# 083735 - Citadel Reinsurance Company Limited

***Report Revision Date:*** 10/06/2017

| Rating and Commentary [1] | Financial [2] | General Information [3] |
|---|---|---|
| **Best's Credit Rating:** 09/21/2017 | **Time Period:** Annual - 2016 | **Corporate Structure:** N/A |
| **Rating Rationale:** 09/21/2017 | **Last Updated:** 08/31/2017 | **States Licensed:** N/A |
| **Report Commentary:** 10/06/2017 | **Status:** Quality Cross Checked | **Officers and Directors:** 10/06/2017 |

Best's Credit Rating Methodology | Disclaimer | Best's Rating Guide

### Additional Online Resources

| | |
|---|---|
| Related News | Archived AMB Credit Reports |
| Rating Activity and Announcements | Corporate Changes & Retirements |
| Company Overview | AMB Country Risk Reports - Bermuda |

[1] The **Rating and Commentary** dates outline the most recent updates to the company's Best's Credit Rating, Rating Rationale, and Report Commentary for key rating and business changes. Report Commentary may include significant changes to the Business Profile, Risk Management, Operating Performance, Balance Sheet Strength, or Reinsurance sections of the report.

[2] The **Financial** dates reflect the current status of the financial tables and charts found within the AMB Credit Report, including whether the data was loaded "As Received" or had been run through A.M. Best "Quality Cross Checks".

[3] The **General Information** dates cover key changes made to Corporate Structure, States Licensed, or Officers and Directors.

Operating Company Non-Life

**Ultimate Parent:** Sirius International Limited

# Citadel Reinsurance Company Limited

Continental Building, 25 Church Street, Hamilton HM CX, Bermuda

**Tel.:** 441-292-1174 **Web:** www.citadelrisk.com **Fax:** 441-295-1070

| | | | |
|---|---|---|---|
| **AMB #:** 083735 | **Ultimate Parent #:** 033263 | **NAIC #:** N/A | **AIIN#:** AA-3190148 |

## Best's Credit Ratings

**Best's Financial Strength Rating:** A- **Outlook:** Negative

**Best's Issuer Credit Rating:** a- **Outlook:** Negative

**Rating Effective Date:** 09/21/2017

**Financial Size Category:** V

**Report Revision Date:** 10/06/2017

# Rating Rationale

**Rating Rationale:** The ratings of Citadel Reinsurance Company Limited (Citadel Re) reflect its adequate risk-adjusted capitalization, projected operating performance, excellent liquidity position, expanded risk management strategy and practices, conservative investment strategy, niche and specialized markets strategy and its management team's extensive experience in the industry. In addition to its traditional reinsurance book of business, Citadel Re's unique business plan includes exit strategies that provide both capital relief and liquidity options for reinsurers and captive companies by transferring liabilities to Citadel Re allowing for the release of assets and collateral that have been required by a fronting reinsurer. Partially offsetting these positive rating factors is the implementation risk associated with the innovative business proposition, which in A.M. Best's view remains the main risk factor as the company seeks to achieve the targets set in its projections. This risk is somewhat mitigated by the fact that the target universe of programs for Citadel Re is small companies and portfolios, which the company is seeking through networking. There is a lack of major competition in Citadel Re's target market.

The company's management and corporate strategy is viewed as a strength to the ratings, given the conservative risk limits on its underwriting, operational goals and transparency. Best views the company's risk management practices as strong given their impact on the conservative risk culture, defined risk controls, and optimization of its capital and surplus. Other factors considered in the ratings process include the diversification in the line of business and geography, as well as in its investments.

Positive rating impact could occur over the mid to long-term if favorable underwriting performance and other income results in strong risk-adjusted capitalization.

Negative rating impact could occur if operating performance remains challenged which could lead to a meaningful decline of risk-adjusted capitalization, or if there is a material shift in risk profile that could potentially undermine the stability and profitability of the company.

