

Our Insight, Your Advantage[®]

July 29, 2025*

US Crop Insurance Writers Benefit as Weather Impacts Ease

Underwriting
results
demonstrated
improvement
as severe
weather impacts
moderated

Principal Takeaways

- Premiums continued to decline in 2024 and are anticipated to achieve roughly similar levels in 2025, following trends in agricultural commodity prices.
- Underwriting results improved significantly amid more favorable growing conditions.
- Indemnities owing to droughts declined year-over-year, while losses driven by excessive moisture conditions worsened.
- M&A activity has slowed as the industry remains highly concentrated among large global (re)insurance groups.

AM Best continues to take a cautiously optimistic view of the crop insurance segment for 2025 after seeing the industry report improved results in the most recent year. Overall premium volume is expected to be roughly similar to 2024. Conditions have been fairly normal so far this year, although there are minor to moderate concerns with regard to drought and excessive moisture conditions in certain regions.

National yields for corn and soybeans are anticipated to be roughly in line with expected trend levels. With yields forecasted to hold up, the main risk for crop insurers at this point is commodity price risk, due to the majority of exposure being attributable to revenue-based coverages. However, the potential for adverse weather conditions remains until after harvesting season concludes. Hail activity continues to be troublesome for private crop insurers, although initiatives have been put in place to improve results on these products. US crop insurers stand to further benefit from the relatively favorable agricultural environment as a result of their scale, geographic diversification, and risk management expertise.

About This Report

This report analyzes financial results for the crop insurance industry in two ways: (1) based on NAIC statutory filings for the fiscal year ending 2024 and (2) based on the USDA/RMA's State/County/Crop Summary of Business & Cause of Loss data by commodity year as of mid-July 2025. Each calendar year includes activity from multiple commodity years. For example, statutory results for calendar year 2024 include late loss development, late adjustments, and premium collections from commodity year 2023, mainly earned premium and losses from commodity year 2024 (spring-planted crops especially), and early activity for commodity year 2025. MPCI insurers book their reserve estimates for the purposes of their year-end financial statements based on information available at the time. Subsequently, most of the related claims are settled and paid out in the first quarter of the new calendar year. This can result in variability in results due to differences between reserves that are set based on the information available at the time and actual incurred losses.

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2025-108-082925

The US Federal Crop Insurance Program

The US Federal Crop Insurance Program (FCIP) is the primary and most widely used risk management tool for US agricultural producers, offering broad coverage, significant subsidies, and integration within the broader farm safety net. Since its creation by the Federal Crop Insurance Act of 1938 in response to the Dust Bowl and Great Depression wiping out farms, the program has grown significantly. While early participation was low due to a lack of subsidies and limited crop availability, growth began to emerge in the 1980s amid the introduction of premium subsidies, private sector delivery through Approved Insurance Providers (AIPs), and additional crops/regions being covered. Growth accelerated in the 2000s as premium subsidies increased significantly, revenue protection became more widespread, and farmer participation soared. For crop year 2024, the FCIP covered over \$190 billion of total liability across more than 542 million acres.

The program is overseen by the US Department of Agriculture's Risk Management Agency (RMA), which provides MPCl and risk management services for US producers and operates the Federal Crop Insurance Corporation (FCIC). MPCl provides coverage for revenue shortfalls or production losses due to natural causes such as drought, excessive moisture, hail, wind, freeze, insects, and disease. Given the concentration of risk exposed to natural perils, crop insurance is a business with catastrophe-like characteristics. The highly correlated nature of crop insurance losses, both geographically and temporally, creates massive tail risks and is the main reason that program advocates call for federal subsidies and reinsurance. Policies are available for a broad array of crops in different parts of the US and generally have deductibles ranging from 10% to 50% of the insured's risk.

