023	2022	2021
By Line Reserves USD (000)			
Rein-NPA Prop	28,575	37,804	38,063
Homeowners	24,699	22,399	19,237
Comm M.P.	17,375	14,226	10,075
Other Liab	9,482	9,362	8,680
Fire	3,606	2,948	2,691
Allied Lines	2,467	1,576	1,412
PP Auto Liab	251	234	209
Inland Marine	121	165	126
Auto Phys Dmg	19	13	17
Total	86,595	88,728	80,511

Source: BestLink® - Best's Financial Suite

Cambridge Mutual Fire Insurance Company

Operations

Date Incorporated: March 14, 1833 | **Date Commenced:** January 01, 1834

Domiciled: Massachusetts, United States

Licensed: (Current since 05/30/2019). The company is licensed in CT, IL, ME, MA, NH, NJ, NY, RI and VT.

Business Type: Property/Casualty
Organization Type: Mutual
Marketing Type: Independent Agency
Best's Financial Size Category: XV (Greater than or Equal to USD 2.00 Billion)

Last Update

August 28, 2024

Identifiers

AMB #: 002054
NAIC #: 19771
FEIN #: 04-1144900
LEI #: 2549000C9GBX9A5SPK63

Contact Information

Administrative Office:
 95 Old River Road, Andover,
 Massachusetts 01810-1078
 United States

Web: www.andovercompanies.com
Phone: +1-978-475-3300
Fax: +1-800-323-5112

Financial Data Presented

The financial data in this report reflects the most current data available at the time the report was printed.

Best's Credit Ratings

Rating Relationship

AM Best Rating Unit: [000166 - Andover Companies Pool](#)

Best's Credit Rating Effective Date: August 28, 2024

Cambridge Mutual Fire Insurance Company is a member of Andover Companies Pool (AMB# 000166) rating unit and the rating reflects the pooling arrangement with other members of the rating unit. Refer to the [Best's Credit Report for AMB# 000166 - Andover Companies Pool](#) for details regarding the rating rationale, credit analysis, and financial exhibits available at the time the credit analysis was performed.

Best's Credit Rating History

AM Best has assigned ratings on this company since 1923. In our opinion, the company has an Excellent ability to meet their ongoing insurance obligations and an Excellent ability to meet their ongoing senior financial obligations.

The following are the most recent rating events, for longer history refer to [Rating History](#) in BestLink:

Best's Financial Strength Ratings					Best's Long-Term Issuer Credit Ratings		
Effective Date	Rating	Affiliation	Outlook	Action	Rating	Outlook	Action
Current -							
Aug 28, 2024	A	p (Pooled Rating)	Stable	Affirmed	a+	Stable	Affirmed
Jul 19, 2023	A	p (Pooled Rating)	Stable	Affirmed	a+	Stable	Affirmed
Jun 27, 2022	A	p (Pooled Rating)	Stable	Affirmed	a+	Stable	Affirmed
Jun 10, 2021	A	p (Pooled Rating)	Stable	Affirmed	a+	Stable	Affirmed
May 14, 2020	A	p (Pooled Rating)	Stable	Downgraded	a+	Negative	Downgraded

Corporate Structure

Ultimate Parent: AMB # 000166 - Andover Companies Pool

Based on AM Best's analysis, AMB# 000166 Andover Companies Pool is the AMB Ultimate Parent and identifies the topmost entity of the corporate structure. Access in BestLink this company's current [Corporate Structure](#).

Management

Under the same management are Bay State Insurance Company (organized in 1955) and Merrimack Mutual Fire Insurance Company, Andover, Massachusetts, established in 1828.

Officers

President and CEO: Charles J. DiGrande

EVP: Paul R. Nadeau (Underwriting)

SVP: Stephen E. Randall (Claims)

Vice President, Secretary and General Counsel: Kevin J. Ouellette

Vice President and Treasurer: Amy L. DiPerna

Vice President: Justin H. Libbey (Marketing)

Vice President: Kevin A. McNamara (Information Technology)

Directors

John Appleton

Malcolm W. Brawn

David F. Dietz

Charles J. DiGrande

Thomas J. Hollister

Paul J. Jacques

Amy A. Latimer

Thomas J. Ridge

David A. Splaine

John A. Swift

History

This company was incorporated March 14, 1833 under the laws of Massachusetts and began business January 1, 1834. The company absorbed by merger, on January 1, 1971, Traders and Mechanics Insurance Company (Mutual), Lowell, Massachusetts.

Regulatory

Auditor: PricewaterhouseCoopers, LLP

Actuary: Christine Kogut, FCAS, MAAA

An examination of the financial condition was made as of December 31, 2019, by the insurance department of Massachusetts. The 2023 annual independent audit of the company was conducted by PricewaterhouseCoopers, LLP. The annual statement of actuarial opinion is provided by Christine Kogut, FCAS, MAAA, PricewaterhouseCoopers, LLP.

Professional Service Providers

Investment Managers, Advisors, Brokers/Dealers:

- Wellington Management Company, LLP (Unaffiliated Firm)
- Amy L DiPerna (Internal Employee)

State Rate Filings

Summary of Approved Filings

BEST'S COMPANY REPORT

AMB #: 002054 - Cambridge Mutual Fire Insurance Company

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 - 002054 - Cambridge Mutual Fire Insurance Company](#)

Major Line	2024	2023	2022	2021	2020
Commercial General Liability	1	3	2	2	1
Commercial Interline	1	...	1	...	2
Commercial Multi-Peril	18	6	9	7	29
Fire And Allied Lines (Personal Property)	5	7	6	4	7
Homeowners Multi-Peril	22	18	16	22	14
Personal General Liability	1	1	1	...	1
Personal Interline	...	...	4	...	2
Total	48	35	39	35	56

Source: Best's State Rate Filings

Financial Statements

Financial Statements reflected were compiled from the most recent company-filed statement available in BestLink - Best's Statement File - P/C, US.

