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A.M. Best Affirms Ratings of Sirius International Insurance Corporation

OLDWICK, NEW JERSEY, U.S.A., Oct. 31, 2008—A.M. Best Co. has affirmed the financial strength rating of A (Excellent) and the issuer credit rating of “a” of **Sirius International Insurance Corporation** (Sirius) (Sweden). The outlook on both ratings remains stable.

The ratings reflect Sirius’ strong risk-adjusted capitalisation, very good operating performance despite low investment income and very good business profile in Scandinavia.

A.M. Best expects Sirius’ risk-adjusted capitalisation to remain strong in 2008 despite an expected deterioration resulting from a planned SEK 400-500 million capital contribution to the parent, **White Mountains Insurance Group, Ltd.** (WMG), and taking a 7% stake in **OneBeacon Insurance Group, Ltd.** Sirius’ risk-adjusted capitalisation continues to benefit from a contingency reserve (SEK 9.1 billion in 2007), for which A.M. Best gives full equity credit. In 2007, Sirius’ capitalisation improved significantly due to decreasing intra-group premiums and the sale of **Scandinavian Reinsurance Company Limited** to a member of WMG.

A.M. Best expects Sirius’ 2008 operating performance to be negatively impacted by substantial realised losses in its equity portfolio. However, this is likely to be offset by continuously strong underwriting results with an anticipated combined ratio between 85%-90%, supported by a favourable claims experience (subject to benign catastrophe losses for the

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remainder of the year) and lower acquisition expenses due to higher retrocession commissions. The two large quota-share treaties with **Esurance Insurance Company** and **White Mountains Reinsurance Company of America** are expected to remain profitable in 2008, with a combined ratio below 100% (95% in 2007). As a result, A.M. Best expects Sirius to achieve positive earnings in 2008, albeit at a lower level than in 2007.

A.M. Best believes that Sirius continues to have a very good business profile in the Scandinavian market, where it leads or co-leads approximately 30% of its third party portfolio. Sirius is also the main internal reinsurer within WMG, accounting for 46% of total premiums in 2007. However, A.M. Best believes that Sirius' increasing dependence on group business has resulted in more volatile premium income, and in 2007, Sirius' premiums decreased by 17% following the non renewal of the OneBeacon casualty quota-share. For 2008, A.M. Best believes that premiums are likely to be relatively stable at SEK 6.5-6.7 billion as the moderate increase in the third party property and accident and health portfolios are expected to offset the declining rates in other lines of business.

Founded in 1899, A.M. Best Company is a global full-service credit rating organization dedicated to serving the financial and health care service industries, including insurance companies, banks, hospitals and health care system providers. For more information, visit www.ambest.com.

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