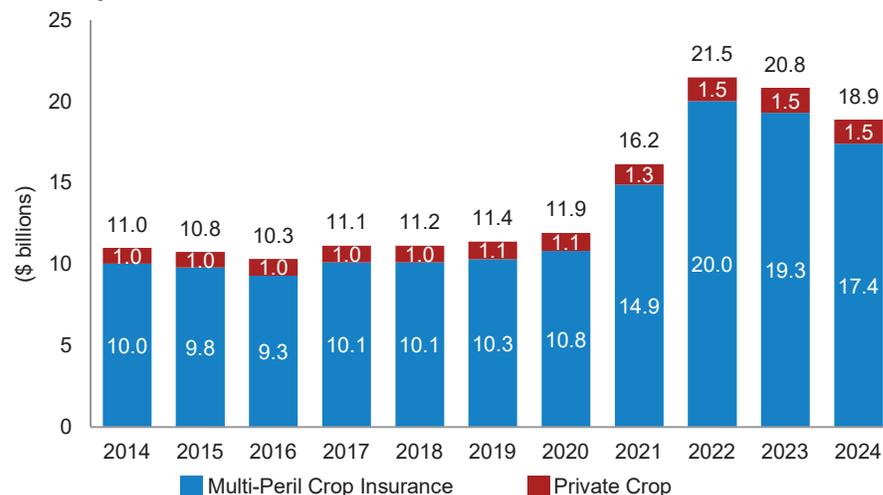
AIPs sell and service federal crop insurance policies. The RMA develops premium rates, administers premium and expense subsidies, approves and supports products, and reinsures the AIPs through the FCIC; it also sponsors educational programs and seminars on agricultural risk management. Products and rates are determined by the RMA, so there is no price competition. Rebates and inducements to purchase crop insurance are prohibited, with limited exceptions. AIPs are obligated to sell insurance to every eligible farmer who requests it. However, the crop insurance market is competitive, with AIPs competing on factors such as agency relationships, claims handling, market reputation, and innovation. Due to the lack of discretionary pricing, most publicly traded insurers that write MPCl typically provide their investors guidance on an ex-crop or ex-agriculture basis.

The Standard Reinsurance Agreement (SRA) and Livestock Price Reinsurance Agreement (LPRA) are cooperative financial assistance agreements between the FCIC and an insurance company that outline the terms under which FCIC provides reinsurance and subsidies on eligible crop insurance contracts that AIPs sell. The risk-sharing provisions of the SRA vary depending on which group a particular state is in and whether the business is placed in either the commercial or assigned risk funds (Appendix). This reinsurance structure has been the same for several years. The commercial funds continue to provide companies greater opportunity for upside on profitable business but with downside risk if it is not profitable, while the assigned risk fund transfers most of the potential gains and losses to the government. MPCl insurers use software to rank each policy based on its risk-reward characteristics to decide which fund to place it in, constructing underwriting portfolios in line with their risk appetites through the process.

Premiums Continue to Decline

In 2024, US crop premiums continued a downward trend from the prior year (**Exhibit 1**). After peaking at \$21.5 billion in 2022, total premiums declined 3.6% in 2023 to \$20.8 billion, followed by a steeper 9.4% drop in 2024 to \$18.9 billion. However, overall premium levels remain elevated compared to pre-2022 figures, supported by higher commodity prices. The ongoing decline has been largely driven by the MPCCI line of business, which fell 9.8% to \$17.4 billion in 2024. Private crop insurance premiums decreased by 3.7% to \$1.48 billion.

Exhibit 1
US Crop Insurance – Direct Premiums Written



Source: AM Best data and research

MPCCI premium rates are determined by the RMA through actuarial and statistical analysis, as well as professional judgment. Agricultural commodity prices and their expected volatility, known as the “volatility factor,” are among the most important factors taken into consideration. Understanding price movements is key since revenue protection currently accounts for over two-thirds of US MPCCI premiums. Most revenue protection safeguards against both yield and price risk and sets the producer’s total revenue guarantee, using the greater of two prices: the projected price or the harvest price.

