

KBRA Assigns Rating to Orange Insurance Exchange

New York (November 14, 2023)

KBRA assigns a BBB Insurance Financial Strength Rating (IFSR) to Orange Insurance Exchange. The Outlook for the rating is Stable.

Orange Insurance Exchange ("Orange") is a new Florida domestic reciprocal property and casualty insurance company headquartered in Newberry, FL which will write primarily personal lines residential business as well as commercial lines habitational business solely in Florida. The rating reflects Orange's low underwriting leverage and significant surplus relative to projected premiums written. The rating also reflects a favorable market opportunity due to the company entering a sector with declining private market capacity. Additionally, as a start-up insurer, Orange has no legacy liabilities. Orange will have manageable start-up expenses due to an organizational structure whereby the Attorney-in-Fact (AIF) will incur the majority of start-up costs. Further, KBRA views the company's business plan as reasonable, with a management team that has considerable experience in the Florida homeowners' insurance market. Balancing these strengths is the company's high financial leverage due to its entire surplus base consisting of a \$25 million surplus note. Furthermore, as a Florida homeowners' writer, the company will have product and geographic concentration, natural catastrophe exposure due to hurricanes, and high reinsurance dependence that, depending on availability and affordability, could materially impact results. Lastly, as a de novo insurer, Orange's future profitability is uncertain and dependent upon management executing its business plan.

To access rating and relevant documents, click [here](#).

Click [here](#) to view the report.

Methodologies

[Insurance: Insurer & Insurance Holding Company Global Rating Methodology](#)

[ESG Global Rating Methodology](#)

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Disclosures

Further information on key credit considerations, sensitivity analyses that consider what factors can affect these credit ratings and how they could lead to an upgrade or a downgrade, and [ESG factors](#) (where they are a key driver behind the change to the credit rating or rating outlook) can be found in the full rating report referenced above.

A description of all substantially material sources that were used to prepare the credit rating and information on the methodology(ies) (inclusive of any material models and sensitivity analyses of the relevant key rating assumptions, as applicable) used in determining the credit rating is available in the Information Disclosure Form(s) located [here](#).

Information on the meaning of each rating category can be located [here](#).

Further disclosures relating to this rating action are available in the Information Disclosure Form(s) referenced above. Additional information regarding KBRA policies, methodologies, rating scales and disclosures are available at www.kbra.com.

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