# Five Year Rating History

| Date | BEST'S FSR | BEST'S ICR |
|---|---|---|
| 09/21/2017 | A- | a- |
| 09/22/2016 | A- | a- |
| 09/14/2015 | A- | a- |
| 09/11/2014 | A- | a- |
| 09/04/2013 | A- | a- |

# Business Profile

Citadel Reinsurance Company Limited (the "company"), which underwrites insurance and reinsurance, was incorporated under the laws of Bermuda on January 4, 1984 and is registered as a Class 3A insurer under The Insurance Act 1978, amendments thereto and related regulations ("The Act"). The company is managed and has its principal place of business in Bermuda. The company's ultimate parent company is Sirius International Limited, a company incorporated in Bermuda.

Prior to 2011, the company typically wrote LPTs and assumption and novation programs for companies wishing to enter runoff. As this market became increasingly competitive, the company began writing more prospective and fronting programs, principally in commercial auto liability and workers compensation in the United States. It has also written a program of Italian commercial trucking third party business (now in run-off), as well as small participations in London market programs, including travel, professional indemnity, marine and Israeli property.

# Risk Management

The primary goals of the company's risk management are to ensure that the outcomes of activities involving elements of risk are consistent with the company's objectives and risk tolerance, while maintaining an appropriate risk/reward balance and protecting the company's balance sheet from events that have the potential to materially impair its financial strength. Balancing risk and reward is achieved through identifying risk appropriately, aligning risk tolerances with business strategy, diversifying risk, pricing appropriately for risk, mitigating risk through preventive controls and transferring risk to third parties. The company is exposed to risk of potential loss arising from its insurance and reinsurance operations and also its investment activities. These risks primarily relate to underwriting risk, credit risk, liquidity risk and various market risks, including interest rate risk, equity market fluctuation risk and foreign currency risk.

Underwriting risk is the risk that the total cost of claims, claims adjustment expenses and premium acquisition expenses will exceed premiums received and can arise as a result of numerous factors including pricing risk, reserving risk and catastrophe risk. Pricing risk arises because actual claims experience may differ adversely from the assumptions included in pricing calculations. The market cycle is affected by the frequency and severity of losses, levels of capacity and demand, general economic conditions and competition on rates and terms of coverage. The company focuses on profitable underwriting using statistical and historic analysis as well as actuarial expertise. Reserving risk arises because actual claims experience may differ adversely from the assumptions included in setting reserves, in large part due to the length of time between the occurrences of a loss, the reporting of the loss to the insurer and the ultimate resolution of the claim. Claims provisions are expectations of the ultimate cost of resolution and administration of claims based on an assessment of facts and circumstances then known, a review of historical settlement patterns, estimates of trends in claims severity and frequency, legal theories of liability and other factors. Variables in the reserve estimation process can be affected by both internal and external events, such as changes in claims handling procedures, economic inflation, legal trends, legislative changes, inclusion of exposures not contemplated at the time of policy inception and significant changes in severity or frequency of claims relative to historical trends. Due to the amount of time between the occurrence of a loss, the actual reporting of the loss and the ultimate payment, provisions may ultimately develop differently from the actuarial assumptions made when initially estimating the provision for claims. The company's provision for claims is reviewed by an externally appointed actuary. The directors of the company believe that the nature and amount of current risk transferring business being underwritten, using a combination of low per occurrence and aggregate limits, results in no significant exposure to catastrophe risk.

Market risk arises from the change in market prices of investments or the volatility of market prices differing from expected values. The company's objectives in managing investments and capital are firstly to protect its policyholders and then to maximize return to shareholders. Effective capital management includes measures designed to maintain capital above levels set by the Bermuda Monetary Authority, and above internally determined and calculated risk management levels. The company expects to continue to receive investment income on its holdings of cash.

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and thereby causes financial loss to another party. The company's exposure to credit risk is currently confined primarily to the credit risk on investments and reinsurance recoverable.

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet cash flow commitments associated with financial instruments. The purpose of liquidity management is to ensure that there will be sufficient cash to meet all financial commitments and obligations as they become due. To manage cash flow requirements, the company maintains a portion of invested assets in liquid securities. The company believes that its cash position provides adequate liquidity to meet all of the company's obligations.