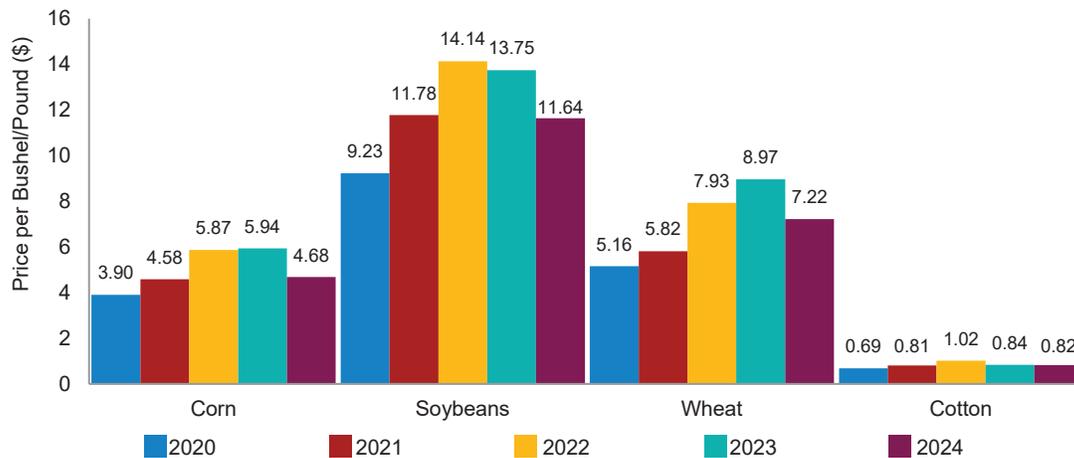
The projected price for corn is calculated using the average of the December corn futures contract during February, and for soybeans, the November soybean contract. The harvest price is the average price of the same contracts during October for the major crop-producing states, although some variability exists nationally. Projected prices, as of acreage reporting dates, decreased for each of the top four crops in commodity year 2024 (**Exhibit 2**). In the most recent five-year period, top crop prices rose concurrently until 2023, when prices began to shift downwards, with soybeans and cotton beginning to decline. In 2024, corn prices fell the most, down 21.2% to \$4.68 per bushel per pound. Wheat prices also dropped significantly, by 19.5%, as did soybean prices, by 15.3%. Cotton prices remained relatively stable and declined only 2.4%.

Private Crop Insurance

Private crop insurance largely consists of crop-hail insurance as well as other products that can be combined with MPCCI to reduce deductibles and increase coverage levels closer to the actual cash value of the crop. Crop-hail primarily protects farmers against yield losses caused by hail or fire and related costs such as transit or storage, with options in some markets to include perils such as wind or theft.

Crop-hail is short-tailed, with most business written in the second/third quarters and premiums earned over the coverage period of the policy. Coverage is provided based on acreage and is available throughout the US as well as parts of Canada. Competition in the private crop insurance segment is high, with companies developing their own rates and forms based on industry data. Private crop insurers also compete on the same factors as MPCCI writers, as well as price.

Exhibit 2
US Top Crop Prices*



*Projected as of acreage reporting dates.
Source: USDA/RMA

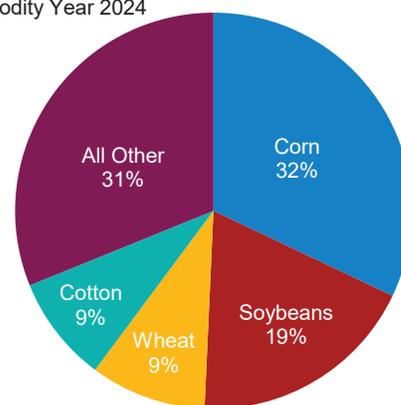
The majority of premium for the MPCPI program continues to be attributable to the top four crops—corn, soybeans, wheat, and cotton—accounting for more than two-thirds of total premium (**Exhibit 3**). Despite an 18.3% decline from commodity year 2023, corn remains the largest, with \$5.1 billion of premium in 2024. Soybeans comprised \$3 billion of premium, down 9.6%. Wheat premium totaled \$1.5 billion, down 32.1%. These declines in premium correspond to this year’s trend of falling prices and modifications to planting decisions while volatility factors remained fairly consistent year-over-year. Cotton accounted for \$1.4 billion, staying roughly flat due to stable prices.

