

RATING ACTION COMMENTARY

Fitch Rates Beazley Excess and Surplus Insurance, Inc. IFS 'A+'/ Stable

Thu 09 May, 2024 - 12:14 ET

Fitch Ratings - London - 09 May 2024: Fitch Ratings has assigned Beazley Excess and Surplus Insurance, Inc. (BESI) an Insurer Financial Strength Rating (IFS) of 'A+' and a Long-Term Issuer Default Rating (IDR) of 'A'. The Outlooks are Stable.

KEY RATING DRIVERS

Core Importance to Beazley: BESI's ratings reflect the entity's 'Core' strategic importance to the group, Beazley Plc (IDR: 'A'/Stable), in accordance with Fitch's Insurance Rating Criteria. As such, BESI's ratings are aligned with those of the group's Irish entity, Beazley Insurance DAC, one of the main operating entities of the group. The ratings also reflect Beazley's strong company profile, very strong financial performance and capitalisation, as well as a conservative approach to reserving.

Dedicated US E&S Entity: BESI is Beazley's newly established excess & surplus (E&S) carrier in the US, which started underwriting on 1 January 2024. Beazley generates a significant proportion of its business from North America and in line with its strategic priorities, along with new business, the group plans to transfer its existing US E&S business from Lloyd's paper to BESI. We expect BESI to achieve significant growth as all of Beazley's US E&S business is transferred to the new entity.

We assess BESI as a continuation of the existing E&S business underwritten through Lloyd's, and therefore its ratings are not constrained by the newness of the entity. We believe that BESI will be highly synergistic with the group's overall objectives, and will receive group support—including initial capital deployment and future capital commitments, along with the reinsurance arrangement in place with Beazley Insurance DAC. BESI also enjoys common branding with the group, underpinning its 'Core' strategic importance.

RATING SENSITIVITIES

Factors That Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade:

--Upgrade of Beazley group ratings

Factors That Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade:

--Downgrade of Beazley group ratings

ESG CONSIDERATIONS

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

DATE OF RELEVANT COMMITTEE

25 April 2024

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

RATING ACTIONS

ENTITY / DEBT ⇅	RATING ⇅		
Beazley Excess and Surplus Insurance, Inc	LT IDR	A Rating Outlook Stable	New Rating
	LT IFS	A+ Rating Outlook Stable	New Rating

[VIEW ADDITIONAL RATING DETAILS](#)

FITCH RATINGS ANALYSTS

Saad Pervaiz

Associate Director

Primary Rating Analyst

+44 20 3530 1762

saad.pervaiz@fitchratings.com

Fitch Ratings Ltd

30 North Colonnade, Canary Wharf London E14 5GN

Graham Coutts, ACA

Senior Director

Secondary Rating Analyst

+44 20 3530 1654

graham.coutts@fitchratings.com

Federico Faccio

Senior Director

Committee Chairperson

+44 20 3530 1394

federico.faccio@fitchratings.com

MEDIA CONTACTS**Athos Larkou**

London

+44 20 3530 1549

athos.larkou@thefitchgroup.com

Additional information is available on www.fitchratings.com

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APPLICABLE CRITERIA

[Insurance Rating Criteria \(pub. 04 Mar 2024\) \(including rating assumption sensitivity\)](#)

APPLICABLE MODELS

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

Prism Factor-Based Capital Model, v1.8.0 (1)

ADDITIONAL DISCLOSURES

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ENDORSEMENT STATUS

Beazley Excess and Surplus Insurance, Inc

UK Issued, EU Endorsed

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