Currency: US Dollars

	6-Months		Year End - December 31			
	2024		2023		2022	
Balance Sheet	USD (000)	%	USD (000)	%	USD (000)	%
Cash and Short Term Investments	96,596	6.5	90,157	6.3	111,478	8.2
Bonds	237,339	16.0	240,818	16.8	193,618	14.2
Preferred and Common Stock	863,161	58.2	837,544	58.4	792,274	58.2
Other Invested Assets	30,558	2.1	30,037	2.1	32,018	2.4
Total Cash and Invested Assets	1,227,654	82.7	1,198,555	83.6	1,129,387	83.0
Premium Balances	233,915	15.8	208,307	14.5	192,908	14.2
Other Assets	22,388	1.5	27,639	1.9	37,968	2.8
Total Assets	1,483,957	100.0	1,434,501	100.0	1,360,263	100.0
Loss and Loss Adjustment Expense Reserves:						
Net Reported Loss Reserves*	142,217	9.6	132,826	9.3	124,460	9.1
Net IBNR Loss Reserves*	51,939	3.5	48,717	3.4	62,505	4.6
Net LAE Reserves	...	...	20,511	1.4	20,066	1.5
Total Net Loss and LAE Reserves	194,156	13.1	202,054	14.1	207,031	15.2
Net Unearned Premiums	173,194	11.7	155,947	10.9	139,311	10.2
Other Liabilities	279,112	18.8	276,152	19.3	250,700	18.4
Total Liabilities	646,463	43.6	634,153	44.2	597,042	43.9
Unassigned Surplus	836,994	56.4	799,848	55.8	762,721	56.1
Other Surplus	500	...	500	...	500	...
Total Policyholders' Surplus	837,494	56.4	800,348	55.8	763,221	56.1
Total Liabilities and Surplus	1,483,957	100.0	1,434,501	100.0	1,360,263	100.0

Source: BestLink® - Best's Financial Suite

* Interim reserves balances include LAE.

BEST'S COMPANY REPORT

AMB #: 002054 - Cambridge Mutual Fire Insurance Company

6-Months Year End - December 31

Income Statement USD (000)

	2024	2023	2023	2022
Net Premiums Earned	151,098	129,215	281,773	266,449
Net Losses and LAE Incurred:				
Current Accident Year	82,857	102,773	179,430	177,658
Prior Accident Years	-4,147	3,081	3,712	1,743
Underwriting Expenses Incurred	66,453	58,205	120,342	107,652
Net Underwriting Income	5,935	-34,844	-21,711	-20,603
Net Investment Income	19,400	18,119	36,109	30,576
Other Income (Expense)	303	814	1,484	-845
Pre-Tax Operating Income	25,638	-15,911	15,882	9,128
Income Taxes Incurred	5,161	-2,850	2,564	1,395
Net Operating Income	20,477	-13,061	13,317	7,734
Net Realized Capital Gains (Losses)	-4,093	1	-5,817	-4,518
Net Income	16,384	-13,061	7,500	3,216

Source: BestLink® - Best's Financial Suite

	2024	2023	2023	2022
Net Premiums Collected	147,081	135,271	284,580	257,947
Net Losses Paid	175,052	93,064	168,166	137,888
Expenses Paid	-23,371	70,307	134,560	118,748
Net Underwriting Cash Flow	-4,601	-28,100	-18,147	1,311
Net Investment Income	18,667	17,861	34,310	29,599
Other Income (Expense)	624	814	1,255	-272
Income Taxes Paid (Recovered)	-2,543	-12,411	-12,313	-2,317
Net Operating Cash Flow	17,234	2,986	29,731	32,954

Source: BestLink® - Best's Financial Suite

Financial Results

Financial exhibits presented in this report provide calculated ratios using the most recent company-filed 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

Key Financial Indicators

Key Financial Indicators USD (000)	6-Months		Year End - December 31				
	2024	2023	2023	2022	2021	2020	2019
Premiums Written:							
Direct	92,078	89,495	192,624	176,548	161,731	143,446	128,936
Assumed*	168,345	137,518	105,786	100,501	101,078	97,108	100,828
Ceded*	92,078	89,495	...	...	...	...	...
Net	168,345	137,518	298,410	277,050	262,809	240,553	229,764
Net Operating Income	20,477	-13,061	13,317	7,734	2,095	25,181	10,990
Net Income	16,384	-13,061	7,500	3,216	1,662	10,322	7,267
Total Admitted Assets	1,483,957	1,373,403	1,434,501	1,360,263	1,361,736	1,149,982	1,132,298
Policyholders' Surplus	837,494	752,260	800,348	763,221	783,134	638,924	639,198

Source: BestLink® - Best's Financial Suite

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

Key Financial Indicators

Key Financial Ratios (%)	6-Months		Year End - December 31					Weighted Average
	2024	2023	2023	2022	2021	2020	2019	
Profitability:								
Combined Ratio	91.6	124.2	105.3	106.2	107.4	94.9	104.0	103.7
Reserve Development Combined Ratio Impact	-2.7	2.4	1.3	0.7	-1.3	-4.7	...	-0.7
Net Investment Yield	3.2	3.2	3.1	2.7	2.4	2.5	2.8	2.7
Pre-Tax Operating Return on Net Earned Premiums	17.0	-12.3	5.6	3.4	1.3	14.4	6.9	6.2
Net Income Return on Policyholders' Surplus	4.0	-3.4	1.0	0.4	0.2	1.6	1.2	0.9
Total Return on Policyholders' Surplus	7.8	-3.0	4.9	-4.5	17.8	1.9	16.3	6.8
Leverage:								
Net	1.2	1.2	1.2	1.1	1.1	1.2	1.1	...
Gross	...	...	1.2	1.1	1.1	1.2	1.1	...
Non-affiliated Investment	103.1	105.6	104.7	103.8	105.3	99.9	99.3	...

Source: BestLink® - Best's Financial Suite

Balance Sheet Highlights

Capital Generation Analysis USD (000)	6-Months		Year End - December 31				
	2024	2023	2023	2022	2021	2020	2019
Beginning Policyholders' Surplus	800,348	763,221	763,221	783,134	638,924	639,198	540,974
Net Operating Income	20,477	-13,061	13,317	7,734	2,095	25,181	10,990
Net Realized Capital Gains (Losses)	-4,093	1	-5,817	-4,518	-433	-14,859	-3,723
Net Unrealized Capital Gains (Losses)	15,500	1,763	30,424	-37,913	124,820	1,549	88,805
Other Changes in Capital and Surplus	5,262	336	-797	14,785	17,728	-12,145	2,151
Net Change in Policyholders' Surplus	37,146	-10,961	37,127	-19,913	144,210	-274	98,224
Ending Policyholders' Surplus	837,494	752,260	800,348	763,221	783,134	638,924	639,198
Net Change in Policyholders' Surplus (%)	4.6	-1.4	4.9	-2.5	22.6	...	18.2
Net Change in Policyholders' Surplus (5 yr CAGR)	...	...	8.1	...	...	...	...

