



PRESS RELEASE

OLDWICK, N.J. • NEW YORK • MEXICO CITY • LONDON • AMSTERDAM • DUBAI • SINGAPORE • HONG KONG

FOR IMMEDIATE RELEASE

CONTACTS: Yuhmei Chen
Senior Financial Analyst,
Insurance-Linked Securities
+1 908 439 2200, ext. 5236
yuhmei.chen@ambest.com

Wai Tang
Senior Director,
Insurance-Linked Securities
+1 908 439 2200, ext. 5633
wai.tang@ambest.com

Christopher Sharkey
Manager, Public Relations
+1 908 439 2200, ext. 5159
christopher.sharkey@ambest.com

Jim Peavy
Director, Public Relations
+1 908 439 2200, ext. 5644
james.peavy@ambest.com

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

OLDWICK, N.J., October 2, 2020—AM Best has affirmed the Financial Strength Rating of A- (Excellent) and the Long-Term Issuer Credit Rating of “a-” of R.V.I. Guaranty Co., Ltd. (RVI Guaranty) (Bermuda) and its subsidiary, R.V.I. America Insurance Company (RVI America) (Stamford, CT) (collectively known as RVI). The outlook of these Credit Ratings (ratings) is stable.

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

RVI’s risk-adjusted capitalization, as measured by Best’s Capital Adequacy Ratio (BCAR), is currently at the strongest level. RVI was acquired in May 2020, through R.V.I. Acquisition Holdings, LLC, a newly formed Delaware limited liability company, and became affiliated with Group1001. Group1001 has indicated that it is committed to RVI’s growth. The company’s strongest BCAR level, conservative investment portfolio and adequate liquidity position provide support to the balance sheet assessment of very strong.

RVI’s operating performance is assessed as adequate. The company has stable long-term earnings, along with low historical loss and combined ratios. RVI has five-year average earnings of \$8.4 million, which includes its first operating loss in 2017 since its incorporation in 1989, and a five-year average combined ratio of 77%. The company’s operating performance turned positive in 2018, and RVI posted earnings of \$10.5 million in 2019.

—MORE—

—2—

RVI's net premiums written has declined in the past two years. This decline was primarily due to the low interest rate environment and the 2017 Tax Cuts and Jobs Act, which lowered leasing industry activities by allowing 100% depreciation in the first year on purchased assets. However, the company saw a pick-up on written premium in the first half of 2020 despite the impact of the COVID-19 pandemic.

RVI's limited business profile assessment is driven by its narrow line of business and high product risk. The company typically has low frequency, high severity claims. Despite the company's leading market position and little competition in the residual value insurance sector, its product risk is highly correlated with the performance and cyclicity of the broader economy. RVI's client and premium concentration is high; however, this is offset partially by its high client retention rate. The company continues to expand its client base and develop business opportunities in China.

RVI's overall ERM assessment is appropriate, as the company has a formal ERM process that is commensurate with the size, nature and complexity of its business. The company's risk assessment capability is aligned, in general, with its risk profile. Management closely monitors its risk profile and adjusts risk management goals to improve its risk exposure.

RVI has continued to improve its operating performance after its first loss in 2017. The ratings and/or outlooks will likely be impacted negatively if there is further adverse development in the company's net written premium affecting its operating performance.

This press release relates to Credit Ratings that have been published on AM 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 AM Best's [Recent Rating Activity](#) web page. For additional information regarding the use and limitations of Credit Rating opinions, please view [Guide to Best's Credit Ratings](#). For information on the proper media use of Best's

—MORE—



PRESS RELEASE

OLDWICK, N.J. • NEW YORK • MEXICO CITY • LONDON • AMSTERDAM • DUBAI • SINGAPORE • HONG KONG

—3—

Credit Ratings and AM Best press releases, please view [Guide for Media - Proper Use of Best's Credit Ratings and AM Best Rating Action Press Releases](#).

AM Best is a global credit rating agency, news publisher and data analytics provider specializing in the insurance industry. Headquartered in the United States, the company does business in over 100 countries with regional offices in New York, London, Amsterdam, Dubai, Hong Kong, Singapore and Mexico City. For more information, visit www.ambest.com.

Copyright © 2020 by A.M. Best Rating Services, Inc. and/or its affiliates. ALL RIGHTS RESERVED.

#####