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FOR IMMEDIATE RELEASE

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AM Best Affirms Credit Ratings of El Aguila, Compañía de Seguros, S.A. de C.V.

MEXICO CITY, January 31, 2025—AM Best has affirmed the Financial Strength Rating (FSR) of A- (Excellent), the Long-Term Issuer Credit Rating (Long-Term ICR) of “a-” (Excellent) and the Mexico National Scale Rating of “aaa.MX” (Exceptional) of El Aguila, Compañía de Seguros, S.A. de C.V. (Mexico City, Mexico). The outlook of these Credit Ratings (ratings) is stable.

These ratings reflect El Aguila’s balance sheet strength, which AM Best assesses as strong, as well as its marginal operating performance, neutral business profile and appropriate enterprise risk management.

The ratings also reflect El Aguila’s support from its parent company (including continuous capital contributions), Great American Insurance Company, which currently has an FSR of A+ (Superior) and a Long-Term ICR of “aa-” (Superior), each with a stable outlook.

El Aguila was established in Mexico in 1994 and is a wholly owned subsidiary of Great American Insurance Company. Since 2016, El Aguila has diversified into other property/casualty lines besides the motor business, targeting small- and medium-size enterprises in the commercial segment through an independent network of local distribution partners. Given its small size, the company shows a greater geographic concentration than its peers, making it more vulnerable to market conditions in its main regional markets within Mexico.

The company focuses on having higher renewal rates than those registered by its main peers, making heavy investments in advertising and direct sales channels in comparison with traditional distribution in Mexico’s

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auto insurance segment, which is typically done through agents, car agencies and bancassurance alliances.

In 2023, the company's portfolio grew 18% year-over-year and is expected to expand approximately 7.5% by the end of 2024, which is in line with expectations, as the company recovers from negative bottom-line results in previous years. Challenges for El Aguila in 2023 included high acquisition costs in its auto line, the creation of catastrophe reserves and the impact of Hurricane Otis on its overall portfolio. As of December 2024, the company has shown signs of recovery and profitable results, amid continuous support from its parent company in the form of capital contributions.

El Aguila's risk-adjusted capitalization is strong, as measured by Best's Capital Adequacy Ratio (BCAR), with underwriting risk standing as the main component for required capital. In 2023 and 2024, the company benefited from capital contributions by its parent company to support its capital position after two years of consecutive negative results. A key factor going forward for AM Best's assessment of balance sheet strength will be the reinsurance recoverable generated by the effects of Hurricane Otis and the premium leverage to policyholder's surplus.

Negative rating actions could occur if the company's capital base and risk-adjusted capitalization deteriorate to levels that no longer support the ratings, resulting from the materialization of execution risk or limitations in its business profile. Positive rating actions are unlikely in the short term, but they could occur if El Aguila sustains improvements in underwriting results and risk-adjusted capitalization in a steady fashion. A negative change in AM Best's perception regarding the actual or perceived level of El Aguila's strategic importance to the Great American Insurance Company group could also impact the company's ratings.

The methodology used in determining these ratings is [Best's Credit Rating Methodology](#) (Version August 29, 2024), which provides a comprehensive explanation of AM Best's rating process and contains the different

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rating criteria employed in the rating process. Best's Credit Rating Methodology can be found at www.ambest.com/ratings/methodology.

Key insurance criteria reports utilized:

- Best's National Scale Ratings (Version May 16, 2024)
- Available Capital and Insurance Holding Company Analysis (Version Aug. 15, 2024)
- Catastrophe Analysis in AM Best Ratings (Version Feb. 8, 2024)
- Evaluating Country Risk (Version June 6, 2024)
- Scoring and Assessing Innovation (Version Feb. 27, 2023)
- Understanding Global BCAR (Version Aug. 1, 2024)

View a general description of the [policies and procedures](#) used to determine credit ratings. For information on the meaning of ratings, structure, voting and the committee process for determining the ratings and monitoring activities, relevant sources of information and the frequency for updating ratings, please refer to [Guide to Best's Credit Ratings](#).

- Previous Rating Date: Jan. 24, 2024
- Initial Rating Date: Oct. 26, 2015
- Date Range of Financial Data Used: Dec. 31, 2018-Dec. 31, 2024

Ratings are communicated to rated entities prior to publication. Unless stated otherwise, the ratings were not amended subsequent to that communication.

This press release relates to rating(s) that have been published on AM Best's website. For additional 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.

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