



# NEWS RELEASE

A.M. BEST EUROPE – RATING SERVICES LIMITED, LONDON

## FOR IMMEDIATE RELEASE

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### **A.M. Best Comments on the Ratings of Brit Insurance Limited**

**LONDON, 19 December 2011**—A.M. Best Europe – Rating Services Limited has commented that the financial strength rating of A (Excellent) and issuer credit rating (ICR) of “a” of **Brit Insurance Limited (BIL)** (United Kingdom) are unchanged following a strategic review by **Brit Insurance Holdings B.V. (Brit)** of its underwriting platforms. From the beginning of 2012, all of the group’s reinsurance and specialty business will be written by Lloyd’s Syndicate 2987 (managed by Brit Syndicates Limited). BIL’s underwriting portfolio will comprise solely of the group’s core U.K. business, which has a focus on insurance products for small to medium-sized enterprises and niche personal lines.

BIL’s stand-alone risk-adjusted capitalisation in 2012 is expected to remain at a level that supports its current ratings, as an anticipated reduction in BIL’s capital will be offset by a reduction in underwriting risk. From 2012, the performance of Brit’s core U.K. business will be the principal driver of BIL’s underwriting results. Concerns regarding the historic weak performance of this business have been partly alleviated by actions taken by management in recent years to improve its profitability, including the withdrawal from certain lines of business. However, should an expected further improvement in the results of the U.K account fail to materialise, a negative rating action is likely.

The decision to no longer underwrite specialty and reinsurance business through BIL will reduce the contribution the company makes to the Brit group’s income. A.M. Best will closely monitor Brit’s commitment to

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initiatives that will support BIL’s underwriting performance and business profile. In addition, the ability of the smaller company to compete in the U.K. market with insurers that benefit from larger distribution channels and better economies of scale will be monitored.

A positive rating action is unlikely over the next 12-24 months. Factors that could lead to a negative rating action include deterioration in risk-adjusted capitalisation at either BIL or Brit, the absence of an improvement in the performance of the U.K business that will continue to be written by BIL or a reduction in the group’s commitment to improving BIL’s performance.

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 utilised include: “Understanding BCAR for Property/Casualty Insurers”; “Understanding Universal BCAR”; “Catastrophe Analysis in A.M. Best Ratings”; “Risk Management and the Rating Process for Insurance Companies”; and “Rating Members of Insurance Groups”. Methodologies can be found at [www.ambest.com/ratings/methodology](http://www.ambest.com/ratings/methodology).

**In accordance with Regulation (EC) No. 1060/2009, the following is a link to required disclosures:**  
**[A.M. Best Europe - Rating Services Limited Supplementary Disclosure.](#)**

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