



PRESS RELEASE: 27th October 2020

Citadel Risk Group

2nd Quarter 2020 financial accounts

Citadel Risk today advises on the financial results of the Group at 30th June 2020. Full results are listed on the website: <https://www.citadelrisk.com/financial-summary/>

Highlights:

- Citadel Reinsurance Company Limited entity profit for the six-month period is USD1.784m; the consolidated loss has been caused by a post-tax loss of USD2.875m in American Millennium Insurance Company (AMIC), one of our US subsidiaries.
- Consolidated GAAP surplus has fallen 4.6% from USD24.928m to USD23.776m for the six-month period
- Citadel Re (sole entity) is still well-poised for a USD3m+ profit as gains on the sale of captive management entities will be recognised in the third quarter.
- Citadel Re's loss ratio is running at 42% with a combined ratio of 68%.
- Citadel Re's Bermuda Solvency Capital Requirement Ratio (BSCR ratio) remains strong at 231% based upon the more conservative BMA methodology.
- The AMIC loss was principally caused by deterioration in old MGA programmes that have been in run-off since 2018.
- AMIC Core programme 2017-2020 (where all the new business is written) appears to be solid. Actuarial review at 30th September 2020 demonstrates this trend continuing.
- We consider the Group consolidated loss to be purely a function of the MGA run-off programmes being under-reserved in respect of the 2016 to 2018 years.



Tony Weller CEO says – “A good set of Citadel Re Bermuda numbers for the half year, sadly nullified by the exceptional losses this quarter from AMIC. We have continued to be surprised by the increased losses emanating from 3 MGAs, all of which have been in run-off since 2018; the core AMIC programmes are performing well and I’m confident that a turnaround can be completed by our NJ-based carrier within the next 12-24 months. Citadel Re has added capital to AMIC from its own balance sheet and will continue to support AMIC through these tough times. In the reinsurance arena we have seen a continued vibrant pipeline and our existing programmes have performed exceptionally well.”

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Notes to editors:

Citadel Risk is a niche, B++ rated reinsurance carrier, owns 2 rated insurance entities, has a rent a captive facility in Bermuda and provides back office services to the (re)insurance sector. Since its beginnings in the late 1970s, Citadel Risk remains fiercely independent. Underpinned by a strong balance sheet and consistent profitability, Citadel Risk has grown significantly from its original Bermuda base. www.citadelrisk.com