All other crops amounted to \$4.9 billion of premium in commodity year 2024, also relatively unchanged. Pasture, rangeland, and forage (PRF) were the largest of this category at \$1.3 billion. Three commodities—rice, annual forage, and grain sorghum—represented over \$250 million of premium. Growth in PRF and rice has been particularly strong, with premiums more than doubling over a five-year period. Of the other crops/products, peanuts, apples, whole farm revenue protection, dry beans, canola, dry peas, grapes, and apiculture all generated over \$100 million of premium in 2024. Year-over-year, premiums rose for whole farm revenue protection by 45.7% and for dry beans by 54.4%, while annual forage and grain sorghum premiums dropped 41.9% and 25.4%, respectively.

Texas remains the largest state for MPCPI products, with over \$1.8 billion of premium in commodity year 2024 (**Exhibit 4**). Roughly half of the total premium in Texas was attributable to cotton, followed by PRF at \$238.3 million. Annual forage is the next most significant, with \$178.8 million of premium. Corn accounted for \$140.6 million, and wheat for \$135.6 million. Texas has a diverse agricultural environment, with more than 38 insured commodities produced in the state.

Exhibit 3
US Multi-Peril Crop Insurance – Premium by Crop

Commodity Year 2024

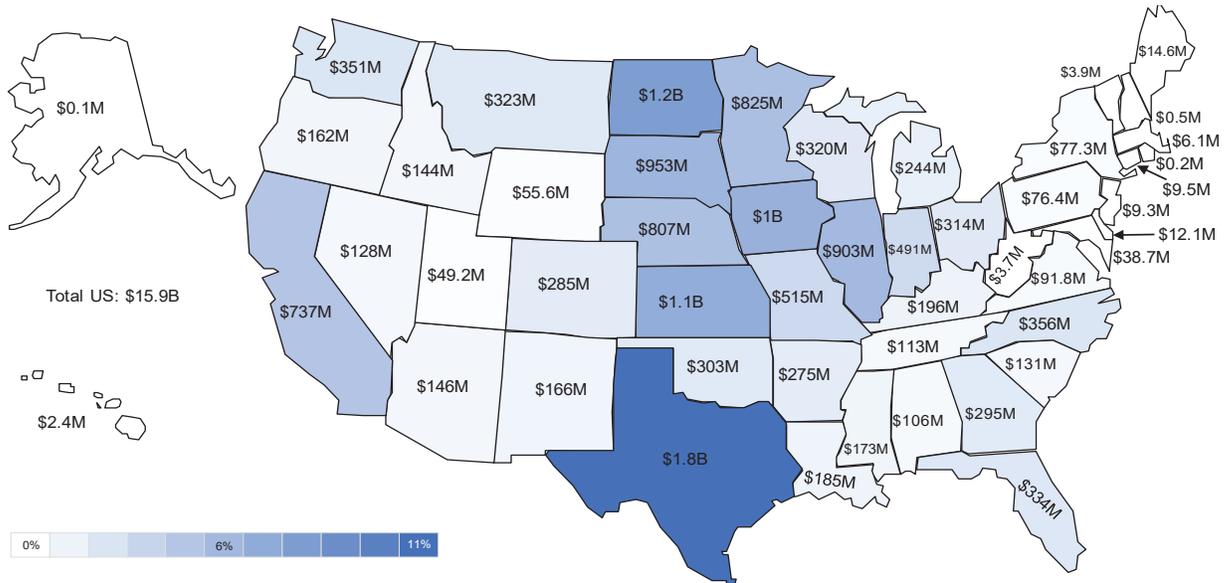


■ Corn ■ Soybeans ■ Wheat ■ Cotton ■ All Other

Source: USDA/RMA

Exhibit 4

US Multi-Peril Crop Insurance – Total Premiums, Commodity Year 2024



Source: USDA/RMA

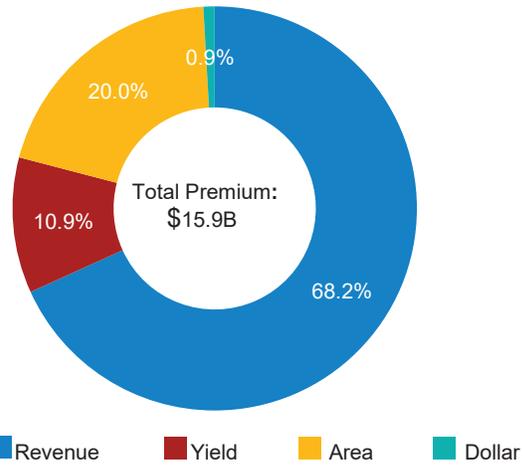
North Dakota remains the next largest market for MPCCI products, with over \$1.2 billion of premium in 2024, primarily from row crops such as corn, soybeans, and wheat. Kansas remains the third-largest market, with \$1.07 billion of premium, the majority of which is attributable to corn, wheat, soybeans, and grain sorghum. Iowa remains the fourth-largest market, with \$1.02 billion of premium, roughly two-thirds of which was attributable to corn, with the remaining portion consisting largely of soybeans. South Dakota continues to be fifth, with approximately \$953 million of premium. Corn comprised slightly more than half of this premium, while soybeans accounted for a quarter. Rounding out the top ten states by premium are Illinois, Minnesota, Nebraska, California, and Missouri, consistent with commodity year 2023.