Source: BestLink® - Best's Financial Suite

Liquidity Analysis	6-Months		Year End - December 31				
	2024	2023	2023	2022	2021	2020	2019
Net Operating Cash Flow USD (000)	17,234	2,986	29,731	32,954	50,879	36,735	44,073
Current Liquidity (%)	185.8	179.2	185.0	184.5	192.7	179.1	184.8

Source: BestLink® - Best's Financial Suite

Ceded Reinsurance Analysis	Year End - December 31				
	2023	2022	2021	2020	2019
Cambridge Mutual Fire Insurance Company					
Business Retention (%)	100.0	100.0	100.0	100.0	100.0
Personal Property Composite					
Business Retention (%)	48.8	50.6	50.7	52.2	53.5
Reinsurance Recoverables to PHS (%)	23.5	31.4	20.3	20.4	18.0
Ceded Reinsurance to PHS (%)	53.5	58.4	45.9	45.0	39.9

Source: BestLink® - Best's Financial Suite

2023 Reinsurance Recoverables USD (000)	Paid & Unpaid Losses	Incurred but not reported (IBNR) losses	Unearned premiums	Other Recoverables	Total Reinsurance Recoverables
	US Affiliates	84,089	15,952	99,790	4,247	204,077
Grand Total	84,089	15,952	99,790	4,247	204,077

Source: BestLink® - Best's Financial Suite

Balance Sheet Highlights

Asset Liability Management | Investments

	6-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)	1,227,654	1,140,328	1,198,555	1,129,387	1,146,309	945,760	940,645
Composition Percentages (%)							
Unaffiliated:							
Cash and Short Term Investments	7.9	10.2	7.5	9.9	15.0	9.2	6.8
Bonds	19.3	17.5	20.1	17.1	10.0	19.8	22.2
Stocks	70.3	69.6	69.9	70.2	71.9	67.5	67.5
Total Unaffiliated	97.5	97.3	97.5	97.2	97.0	96.4	96.5
Investments in Affiliates	2.5	2.7	2.5	2.8	3.0	3.6	3.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: BestLink® - Best's Financial Suite

	Years					Average (Years)
	0-1	1-5	5-10	10-20	20+	
Bonds and Short Term Investments						
Distribution by Maturity (%)						
Government Bonds	6.1	12.6	1.7	0.2	...	2.7
Government Agencies and Municipal Bonds	2.2	14.7	11.1	6.0	2.1	7.5
Industrial and Miscellaneous Bonds	7.3	28.7	6.5	0.6	0.2	3.5
Total Bonds	15.7	56.0	19.3	6.8	2.3	4.8

Source: BestLink® - Best's Financial Suite

	6-Months		Year End - December 31				
	2024	2023	2023	2022	2021	2020	2019
Bond Portfolio							
Bonds & Short Term Investments USD(000)	237,339	199,570	241,128	193,618	114,661	186,921	208,397
By Issuer (%)							
Unaffiliated Bonds:							
US Government	...	...	20.6	32.9	73.5	67.6	61.3
Foreign - All other	...	...	6.6	6.2	...	...	...
State, Municipal & Special Revenue	...	...	36.0	27.8	15.8	9.8	18.4
Industrial and Misc, Hybrid and SVO Identified	...	...	36.8	33.1	10.7	22.6	20.3
Bonds and Short Term Investments By Private vs Public (%)							
Private issues	...	...	8.6	8.3	...	...	...
Public issues	...	...	91.4	91.7	100.0	100.0	100.0
Bonds and Short Term Investments By Quality (%)							
Class 1	78.9	86.8	85.6	88.0	99.1	97.3	100.0
Class 2	21.1	13.0	14.2	11.9	0.9	2.7	...
Class 3	...	0.1	0.1	0.1	...	...	...
Below Investment Grade (NAIC 3-6)	...	0.1	0.1	0.1	...	...	...

Source: BestLink® - Best's Financial Suite

	6-Months		Year End - December 31				
	2024	2023	2023	2022	2021	2020	2019
Stock Portfolio							
Stocks USD(000)	863,161	793,839	837,544	792,274	824,599	638,393	634,959
By Type (%)							
Unaffiliated Common	...	...	100.0	100.0	100.0	100.0	100.0

Source: BestLink® - Best's Financial Suite

Balance Sheet Highlights

Reserve Adequacy

Loss and Loss Adjustment Expense Reserve Development

	6-Months		Year End - December 31				
	2024	2023	2023	2022	2021	2020	2019
Calendar Year:							
Loss and ALAE* Reserves USD (000)	194,156	217,266	191,282	203,213	186,122	152,579	129,511
Loss and ALAE* Reserves Development USD (000)	-4,147	3,081	...	5,281	6,335	488	-22,731
Development to:							
Original Reserves (%)	...	...	...	2.7	3.5	0.3	-14.9
Prior Year End Reserves(%)	-2.1	1.5	...	...	...	...	...
Prior Year End Surplus (%)	-0.5	0.4	...	0.7	0.8	0.1	-3.6

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				
	2023	2022	2021	2020	2019
Accident Year:					
Original Loss and ALAE Reserves USD (000)	75,030	88,665	88,001	63,741	73,739
Loss and ALAE Reserves Developed thru Latest Year End USD (000)	75,030	90,689	91,908	77,523	63,996
Development to Original Reserves (%)	...	2.3	4.4	21.6	-13.2
Accident Year Loss and LAE Ratio (%)	63.7	66.9	69.3	64.0	57.2
Accident Year Combined Ratio (%)	104.0	105.8	109.7	105.0	99.0

Source: BestLink® - Best's Financial Suite

Operating Performance Highlights

	6-Months		Year End - December 31					Weighted Average
	2024	2023	2023	2022	2021	2020	2019	
Operating and Financial Performance Ratios (%)								
Cambridge Mutual Fire Insurance Company								
Calendar Year Loss and LAE Ratio	52.1	81.9	65.0	67.3	67.0	53.9	62.2	63.3
Expense and Policyholder Dividend Ratio	39.5	42.3	40.3	38.9	40.4	41.0	41.8	40.4
Combined Ratio	91.6	124.2	105.3	106.2	107.4	94.9	104.0	103.7
Reserve Development Ratio Impact	-2.7	2.4	1.3	0.7	-1.3	-4.7	...	-0.7
Net Investment Yield	3.2	3.2	3.1	2.7	2.4	2.5	2.8	2.7
Pre-Tax Operating Return on Net Earned Premiums	17.0	-12.3	5.6	3.4	1.3	14.4	6.9	6.2
Net Income Return on Policyholders' Surplus	4.0	-3.4	1.0	0.4	0.2	1.6	1.2	0.9
Total Return on Policyholders' Surplus	7.8	-3.0	4.9	-4.5	17.8	1.9	16.3	6.8

Source: BestLink® - Best's Financial Suite

Operating Performance Highlights

Operating and Financial Performance Ratios (%)	6-Months		Year End - December 31					Weighted Average
	2024	2023	2023	2022	2021	2020	2019	
Personal Property Composite								
Calendar Year Loss and LAE Ratio	...	84.2	81.4	79.0	74.6	80.5	66.9	76.9
Expense and Policyholder Dividend Ratio	...	28.0	26.1	26.4	28.3	29.3	29.6	27.8
Combined Ratio	...	112.1	107.5	105.5	102.9	109.7	96.5	104.7
Reserve Development Ratio Impact	...	0.5	1.9	-0.2	0.3	-1.9	-1.2	-0.1
Net Investment Yield	...	2.6	3.3	2.2	2.1	2.4	2.5	2.5
Pre-Tax Operating Return on Net Earned Premiums	...	-6.1	-1.1	-1.4	1.2	-4.0	10.0	0.7
Net Income Return on Policyholders' Surplus	...	-3.8	-1.3	-1.4	1.2	-1.2	5.6	0.5
Total Return on Policyholders' Surplus	...	-2.0	0.7	-4.3	5.4	0.2	8.8	2.1

