



PRESS RELEASE

A.M. Best Affirms Ratings of Aurigen Reinsurance Company and Aurigen Reinsurance Limited

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A.M. Best Co. has affirmed the financial strength rating of A- (Excellent) and issuer credit ratings of “a-“ of Aurigen Reinsurance Company (Toronto, ON) and Aurigen Reinsurance Limited (Hamilton, Bermuda). The outlook for all ratings is stable.

The ratings of Aurigen Reinsurance Company and Aurigen Reinsurance Limited (collectively known as Aurigen) are based upon its excellent risk-adjusted capital position, modest consolidated earnings as well as the start-up nature of the operation, which is focused on the Canadian life reinsurance marketplace.

During the past year, despite the economic volatility experienced in the Canadian market, Aurigen was able to generate revenues, maintain a robust capital position and modestly gain traction in an increasingly concentrated market. A.M. Best views Aurigen’s business plan as opportunistic, and believes it may be difficult for Aurigen to foster new relationships in an established and concentrated market.

A.M. Best maintains the position that continued uncertainties exist with respect to the successful execution of Aurigen’s business plan, along with its limited operating history. Aurigen’s new business activity during its first two years of operation is below A.M. Best’s expectations as assumed business volumes are below Aurigen’s original business plan. In addition, although A.M. Best believes that Aurigen has strong capital to achieve its objectives over the medium term, the company may potentially need to reach out to the capital markets or conduct an initial public offering to raise capital, if growth outpaces projected levels.

The principal methodology used in determining these ratings is Best’s Credit Rating Methodology – Global Life and Non-Life Insurance Edition, which provides a comprehensive explanation of A.M. Best’s rating process and highlights the different rating criteria employed. Additional key criteria utilized include: “Risk Management and the Rating Process for Insurance Companies”; “Understanding BCAR for Life and Health Insurers”; “Understanding Universal BCAR”; and “Rating Members of Insurance Groups.” Methodologies can be found at www.ambest.com/ratings/methodology.

Founded in 1899, A.M. Best Company is the world’s oldest and most authoritative insurance rating and information source. For more information, visit www.ambest.com.

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