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AM Best Affirms Credit Ratings of Bridgehaven Specialty UK Ltd

LONDON, 29 August 2024—AM Best has affirmed the Financial Strength Rating of A- (Excellent) and the Long-Term Issuer Credit Rating of "a-" (Excellent) of Bridgehaven Specialty UK Ltd (Bridgehaven Specialty) (United Kingdom). The company is a wholly owned subsidiary of Bridgehaven Europe Holdings Ltd (Bridgehaven), the non-operating holding company of the Bridgehaven group. The outlook of these Credit Ratings (ratings) is stable.

The ratings reflect Bridgehaven's consolidated balance sheet strength, which AM Best assesses as very strong, as well as its adequate operating performance, limited business profile and appropriate enterprise risk management. The ratings consider Bridgehaven Specialty's role and strategic importance to Bridgehaven, as the group's sole underwriting platform.

Bridgehaven is expected to maintain the strongest level of consolidated risk-adjusted capitalisation, as measured by Best's Capital Adequacy Ratio (BCAR), through its startup phase, taking into account AM Best's additional capital requirements for new company formations. Due to its hybrid fronting business model, Bridgehaven is expected to have a high dependence on reinsurance; however, the reinsurance panel is anticipated to be well-diversified and of excellent credit quality. Investments are expected to be mainly in liquid assets and managed conservatively.

AM Best expects Bridgehaven to build relationships predominantly with established commercial specialty

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managing general agents (MGA) and/or experienced underwriters in the United Kingdom, for which it will provide insurance capacity. Over time, the company aims to build a portfolio of diversified profitable business, with earnings primarily driven by fee income rather than underwriting or investment profit.

The company has a clearly articulated risk management framework that includes defined risk appetite and tolerance statements, which reflect the key risks of its business. In addition, there is a well-defined onboarding and monitoring process for its MGA partners. Bridgehaven benefits from an experienced management team and board of directors that are aware of the key challenges of their business model. In AM Best's view, this increases the likelihood of market acceptance and successful business plan execution. Nevertheless, execution risk is expected to remain high in Bridgehaven's initial years of operation.

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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