Source: BestLink® - Best's Financial Suite

By Line - Net Loss Ratio (%)	Year End - December 31				
	2023	2022	2021	2020	2019
Homeowners	65.6	59.6	55.3	52.6	52.9
Comm M.P.	61.5	63.1	50.0	37.0	38.1
Rein-NPA Prop	27.5	70.4	95.1	49.4	89.8
Fire	48.0	47.1	42.0	35.3	37.4
Allied Lines	86.1	56.4	59.3	70.8	58.2
Other Liab	56.6	43.6	34.1	26.7	14.1
Inland Marine	20.3	23.6	20.0	16.9	23.8
Auto Phys Dmg	74.0	63.0	51.6	40.0	51.9
PP Auto Liab	66.9	60.7	48.6	37.2	56.6
All Other	...	...	200.0	...	...
Total	58.4	59.6	59.6	47.4	55.3

Source: BestLink® - Best's Financial Suite

Geographic - Direct Loss Ratio (%)	Year End - December 31				
	2023	2022	2021	2020	2019
Massachusetts	52.0	32.0	36.5	46.8	21.9
Illinois	54.4	83.2	46.4	51.4	52.8
New York	39.8	67.8	33.9	40.7	51.8
New Hampshire	62.2	47.7	66.2	38.3	33.3
New Jersey	76.2	55.3	66.0	56.6	57.3
Maine	50.3	65.5	41.1	30.1	40.1
Connecticut	52.8	22.8	40.6	31.1	26.4
Rhode Island	79.5	65.1	51.4	55.6	67.3
Total	54.7	57.1	46.2	44.0	45.6

Source: BestLink® - Best's Financial Suite

Business Profile Highlights

Premium Composition and Growth	6-Months		Year End - December 31					5 Year CAGR
	2024	2023	2023	2022	2021	2020	2019	
Direct Premiums Written USD (000)	92,078	89,495	192,624	176,548	161,731	143,446	128,936	...
% Change	2.9	10.1	9.1	9.2	12.7	11.3	11.4	10.7
Reinsurance Premiums Assumed USD (000)*	168,345	137,518	105,786	100,501	101,078	97,108	100,828	...
% Change	22.4	4.8	5.3	-0.6	4.1	-3.7	-6.7	-0.4
Reinsurance Premiums Ceded USD (000)*	92,078	89,495	...	...	...	...	...	...
% Change	2.9	10.1	...	...	...	...	...	...
Net Premiums Written USD (000)	168,345	137,518	298,410	277,050	262,809	240,553	229,764	...
% Change	22.4	4.8	7.7	5.4	9.3	4.7	2.6	5.9

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)	%	%
Homeowners	116,578	60.5	27,613	26.1	...	...	144,190	48.3	100.0
Comm M.P.	42,898	22.3	12,713	12.0	...	...	55,611	18.6	100.0
Fire	10,697	5.6	11,422	10.8	...	...	22,119	7.4	100.0
Other Liab Occurrence	9,814	5.1	5,852	5.5	...	...	15,666	5.2	100.0
Allied Lines	9,315	4.8	6,809	6.4	...	...	16,124	5.4	100.0
Top 5	189,301	98.3	64,409	60.9	...	...	253,710	85.0	100.0
All Other	3,323	1.7	41,377	39.1	...	...	44,700	15.0	100.0
Total	192,624	100.0	105,786	100.0	...	100.0	298,410	100.0	100.0

Source: BestLink® - Best's Financial Suite

Historical Market Presence

By Line Breakdown - NPW USD (000)	Year End - December 31				
	2023	2022	2021	2020	2019
Homeowners	144,190	129,607	118,546	108,487	105,624
Comm M.P.	55,611	49,004	42,920	32,645	27,896
Rein-NPA Prop	39,341	43,344	48,594	49,021	47,250
Fire	22,119	20,330	19,410	17,929	17,505
Allied Lines	16,124	14,790	13,759	13,212	12,805
Other Liab	15,666	14,726	14,320	14,055	13,722
Inland Marine	3,967	3,979	3,990	3,904	3,739
Auto Phys Dmg	728	652	646	647	607
PP Auto Liab	664	618	623	655	618
Total	298,410	277,050	262,809	240,553	229,764

Source: BestLink® - Best's Financial Suite

Business Profile Highlights

Historical Market Presence (Continued...)

By Geographic Breakdown - DPW USD (000)	Year End - December 31				
	2023	2022	2021	2020	2019
Massachusetts	41,111	34,990	28,702	22,498	14,570
Illinois	39,419	34,560	31,098	23,311	20,080
New York	33,588	32,987	31,207	30,462	30,568
New Hampshire	24,706	20,911	17,927	15,292	13,483
New Jersey	24,234	23,761	21,045	19,420	18,328
Maine	18,088	17,306	16,200	15,261	14,308
Connecticut	10,172	10,481	10,521	10,632	11,201
Rhode Island	1,307	1,553	5,032	6,570	6,398
Total	192,624	176,548	161,731	143,446	128,936
Geographic Concentration Index	0.16	...	...	...	...

Source: BestLink® - Best's Financial Suite

By Line Reserves USD (000)	Year End - December 31		
	2023	2022	2021
Rein-NPA Prop	66,675	88,208	88,814
Homeowners	57,630	52,264	44,887
Comm M.P.	40,541	33,194	23,509
Other Liab	22,124	21,846	20,253
Fire	8,414	6,880	6,279
Allied Lines	5,756	3,678	3,296
PP Auto Liab	587	547	488
Inland Marine	283	385	293
Auto Phys Dmg	44	30	40
Total	202,054	207,031	187,860

Source: BestLink® - Best's Financial Suite

Merrimack Mutual Fire Insurance Company

Operations

Date Incorporated: February 11, 1828 | **Date Commenced:** April 08, 1828

Domiciled: Massachusetts, United States

Licensed: (Current since 05/30/2019). The company is licensed in CT, IL, ME, MA, NH, NJ, NY, RI and VT.

Business Type: Property/Casualty
Organization Type: Mutual
Marketing Type: Independent Agency
Best's Financial Size Category: XV (Greater than or Equal to USD 2.00 Billion)

Last Update

August 28, 2024

Identifiers

AMB #: 002055
NAIC #: 19798
FEIN #: 04-1614490
LEI #: 254900XHP4C2KRA65811

Contact Information

Administrative Office:
 95 Old River Road, Andover,
 Massachusetts 01810-1078
 United States

Web: www.andovercompanies.com
Phone: +1-978-475-3300
Fax: +1-800-323-5112

Financial Data Presented

The financial data in this report reflects the most current data available at the time the report was printed.

