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FOR IMMEDIATE RELEASE

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AM Best Assigns Credit Ratings to Fortitude Reinsurance Company Ltd.

OLDWICK, N.J., August 9, 2021—AM Best has assigned a Financial Strength Rating of A (Excellent) and a Long-Term Issuer Credit Rating of “a” (Excellent) to Fortitude Reinsurance Company Ltd. (Fortitude Re) (Bermuda). The outlook assigned to these Credit Ratings (ratings) is stable.

The ratings reflect Fortitude Re’s balance sheet strength, which AM Best assesses as very strong, as well as its adequate operating performance, neutral business profile and appropriate enterprise risk management.

Fortitude Re is a run-off reinsurer covering life and property/casualty risks globally. The company originated through various legacy reinsurance transactions with its former majority shareholder, American International Group, Inc. (AIG), which sold its majority interest in Fortitude Re to The Carlyle Group and T&D Holdings Ltd in the second quarter of 2020. Therefore, Fortitude Re has a fairly short track record as an entity independent of AIG and its reserves represent legacy business that was assumed from AIG. The company’s genesis as a carve-out of AIG afforded it the ability to enter the market with an already established portfolio of assets and reserves as one of the largest run-off reinsurers in the Bermuda market. Fortitude Re also benefits from an established operating platform and a quality management team that possesses significant experience and a solid track record managing the types of business that Fortitude Re now seeks to transact with third parties. AM Best expects that Fortitude Re will further benefit from The Carlyle Group’s illiquid asset origination capabilities as it builds out its investment portfolio over time to match its long-dated insurance liabilities.

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AM Best will monitor Fortitude Re’s progress executing transactions in the open market in support of the expectation that Fortitude Re will gain further traction as a run-off specialist. The very strong balance sheet strength assessment considers Fortitude Re’s excellent risk-adjusted capitalization and AM Best’s expectation that Fortitude Re will maintain similar levels of capital strength consistently as the company executes transactions that may be significant in size and add materially to the company’s portfolio of invested assets and reserves. Through its relationship with majority owner, The Carlyle Group, AM Best believes that Fortitude Re possesses sufficient financial flexibility to source additional capital if needed to support its underwriting operations. The overall balance sheet assessment of very strong also recognizes that Fortitude Re’s long-dated investment portfolio, which includes allocations to private and alternative investments, and long-tail reserves introduce significant potential volatility to the company’s capital position.

Fortitude Re has generated operating profits each year since incorporating in 2018 and in its relatively short history as an independent entity. Given Fortitude Re’s longer-dated run-off liabilities, the company’s operating performance metrics could vary meaningfully from year to year, leading to occasional balance sheet volatility. Over the longer term, AM Best expects that Fortitude will demonstrate adequate returns on capital.

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 opinions, please view [Guide to Best’s Credit Ratings](#). For information on the proper use of Best’s Credit Ratings, Best’s Preliminary Credit Assessments and AM Best press releases, please view [Guide to Proper Use of Best’s Ratings & Assessments](#).

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the insurance industry. Headquartered in the United States, the company does business in over 100 countries with regional offices in London, Amsterdam, Dubai, Hong Kong, Singapore and Mexico City. For more information, visit www.ambest.com.

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