



Press Release - AUGUST 30, 2019

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AM Best Upgrades Credit Ratings of Members of Optimum General Companies

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Related Companies

For information about each company, including the Best's Credit Reports, group members (where applicable) and news stories, click on the company name. An additional purchase may be required.

AMB#	Company Name
087724	Optimum Farm Insurance Inc.
088252	Optimum General Companies
087091	Optimum Insurance Company Inc.
087019	Optimum West Insurance Company Inc.

FOR IMMEDIATE RELEASE

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AM Best has upgraded the Financial Strength Rating to A (Excellent) from A- (Excellent) and the Long-Term Issuer Credit Ratings to "a" from "a-" of the members of Optimum General Companies (Optimum General). Optimum General consists of Optimum Insurance Company Inc. (Montreal, Quebec), Optimum West Insurance Company Inc. (Burnaby, British Columbia) and Optimum Farm Insurance Inc. (Trois-Rivieres, Quebec). The outlook of these Credit Ratings (ratings) has been revised to stable from positive.

The ratings reflect Optimum General's balance sheet strength, which AM Best categorizes as very strong, as well as its adequate operating performance, neutral business profile and appropriate enterprise risk management.

The rating upgrades reflect a change in the group's business profile assessment to neutral from limited given the spread of risk, both geographic and by line of business. The ratings of the members of Optimum General also reflect the strongest risk-adjusted capitalization, as measured by Best's Capital Adequacy Ratio (BCAR), with scores at the 99.6% level, somewhat offset by elevated underwriting leverage measures. The group reported adequate pre-tax operating earnings that outperformed the property industry composite over the most-recent five-year period, with operating earnings driven by underwriting income over the long

term. The neutral business profile reflects Optimum General's geographic spread of risk writing personal, commercial, automobile and farming risks with solid brand name recognition. Written premiums are derived primarily from three provinces, which diversifies the group's exposure to weather, and the potential for natural catastrophe losses occurring in British Columbia, Ontario and Quebec. To a lesser extent, the group also writes premiums in Alberta, Manitoba and Saskatchewan.

Factors that could lead to positive rating actions include an improvement in operating results that can be sustained at a level that outperforms other similarly rated peers while maintaining the strongest level of risk-adjusted capitalization. Negative rating actions may occur should adverse reserve development result in a deterioration of the group's risk-adjusted capitalization to a level that is not in line with AM Best's expectations. Negative rating actions also may occur should operating results deteriorate to a level that trails similarly rated peers due to a weakening in underwriting performance.

This press release relates to Credit Ratings that have been published on AM Best's website. For all rating information relating to the release and pertinent disclosures, including details of the office responsible for issuing each of the individual ratings referenced in this release, please see AM Best's Recent Rating Activity web page. For additional information regarding the use and limitations of Credit Rating opinions, please view Understanding Best's Credit Ratings. For information on the proper media use of Best's Credit Ratings and AM Best press releases, please view Guide for Media - Proper Use of Best's Credit Ratings and AM Best Rating Action Press Releases.

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