Best's Credit Ratings

Rating Relationship

AM Best Rating Unit: [000166 - Andover Companies Pool](#)

Best's Credit Rating Effective Date: August 28, 2024

Merrimack Mutual Fire Insurance Company is a member of Andover Companies Pool (AMB# 000166) rating unit and the rating reflects the pooling arrangement with other members of the rating unit. Refer to the [Best's Credit Report for AMB# 000166 - Andover Companies Pool](#) for details regarding the rating rationale, credit analysis, and financial exhibits available at the time the credit analysis was performed.

Best's Credit Rating History

AM Best has assigned ratings on this company since 1920. In our opinion, the company has an Excellent ability to meet their ongoing insurance obligations and an Excellent ability to meet their ongoing senior financial obligations.

The following are the most recent rating events, for longer history refer to [Rating History](#) in BestLink:

Best's Financial Strength Ratings					Best's Long-Term Issuer Credit Ratings		
Effective Date	Rating	Affiliation	Outlook	Action	Rating	Outlook	Action
Current -							
Aug 28, 2024	A	p (Pooled Rating)	Stable	Affirmed	a+	Stable	Affirmed
Jul 19, 2023	A	p (Pooled Rating)	Stable	Affirmed	a+	Stable	Affirmed
Jun 27, 2022	A	p (Pooled Rating)	Stable	Affirmed	a+	Stable	Affirmed
Jun 10, 2021	A	p (Pooled Rating)	Stable	Affirmed	a+	Stable	Affirmed
May 14, 2020	A	p (Pooled Rating)	Stable	Downgraded	a+	Negative	Downgraded

Corporate Structure

Ultimate Parent: AMB # 000166 - Andover Companies Pool

Based on AM Best's analysis, AMB# 000166 Andover Companies Pool is the AMB Ultimate Parent and identifies the topmost entity of the corporate structure. Access in BestLink this company's current [Corporate Structure](#).

Management

This company is the lead company of the Andover Group. Under the same management are the Bay State Insurance Company (organized in 1955) and the Cambridge Mutual Fire Insurance Company, Andover, Massachusetts (established in 1833).

Officers

President and CEO: Charles J. DiGrande

EVP: Paul R. Nadeau (Underwriting)

SVP: Stephen E. Randall (Claims)

Vice President, Secretary and General Counsel: Kevin J. Ouellette

Vice President and Treasurer: Amy L. DiPerna

Vice President: Justin H. Libbey (Marketing)

Vice President: Kevin A. McNamara (Information Technology)

Directors

John Appleton

Malcolm W. Brawn

David F. Dietz

Charles J. DiGrande

Thomas J. Hollister

Paul J. Jacques

Amy A. Latimer

Thomas J. Ridge

David A. Splaine

John A. Swift

History

This company, incorporated on February 11, 1828 under the laws of Massachusetts, commenced business on April 8 of the same year. The Bay State Mutual Fire Insurance Company and the Lynn Manufacturers and Merchants Insurance Company were absorbed in May 1932 and in September 1933, respectively.

Regulatory

Auditor: PricewaterhouseCoopers, LLP

Actuary: Christine Kogut, FCAS, MAAA

An examination of the financial condition was made as of December 31, 2019, by the insurance department of Massachusetts. The 2023 annual independent audit of the company was conducted by PricewaterhouseCoopers, LLP. The annual statement of actuarial opinion is provided by Christine Kogut, FCAS, MAAA, PricewaterhouseCoopers, LLP.

Professional Service Providers

Investment Managers, Advisors, Brokers/Dealers:

- Wellington Management Company, LLP (Unaffiliated Firm)
- Amy L DiPerna (Internal Employee)

State Rate Filings

Summary of Approved Filings

BEST'S COMPANY REPORT

AMB #: 002055 - Merrimack Mutual Fire Insurance Company

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 - 002055 - Merrimack Mutual Fire Insurance Company](#)

Major Line	2024	2023	2022	2021	2020
Commercial General Liability	3	4	2	3	1
Commercial Interline	1	...	1	...	2
Commercial Multi-Peril	18	7	9	11	32
Fire And Allied Lines (Personal Property)	9	11	7	6	7
Homeowners Multi-Peril	22	20	15	22	14
Personal General Liability	1	1	1	...	1
Personal Interline	...	...	4	...	2
Total	54	43	39	42	59

Source: Best's State Rate Filings

Financial Statements

Financial Statements reflected were compiled from the most recent company-filed statement available in BestLink - Best's Statement File - P/C, US.

Currency: US Dollars

	6-Months		Year End - December 31			
	2024		2023		2022	
Balance Sheet	USD (000)	%	USD (000)	%	USD (000)	%
Cash and Short Term Investments	197,299	7.5	147,978	6.0	136,984	6.0
Bonds	248,247	9.4	255,531	10.4	241,974	10.5
Preferred and Common Stock	1,669,165	63.5	1,549,997	63.2	1,439,147	62.7
Other Invested Assets	161,441	6.1	161,843	6.6	167,654	7.3
Total Cash and Invested Assets	2,276,152	86.6	2,115,350	86.3	1,985,760	86.5
Premium Balances	301,587	11.5	280,262	11.4	257,995	11.2
Other Assets	51,087	1.9	56,606	2.3	52,750	2.3
Total Assets	2,628,826	100.0	2,452,218	100.0	2,296,505	100.0
Loss and Loss Adjustment Expense Reserves:						
Net Reported Loss Reserves*	203,168	7.7	189,752	7.7	177,800	7.7
Net IBNR Loss Reserves*	74,198	2.8	69,596	2.8	89,293	3.9
Net LAE Reserves	...	...	29,301	1.2	28,666	1.2
Total Net Loss and LAE Reserves	277,366	10.6	288,649	11.8	295,759	12.9
Net Unearned Premiums	247,421	9.4	222,782	9.1	199,015	8.7
Other Liabilities	413,916	15.7	392,638	16.0	371,095	16.2
Total Liabilities	938,702	35.7	904,069	36.9	865,869	37.7
Unassigned Surplus	1,689,624	64.3	1,547,649	63.1	1,430,136	62.3
Other Surplus	500	...	500	...	500	...
Total Policyholders' Surplus	1,690,124	64.3	1,548,149	63.1	1,430,636	62.3
Total Liabilities and Surplus	2,628,826	100.0	2,452,218	100.0	2,296,505	100.0

Source: BestLink® - Best's Financial Suite

* Interim reserves balances include LAE.

