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AM Best Affirms Credit Ratings of Everspan Indemnity Insurance Company and Everspan Insurance Company

OLDWICK, N.J., June 2, 2022—AM Best has affirmed the Financial Strength Rating of A- (Excellent) and Long-Term Issuer Credit Ratings of "a-" (Excellent) of Everspan Indemnity Insurance Company and Everspan Insurance Company. These companies are collectively referred to as Everspan Group. The outlook of these Credit Ratings (ratings) is stable. Both companies are domiciled in Scottsdale, AZ.

The ratings reflect Everspan Group's 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 (ERM).

The balance sheet strength assessment recognizes risk-adjusted capital that supports the group's expected exposures throughout its initial five-year startup period. Capital was provided by Ambac Financial Group, Inc. [NYSE: AMBC]. AM Best assesses Everspan Group's operating performance as adequate based on execution and implementation of its business plan during its formative stages. The group began actively writing new premium during the second quarter of 2021. AM Best views the group's business profile as limited. This encompasses the group's position in the competitive space for participating fronting type carriers. The group will provide services for a diverse mix of managing general agents aligned with highly select reinsurance partners. The enterprise retains a strategic level of net premium of select programs. The group's ERM captures a clearly defined risk

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appetite structure. It addresses the heightened risks inherent in its business profile and was designed by its extensively experienced management team.

Negative rating actions could occur if risk-adjusted capital is short of needs, actual operating results fall adversely outside the initial projections, the enterprise is unable to gain traction within the parameters of its business profile, or risk appetite and tolerance levels prove to be inadequate for the group's profile.

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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