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CONTACTS: Guilherme (Guy) Monteiro Simoes
Senior Financial Analyst
+1 908 439 2200, ext. 5301
guy.simoes@ambest.com

Robert DeRose
Senior Director
+1 908 439 2200, ext. 5453
robert.derose@ambest.com

Christopher Sharkey
Manager, Public Relations
+1 908 439 2200, ext. 5159
christopher.sharkey@ambest.com

Jim Peavy
Director, Public Relations
+1 908 439 2200, ext. 5644
james.peavy@ambest.com

A.M. Best Affirms Credit Ratings of United States Liability Insurance Company and Its Subsidiaries

OLDWICK, N.J., August 22, 2018—A.M. Best has affirmed the Financial Strength Rating of A++ (Superior) and the Long-Term Issuer Credit Ratings of “aa+” of United States Liability Insurance Company (USLI) (Wayne, PA) and its subsidiaries: Mount Vernon Fire Insurance Company (MVF) (Wayne, PA), U.S. Underwriters Insurance Company (USU) (Bismarck, ND), Mount Vernon Specialty Insurance Company and Radnor Specialty Insurance Company (both domiciled in Omaha, NE). The outlook of these Credit Ratings (ratings) is stable.

The ratings of the insurance operating companies reflect its balance sheet strength, which A.M. Best categorizes as strongest, as well as its very strong operating performance, neutral business profile and appropriate enterprise risk management. These pillars can be seen in USLI’s extended trends of underwriting and operating profitability, superior risk-adjusted capital position, very strong market presence and conservative reserve positions. Additional positive rating factors include exceptional diversification in their books of business as it regards limiting concentration; proactive claims management philosophy; and commitment to customer service. Furthermore, the companies have extensive employee training and retention programs that translate into a strong corporate culture of success.

Furthermore, these ratings continue to benefit from implicit support provided to USLI and its subsidiaries by their ultimate parent, Berkshire Hathaway Inc. (Berkshire) [NYSE: BRK-A and BRK-B], and explicit support

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from their affiliate, National Indemnity Company.

This support for some of the operating companies is in the form of significant reinsurance treaties with National Indemnity Company, a Berkshire subsidiary. In addition to this agreement, Berkshire has established an extended track record of supporting its member companies.

These positive rating factors are partially offset by the above-average investment leverage recorded by the group, which could be affected by sudden adverse changes in market conditions. Additionally, the ratings could be impacted negatively in the long term if operating performance falls markedly short of A.M. Best's expectations, including a significant deterioration in loss trends, material disruptions of its business strategy, sudden declines in policyholders' surplus or asset or liquidity losses related to investment activity. The ratings also could be impacted negatively as a result of sudden adverse changes in market conditions across a large portion of the book of business or extreme shifts in claims severity and frequency trends. Because of the rating support received from Berkshire, and reinsurance provided by the sister company, National Indemnity Company, changes in the ratings or outlooks of the associated companies may impact the ratings of USLI.

This press release relates to Credit Ratings 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. For additional information regarding the use and limitations of Credit Rating opinions, please view [Understanding Best's Credit Ratings](#). For information on the proper media use of Best's Credit Ratings and A.M. Best press releases, please view [Guide for Media - Proper Use of Best's Credit Ratings and A.M. Best Rating Action Press Releases](#).

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