BEST'S COMPANY REPORT

AMB #: 002055 - Merrimack Mutual Fire Insurance Company

6-Months Year End - December 31

Income Statement USD (000)

	2024	2023	2023	2022
Net Premiums Earned	215,854	184,593	402,533	380,642
Net Losses and LAE Incurred:				
Current Accident Year	118,368	146,818	256,329	253,798
Prior Accident Years	-5,925	4,402	5,303	2,489
Underwriting Expenses Incurred	94,932	83,150	171,917	153,789
Net Underwriting Income	8,479	-49,777	-31,016	-29,433
Net Investment Income	22,545	21,193	42,189	37,717
Other Income (Expense)	432	1,162	2,120	-1,207
Pre-Tax Operating Income	31,456	-27,422	13,293	7,077
Income Taxes Incurred	6,573	-2,162	2,154	627
Net Operating Income	24,883	-25,259	11,139	6,450
Net Realized Capital Gains (Losses)	-2,114	4	-3,103	-3,623
Net Income	22,769	-25,256	8,036	2,827

Source: BestLink® - Best's Financial Suite

	2024	2023	2023	2022
Net Premiums Collected	240,248	196,719	407,906	389,262
Net Losses Paid	237,616	118,764	232,942	192,852
Expenses Paid	-19,547	100,722	192,119	169,542
Net Underwriting Cash Flow	22,180	-22,767	-17,155	26,868
Net Investment Income	21,112	21,112	41,929	37,485
Other Income (Expense)	892	1,163	1,792	-388
Income Taxes Paid (Recovered)	-4,113	794	710	-5,210
Net Operating Cash Flow	48,297	-1,286	25,856	69,174

Source: BestLink® - Best's Financial Suite

Financial Results

Financial exhibits presented in this report provide calculated ratios using the most recent company-filed 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

Key Financial Indicators

Key Financial Indicators USD (000)	6-Months		Year End - December 31				
	2024	2023	2023	2022	2021	2020	2019
Premiums Written:							
Direct	261,451	220,201	482,952	430,946	391,486	374,133	366,566
Assumed*	269,042	217,476	117,850	128,735	143,694	146,792	141,380
Ceded*	290,000	241,222	174,502	163,896	159,739	177,278	179,712
Net	240,493	196,454	426,300	395,785	375,441	343,648	328,234
Net Operating Income	24,883	-25,259	11,139	6,450	-2,520	35,097	10,309
Net Income	22,769	-25,256	8,036	2,827	-10,646	29,698	48,031
Total Admitted Assets	2,628,826	2,304,526	2,452,218	2,296,505	2,318,577	1,926,289	1,862,380
Policyholders' Surplus	1,690,124	1,415,604	1,548,149	1,430,636	1,491,857	1,197,877	1,158,604

Source: BestLink® - Best's Financial Suite

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

Key Financial Indicators

Key Financial Ratios (%)	6-Months		Year End - December 31					Weighted Average
	2024	2023	2023	2022	2021	2020	2019	
Profitability:								
Combined Ratio	91.6	124.2	105.3	106.2	107.4	94.9	104.0	103.7
Reserve Development Combined Ratio Impact	-2.7	2.4	1.3	0.7	-1.3	-4.7	...	-0.7
Net Investment Yield	2.1	2.1	2.1	1.9	1.6	1.7	2.0	1.9
Pre-Tax Operating Return on Net Earned Premiums	14.6	-14.9	3.3	1.9	-0.5	12.5	5.2	4.3
Net Income Return on Policyholders' Surplus	2.8	-3.5	0.5	0.2	-0.8	2.5	4.5	1.2
Total Return on Policyholders' Surplus	17.1	-2.5	8.0	-5.6	19.9	4.8	16.5	8.2
Leverage:								
Net	0.8	0.9	0.9	0.9	0.8	0.9	0.9	...
Gross	...	...	0.9	1.0	0.9	1.0	1.0	...
Non-affiliated Investment	62.3	70.3	66.8	69.9	68.8	63.1	64.0	...

Source: BestLink® - Best's Financial Suite

Balance Sheet Highlights

Capital Generation Analysis USD (000)	6-Months		Year End - December 31				
	2024	2023	2023	2022	2021	2020	2019
Beginning Policyholders' Surplus	1,548,149	1,430,636	1,430,636	1,491,857	1,197,877	1,158,604	978,833
Net Operating Income	24,883	-25,259	11,139	6,450	-2,520	35,097	10,309
Net Realized Capital Gains (Losses)	-2,114	4	-3,103	-3,623	-8,126	-5,398	37,722
Net Unrealized Capital Gains (Losses)	115,757	7,113	110,473	-84,028	278,457	27,264	128,475
Other Changes in Capital and Surplus	3,450	3,111	-997	19,980	26,168	-17,689	3,265
Net Change in Policyholders' Surplus	141,975	-15,032	117,513	-61,221	293,979	39,273	179,771
Ending Policyholders' Surplus	1,690,124	1,415,604	1,548,149	1,430,636	1,491,857	1,197,877	1,158,604
Net Change in Policyholders' Surplus (%)	9.2	-1.1	8.2	-4.1	24.5	3.4	18.4
Net Change in Policyholders' Surplus (5 yr CAGR)	...	...	9.6	...	...	...	...

Source: BestLink® - Best's Financial Suite

Liquidity Analysis	6-Months		Year End - December 31				
	2024	2023	2023	2022	2021	2020	2019
Net Operating Cash Flow USD (000)	48,297	-1,286	25,856	69,174	50,389	30,296	-6,705
Current Liquidity (%)	151.2	144.0	150.1	149.7	163.2	155.3	158.5

Source: BestLink® - Best's Financial Suite

Ceded Reinsurance Analysis	Year End - December 31				
	2023	2022	2021	2020	2019
Merrimack Mutual Fire Insurance Company					
Ceded Reinsurance USD (000)	118,048	100,046	72,613	102,022	105,716
Business Retention (%)	71.0	70.7	70.2	66.0	64.6
Reinsurance Recoverables to PHS (%)	1.7	1.9	1.1	2.1	3.0
Ceded Reinsurance to PHS (%)	7.6	7.0	4.9	8.5	9.1
Personal Property Composite					
Business Retention (%)	48.8	50.6	50.7	52.2	53.5
Reinsurance Recoverables to PHS (%)	23.5	31.4	20.3	20.4	18.0
Ceded Reinsurance to PHS (%)	53.5	58.4	45.9	45.0	39.9

Source: BestLink® - Best's Financial Suite

Balance Sheet Highlights

	Paid & Unpaid Losses	Incurred but not reported (IBNR) losses	Unearned premiums	Other Recoverables	Total Reinsurance Recoverables
2023 Reinsurance Recoverables USD (000)					
US Affiliates	234,301	86,985	222,782	5,030	549,098
US Insurers	8,713	...	10,261	...	18,974
Pools/Associations	...	...	1	...	1
Other Non-US	6,986	...	...	...	6,986
Total (excluding US Affiliates)	15,699	...	10,262	...	25,961
Grand Total	250,000	86,985	233,044	5,030	575,059