**Investment Risk Management:** The Company's objectives in managing investments and capital are firstly to protect its policyholders and then to maximize return to shareholders. Effective capital management includes measures designed to maintain capital above levels set by the Bermuda Monetary Authority, and above internally determined and calculated risk management levels. The Company expects to continue to receive investment income on its holdings of cash.

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and thereby causes financial loss to another party. The Company's exposure to credit risk is currently confined primarily to the credit risk on investments and reinsurance recoverable. The Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet cash flow commitments associated with financial instruments. The purpose of liquidity management is to ensure that there will be sufficient cash to meet all financial commitments and obligations as they become due. To manage cash flow requirements, the Company maintains a portion of invested assets in liquid securities. The company believes that its cash position provides adequate liquidity to meet all of the Company's obligations.

# Operating Performance

**Operating Results:** Based on projections and considering the recent sale of the renewal rights of GFIC, the Company expects to be profitable as the consolidated entities continue to be reliant on fees generated by service companies and, to a lesser degree, by premiums from risk-bearing entities. The consolidated financial statements include the results of the following subsidiaries: American Millennium Insurance Company ("AMIC"), Great Falls Insurance Company ("GFIC"), Citadel International Reinsurance Company Limited ("CIRCL"), Citadel Risk Services UK Limited, Citadel Group Representatives, Inc, Citadel Risk Management, Inc., ("CRMI"), Citadel Risk Services Inc, ("CRS"), Citadel Management Bermuda Limited, Green Park (US) Incorporated and Citadel Tennessee Captive Insurance Company.

# Underwriting Results

**Underwriting Results:** During the past several years, low premium volumes, various acquisitions and general expenses resulted in the company's loss and LAE ratios and underwriting expenses being high. The pure combined ratio, which was 144.5% in 2016, is impacted by the adverse development of programs now in run-off and includes expenses related to the sourcing on non-underwriting risk. Risk-bearing subsidiaries of Citadel had reached a steady state of premium writings in 2016; however, the renewal rights of GFIC were sold in June 2017. A.M. Best anticipates that the Company is likely to achieve satisfactory combined ratios in coming years due to its focus on stabilization and consolidation of operations and performance, with revenues to cover fixed overheads

# Investment Results

**Investment Results:** The group has adopted a strategy of sourcing non-Underwriting Risk income to provide a steady, relatively risk free income stream. This strategy builds on the foundation of the services previously provided by several of the Group's entities.

# Balance Sheet Strength

## Capitalization

**Capitalization:** The company maintains an adequate risk-adjusted capital position as measured by Best's Capital Adequacy Ratio. Its solid capitalization is also reflected in its conservative underwriting leverage and loss reserve position. During the last 24 years, the Company has paid out dividends in the amount of $40 million. Surplus at year end 2016 is in excess of $18.4 million and is expected to grow to over $26.5 million by year end 2017.

## Underwriting Leverage

**Underwriting Leverage:** The company has been focusing on new business; while the gross premium written grew substantially in 2016, new premium written has been relatively flat during the past several years and projections indicate both lower gross and net premiums written. Focus is now shifting towards monitoring and maintaining current programs rather than premium growth. Leverage measures are expected to remain low due to the conservative growth potential associated with the company's operations along with the strong capital position.

## Investments

**Investments:** The total fair value of held-for-trading securities and held-to-maturity securities as at December 31, 2016 was $33.4 million (2015: $31.4m). The Company did not impair its investment in the held-to-maturity portfolio in 2016 or 2015. The Company continues to navigate the difficult investment market, seeking higher yields. Approximately $20.0 million and $21.0 million is held in cash and cash equivalents at December 31, 2016 and 2015, respectively.

# Balance Sheet

## Summarized Accounts as of December 31, 2016

Data reflected within all tables of this report has been compiled from the consolidated financial statements of this company (Source: Company Financial Statement). An independent audit of the company's affairs through December 31, 2016, was conducted by KPMG Audit Limited.

