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FOR IMMEDIATE RELEASE

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

Wai Tang
Senior Director
+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

Al Slavin
Communications Specialist
+1 908 439 2200, ext. 5098
al.slavin@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 5, 2022—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 strongest, 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 at the strongest level on base and stress scenarios. RVI was acquired in May 2020, by R.V.I. Acquisition Holdings, LLC, a Delaware limited liability company, and became affiliated with Group1001. The company hence has access to the expertise resident in the broader family associated with Group1001, which could help in its investment, risk management and business development. The company’s strongest level of risk-adjusted capitalization, increased financial flexibility, high credit quality investment portfolio and adequate liquidity position support AM Best’s balance sheet strength assessment of strongest.

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 average annual earnings of \$8.8 million over the past five years, which includes its first net loss in 2017 since its incorporation in 1989, and a five-year average combined

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ratio of 80%. The company's performance turned positive after the loss, and it has had stable earnings each year since. In 2021, net income grew over 50% from 2020, mainly due to an increase in net earned premium, reduced loss provisions and operating expenses.

RVI's net premium written increased approximately 20% in 2020 after two years of decline and went up another 14% in 2021. The premium increase in 2021 benefited from a large uptick in passenger vehicle (PV) line premium resulting from the development of its China PV reinsurance business. Premium from commercial aircraft went down slightly as a result of COVID-19 and its impacts to air travel and the underlying commercial aircraft market. Commercial real estate generated average premium for RVI, although less than 2020.

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 its leading market position and little competition in the residual value insurance sector, the company's 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. RVI continues to expand its client base and develop business opportunities in China. The company has started exploring a new type of business to diversify from being a monoline company.

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 the company's 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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