Each state is classified into one of three State Groups (1, 2, or 3) by the SRA. Commercial fund reinsurance structures vary depending on the state group. Group 1, consisting of Illinois, Indiana, Iowa, Minnesota, and Nebraska, accounted for \$4.05 billion of premium in 2024, down 14.7% from 2023, the largest aggregate drop of any group. The majority of MPCCI premium, at approximately \$11.4 billion, was attributed to the 28 states in Group 2, led by Texas, North Dakota, Kansas, South Dakota, and California, decreasing 11.5% from 2023. The remaining 17 states, located mostly in the Northeast but also including Alaska, Utah, West Virginia, Wyoming, and Hawaii, comprise Group 3. These are significantly smaller markets for crop insurance products, which accounted for a combined \$487.4 million of premium in 2024, falling 10%.

Revenue plans offer protection from losses due to both price and yield and remain the most significant in premium volume at \$10.8 billion, or 68.2% of the total program (**Exhibit 5**). Revenue premium dropped 15.1% in commodity year 2024 and continued to decline as a percentage of total premium from roughly 80% in 2015, in part due to the growth of area plans. Most revenue coverage provides policyholders the option to calculate price-based losses on the higher of the projected price prevailing when the crop is planted or the price at harvest.

Area plans are the next largest category and declined 5.4% in 2024 to \$3.2 billion. These policies are based on the county rather than individual farms. Area plans allow for simplified policy provisions, uniform pricing methods, and wider coverage availability. Their growth in premium from \$551 million to \$3.2 billion over the last ten years is largely attributable to the desire for broader risk protection amid changing weather patterns and tighter farm profit margins. In addition, there has been an increase in subsidies for area plans to make these more affordable and allow for lower deductibles. However, they also introduce basis risk: a farm-level loss may not necessarily trigger an indemnity payment because of better experience at the county level or vice versa. Over a five-year period, growth has been particularly strong, with area plan premium roughly tripling. The solid growth in area premium reflects the expansion of Rainfall Index products (related to PRF and Annual Forage), as well as growth in Enhanced Coverage Option (ECO), Hurricane Insurance Protection Wind Index (HIP-WI), Stacked Income Protection Plan (STAX), and Supplemental Coverage Option (SCO) products. Premiums for yield policies, which protect against yield losses due to natural causes, declined 6.2% in 2024 to \$1.7 billion, accounting for 10.9% of the total premium volume. Yield plan premiums have increased by 31.2% over the most recent five-year period. Dollar amount products are based on the cost of growing a crop or policies based on the producer’s historical gross revenue and account for \$142.4 million of premium, or less than 1% of the total premium. Dollar plans have been relatively flat in recent years.