### Assets

| | 12/31/2016 | 12/31/2016 | 12/31/2015 |
|---|---|---|---|
| | USD(000) | % of total | USD(000) |
| Cash and equivalents | 20,007 | 19.8 | 20,996 |
| Long term fixed maturity investments | 29,101 | 28.8 | 25,720 |
| Equity investments | 4,845 | 4.8 | 6,289 |
| Invested assets | 33,946 | 33.5 | 32,009 |
| Receivables | 19,066 | 18.8 | 16,721 |
| Goodwill & other intangibles | 2,181 | 2.2 | 1,634 |
| Other assets | 538 | 0.5 | 614 |
| Segregated account assets | 25,489 | 25.2 | 39,460 |
| Total assets | 101,227 | 100.0 | 111,434 |

### Liabilities & Surplus

| | 12/31/2016 | 12/31/2016 | 12/31/2015 |
|---|---|---|---|
| | USD(000) | % of total | USD(000) |
| Property / Casualty reserves | 28,927 | 28.6 | 28,190 |
| Unearned premium reserves | 9,761 | 9.6 | 8,743 |
| Total policy reserves | 38,688 | 38.2 | 36,933 |
| Other liabilities | 18,722 | 18.5 | 13,668 |
| Segregated account liabilities | 25,451 | 25.1 | 39,266 |
| Total liabilities | 82,861 | 81.9 | 89,867 |
| Equity - common stock | 20,000 | 19.8 | 20,000 |
| Retained earnings | -1,056 | -1.0 | 2,370 |
| Other equity | -578 | -0.6 | -803 |
| Total equity | 18,366 | 18.1 | 21,567 |
| Total liabilities & equity | 101,227 | 100.0 | 111,434 |

# Summary Of Operations

## Statement of Income

| | 12/31/2016<br>USD(000) | 12/31/2015<br>USD(000) |
|---|---|---|
| Gross premiums written | 72,010 | 46,899 |
| Reins ceded | 50,138 | 27,383 |
| Net premiums written | 21,872 | 19,516 |
| Change in unearned premiums | 1,487 | 1,786 |
| Net premiums earned | 20,385 | 17,730 |
| Net investment income | 1,568 | 1,394 |
| Net realized gains/(losses) | -322 | -302 |
| Other revenue | 4,594 | 4,116 |
| Total revenue | 26,225 | 22,938 |
| Benefits & reserves | 20,888 | 17,206 |
| Operating expenses | 8,573 | 7,846 |
| Non-operating expenses | 82 | 296 |
| Total benefits & expenses | 29,543 | 25,348 |
| Earnings before interest & taxes (EBIT) | -3,318 | -2,410 |
| Pre-tax income/(loss) from continuing operations | -3,318 | -2,410 |
| Total taxes | -39 | -845 |
| Net income/(loss) before minority interest | -3,279 | -1,565 |
| Minority interest | -147 | -2 |
| Net income/(loss) from continuing operations | -3,426 | -1,567 |
| Net income/(loss) | -3,426 | -1,567 |

# Summary Of Operations (Continued...)

## Statement of Changes In Equity

| | 12/31/2016 USD(000) | 12/31/2015 USD(000) |
|---|---|---|
| Common shares, beginning balance | 20,000 | 20,000 |
| Common shares, ending balance | 20,000 | 20,000 |
| Other equity, beg. bal. | -803 | -804 |
| Other equity, misc. | 225 | 1 |
| Other equity, end. bal. | -578 | -803 |
| Retained earnings, beginning balance | 2,370 | 3,937 |
| Retained earnings, net income | -3,426 | -1,567 |
| Retained earnings, ending balance | -1,056 | 2,370 |
| Total shareholder equity | 18,366 | 21,567 |

## Statement of Cash Flows

| | 12/31/2016 USD(000) | 12/31/2015 USD(000) |
|---|---|---|
| Net cash provided/(used) in operating activities | 1,864 | -2,399 |
| Net cash provided/(used) in investment activities | -2,853 | -4,332 |
| Total increase (decrease) in cash | -989 | -6,731 |
| Cash, beginning balance | 20,996 | 27,727 |
| Cash, ending balance | 20,007 | 20,996 |

# History

**Date Incorporated:** 01/04/1984 **Date Commenced:** N/A **Domicile:** Bermuda

The Citadel Group was established in Hong Kong in 1978 as a joint venture between HSBC and Sir Arthur Weller. In 1984, the Citadel Group established Citadel Reinsurance Company Limited in Bermuda, to take advantage of a more stable political and administrative climate. By 1990, Citadel Re had become the primary insurance and reinsurance vehicle for the Group, and Citadel Hong Kong was subsequently liquidated.