Source: BestLink® - Best's Financial Suite

Asset Liability Management | Investments

	6-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)	2,276,152	1,980,499	2,115,350	1,985,760	2,021,496	1,647,128	1,600,073
Composition Percentages (%)							
Unaffiliated:							
Cash and Short Term Investments	8.7	6.6	7.0	6.9	11.0	8.3	6.7
Bonds	10.9	12.0	12.1	12.2	7.0	14.4	16.6
Stocks	42.6	45.9	44.9	46.0	48.6	45.8	46.2
Other Invested Assets	3.6	4.3	4.0	4.4	2.1	0.1	0.1
Total Unaffiliated	65.8	68.8	67.9	69.5	68.8	68.7	69.7
Investments in Affiliates	34.2	31.2	32.1	30.6	31.2	31.3	30.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: BestLink® - Best's Financial Suite

	Years					Average (Years)
Bonds and Short Term Investments	0-1	1-5	5-10	10-20	20+	
Distribution by Maturity (%)						
Government Bonds	10.4	10.3	2.3	...	...	2.3
Government Agencies and Municipal Bonds	2.7	12.5	10.6	5.6	2.0	7.6
Industrial and Miscellaneous Bonds	8.7	27.2	6.9	0.5	0.2	3.5
Total Bonds	21.8	50.1	19.8	6.1	2.2	4.6

Source: BestLink® - Best's Financial Suite

Balance Sheet Highlights

Asset Liability Management | Investments (Continued...)

	6-Months		2023	Year End - December 31			
	2024	2023		2022	2021	2020	2019
Bond Portfolio							
Bonds & Short Term Investments USD(000)	248,896	237,398	255,861	241,974	142,185	237,400	265,069
By Issuer (%)							
Unaffiliated Bonds:							
US Government	...	...	23.1	33.7	78.7	68.2	65.8
Foreign - All other	...	...	6.8	6.6	...	...	...
State, Municipal & Special Revenue	...	...	33.4	26.6	12.7	7.7	12.6
Industrial and Misc, Hybrid and SVO Identified	...	...	36.7	33.2	8.6	24.1	21.6
Bonds and Short Term Investments By Private vs Public (%)							
Private issues	...	...	8.9	8.7	...	...	...
Public issues	...	...	91.1	91.3	100.0	100.0	100.0
Bonds and Short Term Investments By Quality (%)							
Class 1	79.1	86.6	86.1	88.5	99.3	87.4	100.0
Class 2	20.7	13.3	13.8	11.4	0.7	12.6	...
Class 3	0.2	0.2	0.2	0.2	...	...	...
Below Investment Grade (NAIC 3-6)	0.2	0.2	0.2	0.2	...	...	...

Source: BestLink® - Best's Financial Suite

	6-Months		2023	Year End - December 31			
	2024	2023		2022	2021	2020	2019
Stock Portfolio							
Stocks USD(000)	1,669,165	1,445,672	1,549,997	1,439,147	1,529,015	1,186,221	1,140,981
By Type (%)							
Unaffiliated Common							
Affiliated Common	...	...	61.3	63.5	64.3	63.6	64.8
Affiliated Common	...	...	38.7	36.5	35.7	36.4	35.2

Source: BestLink® - Best's Financial Suite

Reserve Adequacy

Loss and Loss Adjustment Expense Reserve Development

	6-Months		2023	Year End - December 31			
	2024	2023		2022	2021	2020	2019
Calendar Year:							
Loss and ALAE* Reserves USD (000)	277,366	310,380	273,264	290,307	265,892	217,974	185,016
Loss and ALAE* Reserves Development USD (000)	-5,925	4,402	...	7,545	9,055	699	-32,469
Development to:							
Original Reserves (%)	...	...	...	2.7	3.5	0.3	-14.9
Prior Year End Reserves(%)	-2.1	1.5	...	...	...	...	...
Prior Year End Surplus (%)	-0.4	0.3	...	0.5	0.6	0.1	-2.8

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.

Balance Sheet Highlights

Reserve Adequacy (Continued...)

Loss and Loss Adjustment Expense Reserve Development (Continued...)

	Year End - December 31				
	2023	2022	2021	2020	2019
Accident Year:					
Original Loss and ALAE Reserves USD (000)	107,186	126,664	125,715	91,058	105,342
Loss and ALAE Reserves Developed thru Latest Year End USD (000)	107,186	129,555	131,297	110,747	91,423
Development to Original Reserves (%)	...	2.3	4.4	21.6	-13.2
Accident Year Loss and LAE Ratio (%)	63.7	66.9	69.3	64.0	57.2
Accident Year Combined Ratio (%)	104.0	105.8	109.7	105.0	99.0

Source: BestLink® - Best's Financial Suite

Operating Performance Highlights

Operating and Financial Performance Ratios (%)	6-Months		Year End - December 31					Weighted Average
	2024	2023	2023	2022	2021	2020	2019	
Merrimack Mutual Fire Insurance Company								
Calendar Year Loss and LAE Ratio	52.1	81.9	65.0	67.3	67.0	53.9	62.2	63.3
Expense and Policyholder Dividend Ratio	39.5	42.3	40.3	38.9	40.4	41.0	41.8	40.4
Combined Ratio	91.6	124.2	105.3	106.2	107.4	94.9	104.0	103.7
Reserve Development Ratio Impact	-2.7	2.4	1.3	0.7	-1.3	-4.7	...	-0.7
Net Investment Yield	2.1	2.1	2.1	1.9	1.6	1.7	2.0	1.9
Pre-Tax Operating Return on Net Earned Premiums	14.6	-14.9	3.3	1.9	-0.5	12.5	5.2	4.3
Net Income Return on Policyholders' Surplus	2.8	-3.5	0.5	0.2	-0.8	2.5	4.5	1.2
Total Return on Policyholders' Surplus	17.1	-2.5	8.0	-5.6	19.9	4.8	16.5	8.2

Source: BestLink® - Best's Financial Suite

Operating and Financial Performance Ratios (%)	6-Months		Year End - December 31					Weighted Average
	2024	2023	2023	2022	2021	2020	2019	
Personal Property Composite								
Calendar Year Loss and LAE Ratio	...	84.2	81.4	79.0	74.6	80.5	66.9	76.9
Expense and Policyholder Dividend Ratio	...	28.0	26.1	26.4	28.3	29.3	29.6	27.8
Combined Ratio	...	112.1	107.5	105.5	102.9	109.7	96.5	104.7
Reserve Development Ratio Impact	...	0.5	1.9	-0.2	0.3	-1.9	-1.2	-0.1
Net Investment Yield	...	2.6	3.3	2.2	2.1	2.4	2.5	2.5
Pre-Tax Operating Return on Net Earned Premiums	...	-6.1	-1.1	-1.4	1.2	-4.0	10.0	0.7
Net Income Return on Policyholders' Surplus	...	-3.8	-1.3	-1.4	1.2	-1.2	5.6	0.5
Total Return on Policyholders' Surplus	...	-2.0	0.7	-4.3	5.4	0.2	8.8	2.1

