

# BEST'S RATING REPORT



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# Alaska National Insurance Company

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

**Ultimate Parent:** [055353 - Alaska National Corporation](#)

**A.M. Best Rating Unit:** 002648 - Alaska National Insurance Company

## Best's Credit Ratings:

Rating Effective Date: September 19, 2018

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

## Five Year Credit Rating History:

Date	Best's Financial Strength Ratings			Best's Issuer Credit Ratings		
	Rating	Outlook	Action	Rating	Outlook	Action
09/19/2018	A	Stable	Affirmed	a+	Stable	Affirmed
09/15/2017	A	Stable	Affirmed	a+	Stable	Affirmed
08/15/2016	A	Stable	Affirmed	a+	Stable	Affirmed
08/06/2015	A	Stable	Affirmed	a+	Stable	Affirmed
07/25/2014	A	Stable	Affirmed	a+	Stable	Affirmed

## Rating Rationale:

### Balance Sheet Strength: Strongest

- At the second quarter of 2018, the BCAR is in the strongest category at the 99.6% confidence interval.
- The company has a long history of favorable calendar year and accident year loss reserve development, including favorable loss reserve development in its primary line of business, i.e., workers' compensation, for over ten years.
- The balance sheet assessment reflects excellent risk-adjusted capitalization and liquidity, low leverage, and steady growth.

### Operating Performance: Strong

- Alaska National Insurance Company (ANIC) has posted excellent combined ratios over a five-year and ten-year period, significantly outperforming peers, largely due to low loss ratios.
- Recent results have been the company's best since 2008 and can be attributed to steady net premium written paired with lower-than-typical loss activity.
- ANIC has also significantly outperformed the industry in terms of investment income on both the five-year and ten-year averages.

### Business Profile: Neutral

- ANIC predominately writes workers' compensation policies. The company also writes commercial multi-peril and commercial auto liability policies.
- ANIC is largely concentrated in Alaska and California with additional premium written in Washington and Idaho. The company also has an incidental presence in 19 additional states

- ANIC is the leading writer of workers' compensation in Alaska and is also a top three writer of commercial auto liability in the state.

## Enterprise Risk Management: Appropriate

- Risk management framework and capabilities are appropriate for the company's size and risk profile.
- The company's president serves as the chief risk officer, and senior management is involved in all major decisions.
- ANIC uses a risk committee to assess business opportunities from a risk standpoint.
- The company has set risk metrics and consistent risk management activities. These ERM components and its overall risk strategy are reported to and revised by the board of directors on a semi-annual basis.

## Outlook

The stable outlooks reflect the expectation that the assessments of the company's balance sheet strength, operating performance, business profile, and enterprise risk management will be maintained in the intermediate term.

## Rating Drivers

Negative rating actions could occur if there is a significant deterioration in operating results over the long term.

**Financial Statements:****Balance Sheet:****Balance Sheet:**

Admitted Assets	Year End - December 31			
	2017 (\$000)	2016 (\$000)	2017 (%)	2016 (%)
Bonds	608,202	596,830	60.5	62.7
Preferred Stock	...	...	...	...
Common Stock	158,071	163,353	15.7	17.2
Cash and Short-term Invest	82,524	42,888	8.2	4.5
Real Estate, Investment	297	297	...	...
Derivatives	...	...	...	...
Other Non-Affil Inv Asset	32,733	30,826	3.3	3.2
Investments in Affiliates	...	...	...	...
Real Estate, Offices	1,553	1,625	0.2	0.2
Total Invested Assets	883,381	835,820	87.9	87.9
Premium Balances	95,379	83,198	9.5	8.7
Accrued Interest	5,368	5,356	0.5	0.6
All Other Assets	20,573	27,037	2.0	2.8
Total Assets	1,004,700	951,411	100.0	100.0
<b>Liabilities &amp; Surplus</b>	<b>Year End - December 31</b>			
	2017 (\$000)	2016 (\$000)	2017 (%)	2016 (%)
Loss and LAE Reserves	382,226	381,129	38.0	40.1
Unearned Premiums	110,869	104,408	11.0	11.0
Derivatives	...	...	...	...
Conditional Reserve Funds	152	53	...	...
All Other Liabilities	31,137	27,818	3.1	2.9
Total Liabilities	524,384	513,408	52.2	54.0
Surplus notes	...	...	...	...
Capital and Assigned Surplus	50,000	50,000	5.0	5.3
Unassigned Surplus	430,316	388,003	42.8	40.8
Total Policyholders' Surplus	480,316	438,003	47.8	46.0
Total Liabilities and Surplus	1,004,700	951,411	100.0	100.0

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

## Company History:

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**Date Incorporated:** 04/30/1979

**Date Commenced:** 1980

**Domicile:** United States: Alaska

The company was incorporated on April 30, 1979, under the laws of Alaska and began business on October 1, 1980. Capital paid up of \$50,000,000 consists of 250,000 outstanding common shares at a \$100 par value and \$25,000,000 of contributed surplus. There are 1,000,000 authorized capital shares.

## Company Management:

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Last significant update on 03/12/2018

All of the outstanding capital stock is owned by Alaska National Corporation, an Alaska holding company, whose stock is owned directly or beneficially by current and former employees, officers and directors of Alaska National Insurance Company.

Administration of the company's affairs is under the direction of the president, Craig L. Nodtvedt, who was elected to his present position in 2005, having previously served as senior vice president. The senior officers and directors have extensive experience in the management of insurance company operations in Alaska, Washington, California, Oregon and Idaho.

## Officers

**President:** Craig L. Nodtvedt

**Secretary:** Victoria A. Stuart

**Treasurer:** Anne Hancock

## Directors

Jonathan L. Block

Richard L. Block

David P. Jones (Vice Chairman)

Norman F. Kaelber

Terrence E. Kordewick

Roger L. Moseley

Craig L. Nodtvedt

James E. Pfeifer

John L. Ramey

George S. Suddock (Chairman)

Richard B. Suddock

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