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FOR IMMEDIATE RELEASE

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AM Best Revises Outlooks to Positive for Convex Group Limited’s Subsidiaries

LONDON, 22 April 2021—AM Best has revised the outlooks to positive from stable and affirmed the Financial Strength Rating of A- (Excellent) and the Long-Term Issuer Credit Ratings of “a-” of Convex Insurance UK Limited (Convex UK) (United Kingdom) and Convex Re Limited (Convex Re) (Bermuda). Both entities are wholly owned subsidiaries of Convex Group Limited (Convex) (Bermuda), the non-operating holding company of the group.

The ratings reflect Convex’s consolidated balance sheet strength, which AM Best assesses as very strong, as well as the group’s adequate operating performance, limited business profile and appropriate enterprise risk management. The ratings factor in the strategic importance of Convex UK and Convex Re to the Convex group. Convex UK is the group’s U.K.-based specialty (re)insurer. Convex Re is the group’s Bermuda-based reinsurer; in addition to writing third-party reinsurance, it provides intra-group reinsurance protection to Convex UK.

Convex has demonstrated good market acceptance since its inception in 2019, exceeding USD 1 billion of consolidated gross written premium in 2020, its first full year of operation. In addition, it has successfully raised an additional USD 1.5 billion of committed capital from new and existing investors, which brings the group’s total committed capital to USD 3.2 billion. The revision of the outlooks to positive reflects AM Best’s expectation that Convex’s underwriting portfolio will continue to grow and diversify successfully as the group develops its U.K. and Bermudian operations. This could lead to an improved business profile assessment.

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Convex is expected to maintain risk-adjusted capitalisation comfortably in excess of minimum required for the strongest assessment, as measured by Best's Capital Adequacy Ratio (BCAR), taking into account AM Best's additional capital requirements for new company formations. The group's balance sheet strength is supported by a conservative investment portfolio and good financial flexibility. A partially offsetting rating factor is Convex's material exposure to catastrophe risk and its dependence on reinsurance to manage this risk.

The adequate operating performance assessment considers the group's five-year business plan, taking into account its competitive environment and heightened execution risk during the startup phase. Convex faces strong competition from well-established peers in its target markets and is highly reliant on brokers to access business. Nonetheless, the likelihood of successful execution of the business plan is enhanced by the strong track record of senior management and underwriters that have extensive experience in the (re)insurance industry and the group's demonstrated market acceptance to date.

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 media use of Best's Credit Ratings and AM Best press releases, please view [Guide for Media - Proper Use of Best's Credit Ratings and AM Best Rating Action Press Releases](#).

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