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FOR IMMEDIATE RELEASE

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

OLDWICK, N.J., October 7, 2021—AM Best has affirmed the Financial Strength Rating of A- (Excellent) and the Long-Term Issuer Credit Rating of “a-” (Excellent) 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 assesses 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, by R.V.I. Acquisition Holdings, LLC, a newly formed Delaware limited liability company, and became affiliated with Group1001. It now has access to the expertise resident in the broader family associated with Group1001, which could help in its risk management and business development. The company’s strongest BCAR level, increased financial flexibility, high credit quality investment portfolio and adequate liquidity position support AM Best’s 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 \$7.9 million, which includes its first net loss in 2017 since its incorporation in 1989, and a five-year average combined ratio of 79%. The

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company's performance turned positive in 2018, and it has had stable earnings of approximately \$10 million each year since.

After two years of net premiums written (NPW) decline, RVI's NPW increased approximately 20% in 2020. This premium rise was primarily from the commercial real estate and the commercial equipment lines despite the negative COVID-19 impact to the aviation industry. In the first half of 2021, the company experienced a large uptick in passenger vehicle (PV) line premium, mainly due to the development of its China PV reinsurance business.

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 broader economic performance and cycles. RVI's 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.

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

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