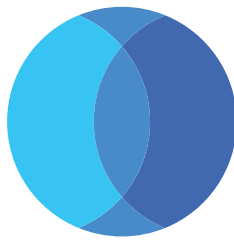


BEST'S RATING REPORT



OMIC

**OPHTHALMIC MUTUAL
INSURANCE COMPANY**

A Risk Retention Group

Exec. Office: 655 Beach Street, San Francisco, California, United States 94109-1336

AMB #: 010844

NAIC #: 44105

FEIN#: 94-3047990

Phone: 415-771-1002

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Ophthalmic Mutual Insurance Company (A Risk Retention Group)

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

Ultimate Parent: N/A

A.M. Best Rating Unit: 010844 - Ophthalmic Mutual Insurance Co (A RRG)

Best's Credit Ratings:

Rating Effective Date: January 25, 2018

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

Last Five Rating Events:

Date	Best's Financial Strength Ratings			Best's Issuer Credit Ratings		
	Rating	Outlook	Action	Rating	Outlook	Action
01/25/2018	A	Stable	Affirmed	a+	Stable	Affirmed
01/19/2017	A	Stable	Affirmed	a+	Stable	Affirmed
01/14/2016	A	Stable	Affirmed	a+	Stable	Affirmed
04/27/2015	A	Stable	Affirmed	a+	Stable	Affirmed
03/21/2014	A	Stable	Affirmed	a+	Stable	Affirmed
02/04/2013	A	Stable	Affirmed	a+	Stable	Affirmed

Rating Rationale:

Balance Sheet Strength: Strongest

- Risk-adjusted capitalization is at the strongest level as measured by Best's Capital Adequacy Ratio (BCAR).
- Surplus growth through consistent underwriting profit over the last ten years.
- Consistent favorable loss reserve development from conservative reserving practices.
- Conservative investment portfolio that predominantly consists of high-quality fixed-income securities.

Operating Performance: Strong

- Five and ten year return on revenue performance measures are significantly better than the composite; return on surplus performance measures are on par with the composite due to the company's low underwriting leverage.
- Favorable reserve development has benefited the underwriting results, however, the magnitude of reserve take-downs is expected to decline prospectively.
- Investment income, as measured by return on invested assets, is comparable to the composite.
- Volatility in net premium is due to the swing-rated reinsurance contract that was in effect through year-end 2015.

Business Profile: Neutral

- Dominant player in the US ophthalmic medical professional liability market.
- Business is distributed geographically across all states.
- Concentration risk as a mono-line MPL insurer for one specialty segment of insureds; however, management has significant knowledge and experience within their niche market.

Enterprise Risk Management: Appropriate

- Risk management framework and capabilities are appropriate for the company's risk profile.
- Risks are identified in core areas: underwriting, claims, and finance.
- Significant board of director involvement.
- Disaster recovery plans are in place.

Outlook

The stable outlooks are the result of Ophthalmic Mutual Insurance Company (OMIC) achieving a consistent level of operating results in comparison to other rating units with comparable profiles and an expectation that OMIC will be able to sustain its level of performance.

Rating Drivers

Neither upward movement in the ratings nor a positive revision of the rating outlook are likely at this time. Factors that may lead to negative rating consideration include a significant decline in balance sheet strength or adverse trend in operating performance, which could develop with a rise in claims frequency and/or severity while market pricing remains soft and interest rates remain low.

Financial Statements:**Balance Sheet:****Balance Sheet:****Admitted Assets**

	Year End - December 31			
	2016 (\$000)	2015 (\$000)	2016 (%)	2015 (%)
Bonds	224,471	217,850	79.6	79.2
Preferred Stock	...	...	...	...
Common Stock	36,890	31,602	13.1	11.5
Cash and Short-term Invest	11,558	14,000	4.1	5.1
Real estate, investment	...	...	...	...
Derivatives	...	...	...	...
Other Non-Affil Inv Asset	...	...	...	...
Investments in Affiliates	...	...	...	...
Real Estate, Offices	...	...	...	...
Total Invested Assets	272,919	263,452	96.8	95.8
Premium Balances	6,006	6,492	2.1	2.4
Accrued Interest	2,573	2,476	0.9	0.9
All Other Assets	478	2,668	0.2	1.0
Total Assets	281,977	275,088	100.0	100.0