Source: BestLink® - Best's Financial Suite

Operating Performance Highlights

	Year End - December 31				
	2023	2022	2021	2020	2019
By Line - Net Loss Ratio (%)					
Homeowners	65.6	59.6	55.3	52.6	52.9
Comm M.P.	61.5	63.1	50.0	37.0	38.1
Rein-NPA Prop	27.5	70.4	95.1	49.4	89.8
Fire	48.0	47.1	42.0	35.3	37.4
Allied Lines	86.1	56.4	59.3	70.8	58.2
Other Liab	56.6	43.6	34.1	26.7	14.1
Inland Marine	20.3	23.6	20.0	16.9	23.8
Auto Phys Dmg	74.0	63.0	51.6	40.0	51.9
PP Auto Liab	66.9	60.7	48.6	37.2	56.6
All Other	...	100.0	...	...	...
Total	58.4	59.6	59.6	47.4	55.3

Source: BestLink® - Best's Financial Suite

	Year End - December 31				
	2023	2022	2021	2020	2019
Geographic - Direct Loss Ratio (%)					
Massachusetts	51.4	43.4	38.2	37.5	42.0
New York	68.5	55.3	54.5	39.7	38.4
Connecticut	51.3	61.1	54.8	48.6	43.6
Rhode Island	68.2	65.3	46.2	64.4	53.9
New Jersey	42.4	38.5	52.1	41.9	31.8
Maine	79.4	66.2	33.2	60.4	45.7
New Hampshire	20.7	56.5	31.7	19.8	22.7
Illinois	32.2	26.4	36.2	32.1	43.9
Total	56.9	50.6	45.7	42.0	40.9

Source: BestLink® - Best's Financial Suite

Business Profile Highlights

	6-Months		Year End - December 31					2019 5 Year CAGR
	2024	2023	2023	2022	2021	2020		
Premium Composition and Growth								
Direct Premiums Written USD (000)	261,451	220,201	482,952	430,946	391,486	374,133	366,566	...
% Change	18.7	12.7	12.1	10.1	4.6	2.1	2.4	6.2
Reinsurance Premiums Assumed USD (000)*	269,042	217,476	117,850	128,735	143,694	146,792	141,380	...
% Change	23.7	1.0	-8.5	-10.4	-2.1	3.8	-4.3	-4.4
Reinsurance Premiums Ceded USD (000)*	290,000	241,222	174,502	163,896	159,739	177,278	179,712	...
% Change	20.2	8.0	6.5	2.6	-9.9	-1.4	-3.4	-1.3
Net Premiums Written USD (000)	240,493	196,454	426,300	395,785	375,441	343,648	328,234	...
% Change	22.4	4.8	7.7	5.4	9.3	4.7	2.6	5.9

Source: BestLink® - Best's Financial Suite

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

Business Profile Highlights

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)	%	%
Homeowners	234,225	48.5	30,570	25.9	58,809	33.7	205,986	48.3	77.8
Comm M.P.	114,170	23.6	...	...	34,726	19.9	79,444	18.6	69.6
Fire	56,146	11.6	1,471	1.2	26,019	14.9	31,599	7.4	54.8
Allied Lines	41,962	8.7	...	...	18,927	10.8	23,035	5.4	54.9
Other Liab Occurrence	30,081	6.2	...	...	7,700	4.4	22,380	5.2	74.4
Top 5	476,584	98.7	32,042	27.2	146,182	83.8	362,443	85.0	71.3
All Other	6,368	1.3	85,809	72.8	28,319	16.2	63,857	15.0	69.3
Total	482,952	100.0	117,850	100.0	174,502	100.0	426,300	100.0	71.0

Source: BestLink® - Best's Financial Suite

Historical Market Presence

By Line Breakdown - NPW USD (000)	Year End - December 31				
	2023	2022	2021	2020	2019
Homeowners	205,986	185,154	169,352	154,981	150,891
Comm M.P.	79,444	70,004	61,314	46,635	39,852
Rein-NPA Prop	56,202	61,920	69,420	70,030	67,500
Fire	31,599	29,043	27,729	25,612	25,007
Allied Lines	23,035	21,129	19,656	18,874	18,292
Other Liab	22,380	21,037	20,457	20,079	19,602
Inland Marine	5,668	5,684	5,700	5,577	5,341
Auto Phys Dmg	1,039	931	922	924	867
PP Auto Liab	948	883	890	936	882
Total	426,300	395,785	375,441	343,648	328,234

Source: BestLink® - Best's Financial Suite

By Geographic Breakdown - DPW USD (000)	Year End - December 31				
	2023	2022	2021	2020	2019
Massachusetts	163,621	152,008	146,433	148,503	152,889
New York	134,014	111,423	95,957	85,593	77,597
Connecticut	52,305	46,181	42,382	40,285	40,426
Rhode Island	51,508	46,521	36,967	32,067	28,601
New Jersey	46,241	43,156	40,216	39,930	39,883
Maine	16,959	14,297	12,668	10,919	9,742
New Hampshire	9,393	9,030	8,735	8,728	8,997
Illinois	8,910	8,329	8,128	8,107	8,430
Total	482,952	430,946	391,486	374,133	366,566
Geographic Concentration Index	0.23	...	...	...	...

Source: BestLink® - Best's Financial Suite

Business Profile Highlights

Historical Market Presence (Continued...)

	Year End - December 31		
	2023	2022	2021
By Line Reserves USD (000)			
Rein-NPA Prop	95,250	126,012	126,877
Homeowners	82,329	74,663	64,125
Comm M.P.	57,915	47,420	33,584
Other Liab	31,606	31,208	28,932
Fire	12,020	9,828	8,970
Allied Lines	8,223	5,254	4,708
PP Auto Liab	838	781	698
Inland Marine	404	549	419
Auto Phys Dmg	63	43	58
Total	288,649	295,759	268,371

Source: BestLink® - Best's Financial Suite

A Best's Financial Strength Rating opinion addresses the relative ability of an insurer to meet its ongoing insurance obligations. The ratings are not assigned to specific insurance policies or contracts and do not address any other risk, including, but not limited to, an insurer's claims-payment policies or procedures; the ability of the insurer to dispute or deny claims payment on grounds of misrepresentation or fraud; or any specific liability contractually borne by the policy or contract holder. A Financial Strength Rating is not a recommendation to purchase, hold or terminate any insurance policy, contract or any other financial obligation issued by an insurer, nor does it address the suitability of any particular policy or contract for a specific purpose or purchaser.

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