Although the Citadel Group was one of the bank's most successful insurance investments, in accordance with HSBC's general policy of retaining only controlling stakes, in 1992 HSBC sold its minority shareholding in the Citadel Group to the majority shareholder. In 1995, the Citadel Group acquired a Lloyd's corporate capital vehicle, Citadel Underwriting Limited which was subsequently sold to its ultimate parent in 1999. In 2005, Citadel Risk Management, Inc. (CRMI) was incorporated as a wholly owned subsidiary of Citadel Re. CRMI specializes in accounting and reconciliations, audits and inspections, run-off management, commutations, and premium and receivables collections.

In 2007, Citadel International Reinsurance Company Limited was established in Bermuda as a segregated accounts company, wholly owned by Citadel Re. It offers captive managers and insurance companies the facility to set up a reinsurance cell within the Bermuda market. On January 1, 2009, CRMI purchased the share capital of Gallagher Risk Services, a reinsurance intermediary in run-off, from Arthur J. Gallagher for a nominal amount. This company has been consolidated in Citadel Re's financial statements since its acquisition. Gallagher Risk Services has been renamed Citadel Risk Services, Inc ("CRS") and is incorporated in the state of Delaware.

During 2010, the company and CRS jointly acquired 64.44% of Great Falls Holding Company ("GFH"), a company incorporated in Delaware, U.S.A.. The company increased its holding in GFH to 70.73% in 2012, to 73.35% in 2014 and to 81.62% in 2015. GFH has a wholly-owned subsidiary, Great Falls Insurance Company ("GFIC"), which is engaged in the business of writing workers' compensation insurance in the state of Maine, U.S.A. The operations of GFH and GFIC have been consolidated in the company's financial statements, and the company and CRS currently own 81.62% of the issued capital. The remaining 18.38% is recognized as a non-controlling interest. In June 2017, Eastern Alliance Insurance Group announced it would purchase the renewal rights to GFIC's workers' compensation book.

In the final quarter of 2011, the company acquired 100% of the share capital of American Millennium Insurance Company (AMIC), which writes commercial automobile business, principally in the states of New Jersey and Texas.

In February 2016, Citadel Re purchased a controlling interest in Cedar Management Limited, a Bermuda-based captive manager. This company was renamed Citadel Management Bermuda Limited and has been consolidated in Citadel Re's financial statements since its acquisition. Concurrently, CRMI also purchased a controlling interest in Cedar Consulting LLC.

In November 2016, Citadel Tennessee Captive Insurance Company was incorporated in Tennessee and is licensed to do business as a protected cell captive insurance company effective January 1, 2017.

# Management

Tony Weller is the Chairman of the Citadel Group. Tony Weller began his professional career with Coopers & Lybrand (now PricewaterhouseCoopers) in 1988, based in Sydney and Perth. He completed his professional year in 1990, qualifying as a chartered accountant with the Institute of Chartered Accountants in Australia. During this time he specialized in insurance audit, and his career has since been focused on the insurance and accounting industries.

Michael Frith is a director in the Corporate Department of Conyers Dill & Pearman in Bermuda, specializing in general corporate and commercial matters with a particular emphasis on insurance and reinsurance incorporations (including captives), segregated account structures and IPO and public equity raisings.

Thomas McMahon is president of Citadel Management Bermuda Limited, which acts as Citadel Re's principal representative and general manager. Michael Larkin is vice president of Citadel Management Bermuda Limited.

Art P. Coleman is president of American Millennium Insurance Company and Citadel Risk Management, Inc., with a high profile in the US insurance industry and a particular specialization in run-off and commutation business.

# Officers And Directors

# Officers

**Chairman and President:** Tony Weller
**Vice President:** Richard Wilkins
**Secretary:** Scott Davis

# Directors

Michael Frith
Michael Larkin
Thomas McMahon
Tony Weller

## Reinsurance

The parent entity, Citadel Re, cedes little of its risk as a result of the generally low limit business it writes. The exceptions to this are an aggregate stop loss program on its Italian commercial auto program (now in run off), excess layers on its small property portfolio, (now in run off) and quota share programs for business assumed from AMIC (to September 2014) and GFIC.

