



PRESS RELEASE

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A.M. Best Affirms Ratings of R.V.I. Guaranty Co., Ltd. and R.V.I. America Insurance Company

OLDWICK, N.J., July 20, 2016—A.M. Best has affirmed the financial strength rating of A- (Excellent) and the issuer credit ratings (ICR) of “a-” of **R.V.I. Guaranty Co., Ltd.** (RVI Guaranty) (Bermuda) and its Connecticut-domiciled subsidiary, **R.V.I. America Insurance Company** (RVI America) (collectively known as RVI). The outlook for each rating is stable.

RVI is one of the largest insurance companies that specializes in underwriting and marketing of residual value insurance for clients engaged in asset-based financing. Coverage is purchased by participants in asset-based financing transactions for protection against the unexpected decline in the market value of an asset. This coverage also provides third-party financial support to satisfy either regulatory or certain accounting requirements.

The ratings reflect RVI’s favorable operating results, conservative investment strategy and continued strengthening of market values in specific business segments, business profile and risk-adjusted capital. RVI has reported stable and consistent net income over the last several years. Earnings have been primarily driven by its controlled risk exposure, improved though fluctuating economic conditions, and high client retention rate. RVI’s solid underwriting procedure has resulted in minimal losses in recent years. In addition, RVI has developed new passenger vehicle programs that expand the use of residual value insurance beyond vehicle leases into vehicle financings; expanded its fee-based advisory services, which not only directly contribute to RVI’s profitability but

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also provide opportunities for generating organic growth of its insurance product; and developed and implemented new strategies to grow its commercial equipment segment business. The outlook reflects A.M. Best's expectations for RVI's near and medium term operating results, risk-adjusted capitalization, as measured by Best's Capital Adequacy Ratio, and its continued leading market position in providing residual value insurance.

These positive rating factors are tempered by RVI's narrowed business profile as its primary business segments – passenger vehicle, commercial equipment and real estate – are highly dependent upon the performance and cyclicity of the asset-based financing/lending industry in which RVI now predominately provides lower levels of risk coverage and catastrophe risk transfer. A less robust asset-based lending environment may constrain its premium growth and ultimately its profitability.

Positive or negative rating actions could occur should substantial changes occur in the following areas: financial market or economic conditions; demand for RVI's residual value insurance product; risk-adjusted capital position; operating performance; or accounting and regulatory environments.

This press release relates to rating(s) that have been published on A.M. Best's website. For all rating information relating to the release and pertinent disclosures, including details of the office responsible for issuing each of the individual ratings referenced in this release, please see A.M. Best's [Recent Rating Activity](#) web page.

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