

AM Best Upgrades Issuer Credit Rating of Stonetrust Commercial Insurance Company

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AMB#	Company Name
046797	Chou Associates Management Inc.
012429	Stonetrust Commercial Insurance Company

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FOR IMMEDIATE RELEASE

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AM Best has upgraded the Long-Term Issuer Credit Rating (Long-Term ICR) to “bbb+” from “bbb” and affirmed the Financial Strength Rating of B++ (Good) of Stonetrust Commercial Insurance Company (Stonetrust) (headquartered in Baton Rouge, LA). The outlook of these Credit Ratings (ratings) remains stable.

The ratings reflect Stonetrust’s balance sheet strength, which AM Best categorizes as strong, as well as its adequate operating performance, limited business profile and appropriate enterprise risk management (ERM).

The Long-Term ICR upgrade is based on the improvement in Stonetrust’s balance sheet strength, reflective of positive trends in Stonetrust’s loss reserving, which has benefited risk-adjusted capitalization, as measured by Best’s Capital Adequacy Ratio (BCAR). In each of the past three calendar years through 2018, the company has reported redundancy in its overall loss-reserve development, benefiting operating performance. Additionally, improved underwriting leverage has enhanced risk-adjusted capitalization as well as overall balance sheet strength.

Stonetrust’s limited business profile reflects its product concentration as a monoline workers’ compensation insurance company operating in eight states, predominately in Louisiana. Operating profitability, owing to disciplined underwriting and loss control initiatives, is demonstrated by the company’s 10-year average combined ratio of 97.9%, which

compares favorably with the industry and workers' compensation composite averages. The company's ERM program benefits from a comprehensive reinsurance program with low retentions, and incorporates the benefit of TRIPRA in its framework.

Effective Jan.1, 2018, Wintaai Holdings Ltd. acquired Stonetrust from Dhando Holdings. Wintaai Holdings Ltd. is a wholly owned subsidiary of Chou Associates Management Inc., a Toronto-based investment advisory firm that manages a series of mutual funds, including Chou Associates Fund, Chou RRSP Fund, Chou Europe Fund, Chou Asia Fund and Chou Bond Fund. Francis Chou is the founder and CEO of Wintaai Holdings Ltd. and Chou Associates Management Inc.

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