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AM Best Affirms Credit Ratings of Berkley International Seguros Mexico S.A.

MEXICO CITY, June 1, 2023—AM Best has affirmed the Financial Strength Rating of A+ (Superior), the Long-Term Issuer Credit Rating of "aa-" (Superior) and the Mexico National Scale Rating of "aaa.MX" (Exceptional) of Berkley International Seguros Mexico S.A. (BSM) (Mexico City, Mexico). The outlook of these Credit Ratings (ratings) is stable.

BSM is a member of W. R. Berkley Insurance Group (Berkley Group), which on a consolidated basis, has a balance sheet strength that AM Best assesses at the strongest level, as well as strong operating performance, a favorable business profile and appropriate enterprise risk management (ERM).

The ratings reflect BSM's substantial reinsurance support from its group through the Berkley Insurance Company. Additionally, the ratings factor in BSM's integration with its parent company, W. R. Berkley Corporation (W. R. Berkley), in terms of underwriting, ERM and capital commitments. Limiting the ratings is the inherent risk of a startup company implementing its business plan amid the challenges derived from the weakening of the Mexico's economy.

BSM was formed in November 2016, and is the Mexico subsidiary of W. R. Berkley; the company received regulatory approval for operations in June 2017 and issued its first policy in July of that year. The company offers a diversified slate of property/casualty products strongly backed up by treaty and facultative reinsurance contracts with its parent company.

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BSM's strongest level of risk-adjusted capitalization, as measured by Best's Capital Adequacy Ratio (BCAR), is derived from its strong capital position, in support of its premium growth during its initial years of operation. This was further strengthened by the 95/5 percent quota share and excess of loss contracts provided by its parent. Furthermore, AM Best recognizes W. R. Berkley's commitment to its subsidiaries through additional capital fungibility to the Mexico operation.

BSM has been able to grow it business volume during the past six years. BSM's management and underwriting team have been able to navigate successfully the changes in the economic dynamics of the past years. The company continues to take advantage of the reinsurance support received form the Berkely Group, which allowed BSM to present in 2022 positive bottom line results; this marked the third time since beginning operations, underpinned by premium sufficiency and further strengthened by investment income.

If negative rating actions are taken on the main operating subsidiaries of the Berkley Group for a significant drop in equity, preventing the organization from maintaining the expected risk-adjusted capital levels, BSM's ratings likely would move in tandem. Negative rating actions also could occur to the insurance operations of BSM as a result of a sustained deterioration in its underwriting or operating results, driven by either current accident year results or adverse development of loss reserves from prior years. If the ultimate parent's financial position weakens, requiring the withdrawal of capital from the group's various insurance companies or increases financial leverage or leads to a decline in interest coverage at the holding company that is not supportive of the current ratings level, negative rating actions could be taken on the Berkley Group, and BSM's ratings would reflect those actions.

The methodology used in determining these ratings is Best's Credit Rating Methodology (Version Nov. 13, 2020), which provides a comprehensive explanation of AM Best's rating process and contains the different

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rating criteria employed in the rating process. Best's Credit Rating Methodology can be found at

www.ambest.com/ratings/methodology.

Key insurance criteria reports utilized:

- The Treatment of Terrorism Risk in the Rating Evaluation (Version May 25, 2023)

- Evaluating Country Risk (Version May 4, 2023)

- Understanding Global BCAR (Version June 30, 2022)

- Catastrophe Analysis in A.M. Best Ratings (Version March 10, 2023)

- Available Capital & Holding Company Analysis (Version Oct. 13, 2017)

- A.M. Best's Ratings On a National Scale (Version Oct. 13, 2017)

- Scoring and Assessing Innovation (Version Feb. 27, 2023)

View a general description of the policies and procedures used to determine credit ratings. For

information on the meaning of ratings, structure, voting and the committee process for determining the ratings and

monitoring activities, please refer to Guide to Best's Credit Ratings.

- Previous Rating Date: June 8, 2022

- Date Range of Financial Data Used: Dec. 31, 2017-Dec. 31, 2022

**This press release relates to rating(s) that have been published on AM Best's website. For

additional 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

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**If the ratings referred in this press release do not indicate a specific country suffix, it is understood

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