Liabilities & Surplus

	Year End - December 31			
	2016 (\$000)	2015 (\$000)	2016 (%)	2015 (%)
Loss and LAE Reserves	38,991	39,521	13.8	14.4
Unearned Premiums	21,833	24,314	7.7	8.8
Derivatives	...	...	...	...
Conditional Reserve Funds	...	...	...	...
All Other Liabilities	15,344	18,539	5.4	6.7
Total Liabilities	76,168	82,374	27.0	29.9
Surplus notes	...	...	...	...
Capital and Assigned Surplus	97	193	...	0.1
Unassigned Surplus	205,713	192,521	73.0	70.0
Total Policyholders' Surplus	205,810	192,714	73.0	70.1
Total Liabilities and Surplus	281,977	275,088	100.0	100.0

Source: Bestlink - Best's Statement File - P/C, US

Company History:

Date Incorporated: 08/27/1987

Date Commenced: 1987

Domicile: United States: Vermont

OMIC was incorporated under the laws of Colorado on August 27, 1987, as a mutual insurer. It was organized under the Federal Liability Risk Retention Act of 1986 and commenced operations on September 30, 1987. On January 1, 1994, the company was re-domesticated under the captive insurance laws of Vermont as a mutual insurer and risk retention group.

Paid-in surplus of approximately \$97,000 is composed of insured capital contributions that are non-interest bearing and are refundable at the discretion of the company. During 2013, a plan to return capital contributions to original members was approved by the board of directors and approximately \$1,119,000 has been paid through year-end 2016. Prior to November 1, 1992, each policyholder upon acceptance by OMIC was required to make a surplus contribution. The amounts of the surplus contributions were determined by the type of policy issued and were equal to 80 percent to 100 percent of the annual mature claims-made premium. Beginning in 1994, the company has returned contributions based on its operating performance and financial condition.

In 2002, the OMIC Board of Directors made modifications to the company's bylaws. This was prompted in anticipation of marketing to and writing major group accounts that operate as part of an academic teaching program in ophthalmology and/or are situated within a health care entity primarily dedicated to providing ophthalmic care and treatment. Additionally, the amended bylaws authorize coverage to non-ophthalmologists who are an integral part of providing medical services exclusively to ophthalmology patients at the facility.

Company Management:

Last significant update on 02/15/2018

OMIC is operated by a staff of insurance professionals at its main administrative offices in San Francisco, headed by the president and chief executive officer, Timothy J. Padovese. A small home office in Burlington, Vermont, is maintained through SRS Insurance Services. Since April 1993, all underwriting and claims activities have been performed in-house.

Officers

Chairperson of the Board: George A. Williams, M.D.

Vice Chairman: Steven V. L. Brown, M.D.

President and CEO: Timothy J. Padovese

Vice President and CFO: Ricci A. Rascoe

Vice President: Ray E. Fontenot (Underwriting)

Vice President: Mary E. Kelley (Product Management)

Vice President: Robert J. Widi (Marketing and Sales)

Secretary: Denise R. Chamblee, M.D.

Treasurer: Robert E. Wiggins, M.D.

Director: Ryan Busci (Claims)

Director: Linda D. Harrison (Risk Management)

Directors

Daniel J. Briceland, M.D.

Steven V. I Brown, M.D.

Ryan Busci

Denise R. Chamblee, M.D.

Bradley D. Fouraker, M.D.

Robert S. Gold, M.D.

Linda D. Harrison

Jeffrey P. Johnson

David W. Parke II, M.D.

Ronald W. Pelton, M.D.

Steven L. Rosenfeld, M.D.

Gregory L. Skuta, M.D.

Company Management: (Continued...)

Directors (Continued...)

Michael C. Tigani, M.D.
Trexler M. Topping, M.D.
Ann A. Warn, M.D.
Robert E. Wiggins, Jr., M.D.
George A. Williams, M.D. (Chairperson)

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.

A Best's Issue/Issuer Credit Rating is an opinion regarding the relative future credit risk of an entity, a credit commitment or a debt or debt-like security.

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

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