Exhibit 5
US Multi-Peril Crop Insurance – Premium by Plan Type, Commodity Year 2024



Note: AM Best reclassified some plan types for this year's report
Source: USDA/RMA

Exhibit 6
US Multi-Peril Crop Insurance – 2025 Approved Insurance Providers

| AMB# | Company Name | Ultimate Parent# | Ultimate Parent Name | Ultimate Parent Country of Domicile | Rating Effective Date | Long-Term ICR | L-T ICR Outlook | BCRM Assessments | | | |
|-------|--|------------------|-------------------------------------|-------------------------------------|-----------------------|---------------|-----------------|------------------------|----------------|------------------|----------------------|
| | | | | | | | | Balance Sheet Strength | Operating Perf | Business Profile | Enterprise Risk Mgmt |
| 02257 | ACE American Insurance Company | 58303 | Chubb Limited | Switzerland | 12/12/24 | aa+ | Stable | Strongest | Very Strong | Favorable | Appropriate |
| 12624 | American Agri-Business Insurance Company | 52641 | SOMPO Holdings, Inc. | Japan | 9/27/24 | aa- | Stable | Strongest | Strong | Favorable | Appropriate |
| 03133 | American Agricultural Insurance Company | | | | 7/25/25 | a | Stable | Strongest | Adequate | Neutral | Appropriate |
| 00259 | Church Mutual Insurance Company, S.I. | 44569 | Church Mutual Holding Company, Inc. | United States | 3/4/25 | a | Negative | Very Strong | Adequate | Neutral | Appropriate |
| 02249 | COUNTRY Mutual Insurance Company | 50668 | Illinois Agricultural Association | United States | 8/2/24 | aa- | Stable | Strongest | Adequate | Favorable | Appropriate |
| 00372 | Farmers Mutual Hail Insurance Co of Iowa | | | | 9/25/24 | a- | Stable | Strongest | Marginal | Neutral | Appropriate |
| 02213 | Great American Insurance Company | 58317 | American Financial Group, Inc. | United States | 12/11/24 | aa- | Stable | Very Strong | Strong | Favorable | Appropriate |
| 03081 | Hudson Insurance Company | 58364 | Fairfax Financial Holdings Limited | Canada | 7/10/25 | aa- | Stable | Strongest | Strong | Favorable | Appropriate |
| 11098 | NAU Country Insurance Company | 85434 | QBE Insurance Group Limited | Australia | 7/17/25 | a+ | Stable | Very Strong | Strong | Favorable | Appropriate |
| 22031 | Palomar Specialty Insurance Company | 33566 | Palomar Holdings, Inc. | United States | 7/30/24 | a | Stable | Very Strong | Strong | Limited | Appropriate |
| 12485 | Producers Agriculture Insurance Company | 58633 | Tokio Marine Holdings, Inc. | Japan | 11/8/24 | aa+ | Stable | Strongest | Strong | Favorable | Very Strong |
| 02647 | Rural Community Insurance Company | 50457 | Zurich Insurance Group Ltd | Switzerland | 11/26/24 | aa | Stable | Very Strong | Strong | Very Favorable | Appropriate |

Ratings as of July 28, 2025

Source: AM Best data and research

Approved Insurance Providers

For crop year 2025, there are 12 approved insurance providers (AIPs), all rated by AM Best (**Exhibit 6**). AIPs enter into reinsurance agreements with the FCIC to market and service federal crop insurance policies. The conditions of reinsurance, as well as administrative and operating (A&O) expense

reimbursement rates, are defined in the SRA. Eleven of the AIPs also participate in the FCIC's LPRA, which outlines subsidies and risk-sharing provisions for cattle-related products.