AMIC ceded its risk on business written pre April 2012 through a Surplus Treaty program and between April 2012 and September 2014 through 90% to 93.66% quota share programs to Citadel Re entity, who retroceded between 65% and 100% of this business to third parties through variable quota share programs. Since October 2014, AMIC has directly ceded between 75% and 86.67% of its core new and in-force direct business written in New Jersey through an external variable quota share program. Since October 2015, AMIC has written three auto liability programs produced by managing general agents in Texas of which 80% is ceded to third party reinsurers through quota share programs. All reinsurance balances with unrated or unauthorized reinsurers are fully collateralized with either trust accounts or LOCs.

GFIC cedes 75% of its workers compensation and employers liability business through quota share programs to Citadel Re (up to the first $1 million of ultimate net loss for each and every occurrence), and since 2014, Citadel Re has retroceded between 40% and 66.66% through a quota share program to third party reinsurers. GFIC has its excess of loss program insured with a number of markets, including Lloyd's syndicates.

The Citadel Group as a whole ceded 70% of gross business written in 2016.

## Balance Sheet Items

| | USD (000) 2016 | USD (000) 2015 | USD (000) 2014 | USD (000) 2013 | USD (000) 2012 |
|---|---|---|---|---|---|
| Invested assets | 33,946 | 32,009 | 28,390 | 23,149 | 20,471 |
| Total assets | 101,227 | 111,434 | 122,772 | 125,363 | 108,082 |
| Total liabilities | 82,861 | 89,867 | 99,640 | 101,132 | 85,097 |
| Total equity | 18,366 | 21,567 | 23,132 | 24,231 | 22,985 |
| Total capital | 18,366 | 21,567 | 23,132 | 24,231 | 22,985 |

# Balance Sheet Items (Continued...)

## Income Statement Items

| | USD (000) 2016 | USD (000) 2015 | USD (000) 2014 | USD (000) 2013 | USD (000) 2012 |
|---|---|---|---|---|---|
| Gross premiums written | 72,010 | 46,899 | 33,940 | 36,353 | 21,760 |
| Net premiums written | 21,872 | 19,516 | 12,255 | 24,722 | 21,079 |
| Net investment income | 1,568 | 1,394 | 1,519 | 569 | 891 |
| Net realized gains/(losses) | -322 | -302 | -318 | -208 | 1,279 |
| Net income/(loss) | -3,426 | -1,567 | -1,047 | 1,384 | 2,608 |

# Liquidity Ratios (%)

| | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|
| Total investments to total reserves | 139.5 | 143.5 | 175.6 | 171.1 | 202.5 |
| Liquid assets to total liabilities | 94.0 | 104.8 | 117.7 | 123.0 | 139.7 |
| Total investments to total liabilities | 94.0 | 104.8 | 117.7 | 123.0 | 139.7 |
| Bonds to total reserves | 75.2 | 69.6 | 60.6 | 51.0 | 62.9 |

# Profitability Ratios (%)

| | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|
| Loss ratio | 102.5 | 97.0 | 73.2 | 55.2 | 52.1 |
| Expense ratio | 42.1 | 44.3 | 66.1 | 54.0 | 64.4 |
| Combined ratio | 144.5 | 141.3 | 139.3 | 109.2 | 116.4 |
| Investment income ratio | 7.7 | 7.9 | 8.4 | 2.9 | 5.5 |
| Return on assets | -3.2 | -1.3 | -0.8 | 1.2 | 2.6 |
| Return on revenues | -16.8 | -8.8 | -5.8 | 7.1 | 16.1 |
| Return on equity | -17.2 | -7.0 | -4.4 | 5.9 | 12.0 |

# Leverage & Debt Ratios (%)

| | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|
| Net premiums written to equity | 119.1 | 90.5 | 53.0 | 102.0 | 91.7 |
| Cash and equivalents to total assets | 19.8 | 18.8 | 22.7 | 23.7 | 19.9 |

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.

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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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