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A.M. Best Removes From Under Review and Affirms Ratings of Sirius International Group and Subsidiaries; Assigns Negative Outlook

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Related Companies

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AMB#	Company Name
002642	Sirius America Insurance Company
087035	Sirius America Insurance Company CAB
051995	Sirius International Group, Ltd.
087839	Sirius International Ins Corp (publ)
086396	Sirius International Ins Corp (publ)

FOR IMMEDIATE RELEASE

LONDON - APRIL 21, 2016

A.M. Best has removed from under review with negative implications and affirmed the financial strength rating of A (Excellent) and the issuer credit ratings (ICR) of "a" of **Sirius International Insurance Corporation (publ)** (Sirius) (Sweden) and its subsidiary, **Sirius America Insurance Company** (New York, NY). Additionally, A.M. Best has removed from under review with negative implications and affirmed the ICR of "bbb" of **Sirius International Group, Ltd.** (Sirius Group) (Bermuda) and its existing issue ratings. Sirius Group is the holding company for Sirius' operations. The outlook assigned to each of the ratings is negative. (See below for a listing of the issue ratings.)

On July 27, 2015, A.M. Best placed Sirius' ratings under review with negative implications in response to the company's public disclosure that its ultimate parent, **White Mountains Insurance Group, Ltd.** (WTM), had entered into a definitive agreement with China Minsheng Investment Corp., Ltd. (CMI), under which CM International Holding Pte. Ltd (CMIH), a Singapore company majority owned by CMI, would acquire 100% of the common shares of Sirius Group in an all-cash transaction. The removal of the under review status follows CMI's public announcement on April 18, 2016, that it has finalised the acquisition.

The assignment of the negative outlooks reflects A.M. Best's concerns that the financial and operating profiles of Sirius may deteriorate over time following the change in ownership. CMI's credit profile is viewed as weaker than that of WTM. Established in 2014, CMI is a China-based private investment holding company that has interests in energy, aviation and real estate, in addition to insurance. As of Dec. 31, 2015, CMI had total assets of USD 13.3 billion and shareholders' equity of USD 7.1 billion. The company's financial leverage is high at over 50% and its debt is generally short term in nature (typically of three years duration or less). Furthermore, as a relatively young organisation without an established track record, CMI's business profile is evolving.

The affirmation of the ratings reflects A.M. Best's expectation that Sirius' strategy will be unaffected following its change in ownership. The company is expected to maintain its good business profile, strong risk-adjusted capitalisation, conservative investment portfolio and disciplined underwriting approach. Sirius also is expected to retain its current management team, have an independent board of directors and be run autonomously from CMI. Failure of Sirius to demonstrate its strong independence from CMI, or any material departure from its business plans, could trigger a negative rating action.

Sirius' risk-adjusted capitalisation remained strong in 2015 despite increased exposure to listed equity investments. The company's balance sheet strength is enhanced by a USD 1.3 billion safety reserve (similar to an equalisation reserve), which is not available to pay

dividends. A.M. Best believes that CMI's investment in Sirius is part of a long-term strategy, and therefore, dividend payments are expected to remain moderate.

The following issue ratings have been removed from under review with negative implications, affirmed and assigned a negative outlook:

Sirius International Group, Ltd.—

- “bbb” on USD 400 million 6.375% senior unsecured notes, due in 2017
- “bb+” on the USD 250 million non-cumulative perpetual preference shares

This press release relates to rating(s) that have been published on A.M. 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 A.M. Best's [Recent Rating Activity](#) web page.

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