

NEWS RELEASE

AM Best Affirms Credit Ratings of Top Layer Reinsurance Ltd.

2024-09-11

OLDWICK, N.J.--(BUSINESS WIRE)-- **AM Best** has affirmed the Financial Strength Rating (FSR) of A+ (Superior) and the Long-Term Issuer Credit Rating (Long-Term ICR) of "aa-" (Superior) of Top Layer Reinsurance Ltd. (Top Layer) (Bermuda). The outlook of these Credit Ratings (ratings) is stable.

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

These ratings continue to reflect the substantial amount of support Top Layer receives from its co-owners, State Farm Mutual Automobile Insurance Company (State Farm Mutual), currently with an FSR of A++ (Superior) and a Long-Term ICR of "aa+" (Superior), and Renaissance Reinsurance Ltd. (RenaissanceRe), currently with an FSR of A+ (Superior) and a Long-Term ICR of "aa-" (Superior).

The ratings also reflect the significant and explicit parental support to Top Layer from State Farm Mutual, as required by contract. In turn, Top Layer provides State Farm Mutual with exposure to non-U.S. high layer reinsurance risk, which is uncorrelated to its own core business.

Top Layer's capital profile is unique. The company's capitalization is enhanced through various contractual obligations, resulting in substantial capital support and reinsurance protection from State Farm Mutual, and to a much lesser degree, RenaissanceRe. The occurrence of large losses will trigger capital calls for State Farm Mutual and RenaissanceRe to replenish Top Layer's capital. Moreover, State Farm Mutual provides Top Layer with \$3.9 billion excess of \$100 million stop-loss reinsurance protection. This coverage is significantly larger than the aggregate exposures Top Layer undertakes in each of its geographic zones.

Since Top Layer's inception in 1999, it has generated solid operating results and sustained just two loss-making years. AM Best attributes Top Layer's favorable results to the property catastrophe underwriting expertise of RenaissanceRe, and to the fact that there are very few catastrophes of a magnitude sufficient to impact the programs written in Top Layer's areas of focus, which are high excess layers of non-U.S. property catastrophe risks. Top Layer maintains a modest amount of on-balance sheet capital relative to the high excess layers of property catastrophe risks it assumes.

AM Best acknowledges that Top Layer's ratings are largely dependent upon the support it receives from State Farm Mutual and RenaissanceRe.

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 Performance Assessments, 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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