

# A.M. Best Upgrades Issuer Credit Rating of North Country Insurance Company and Revises Outlook to Positive

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## FOR IMMEDIATE RELEASE

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**A.M. Best Co.** has upgraded the issuer credit rating (ICR) to "bbb+" from "bbb" and affirmed the financial strength rating of B++ (Good) of **North Country Insurance Company** (North Country) (Watertown, NY). The outlook for both ratings has been revised to positive from stable.

The upgrading of the ICR for North Country reflects its favorable operating performance, improved underwriting leverage and long-standing local market presence. The outlook reflects the improvement in the company's risk-adjusted capitalization and the expectation of continued favorable operating performance. North Country's strengthened capital position has been derived from surplus advances in each of the past five years, which is attributed to management's emphasis on improved operating margins. Over the most recent five-year period, North Country's pre-tax earnings have been driven primarily by profitable underwriting results due to re-underwriting efforts in prior years, and strict adherence to underwriting and pricing discipline in recent years. In addition, a conservative investment portfolio has generated consistent, although moderate, net investment income.

Partially offsetting these positive rating factors is North Country's geographic risk concentration in New York. This geographic risk exposes the company's operating performance to weather-related events as well as changes in regulatory and competitive market conditions. Also, the company's underwriting expense ratio is above average, driven primarily by an elevated commission structure and loss adjustment expenses and, more recently, increased New York State assessments. However, North Country's above average expense ratio is partially mitigated by its sound underlying book of business, as its pure loss ratios outperformed those of the personal property composite.

The principal methodology used in determining these ratings is [Best's Credit Rating Methodology - Global Life and Non-Life Insurance Edition](#), which provides a comprehensive explanation of A.M. Best's rating process and highlights the different rating criteria employed. Additional key criteria utilized include: "Risk Management and the Rating Process for Insurance Companies"; "Understanding BCAR for Property/Casualty Insurers"; "Catastrophe Risk Management Incorporated Within the Rating Analysis"; "Catastrophe Analysis in A.M. Best Ratings"; "A.M. Best's Ratings & the Treatment of Debt"; and "Natural Catastrophe Stress Test Methodology." Methodologies can be found at [www.ambest.com/ratings/methodology](http://www.ambest.com/ratings/methodology).

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