Due to a significant amount of mergers and acquisitions over the years, a majority of the AIPs are now part of large global (re)insurance groups. These AIPs benefit from the size, scale, and resources of their respective organizations. Although all of the risk of the MPCCI originates on farms across the US, it is dispersed globally owing to ownership structures, with ultimate parents domiciled in five different countries on four continents.

The rating units the AIPs are a part of are all highly rated, with long-term Issuer Credit Ratings (ICRs) of "a-" or higher. AM Best's Credit Rating Methodology assessments are generally favorable, with balance sheet strength assessments of Strongest or Very Strong. Operating performance and business profile assessments vary, while ERM programs are viewed as either Appropriate or Very Strong. Most of these carriers write multiple lines of business, which is taken into consideration in these assessments/ratings.

The only notable change under the most recent 2026 Standard Reinsurance Agreement is that Church Mutual is no longer a participant, while fronting specialist Clear Blue Insurance Group has joined the list of AIPs. Managing general agent Precision Risk Management, who previously worked with Church Mutual, is now partnered with Clear Blue as the fronting carrier for delivery of FCIP products.

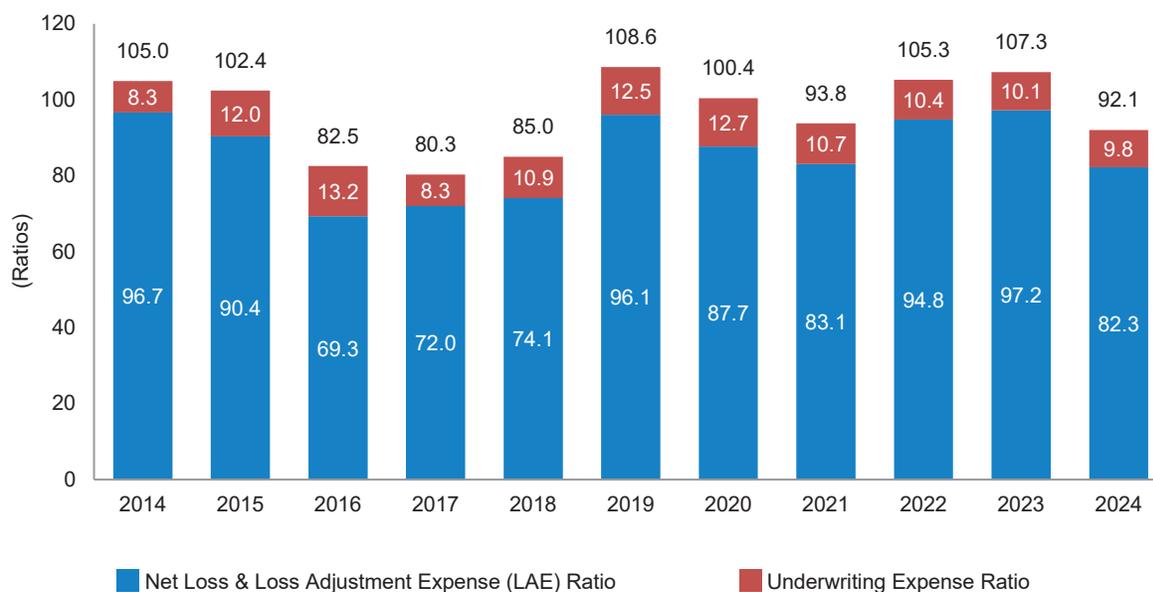
Underwriting Performance Bounces Back

The underwriting results of MPCCI writers are subject to volatility due to the catastrophic-like nature of the business. When excessive moisture conditions, drought, or other perils occur, they typically impact a wide geographic area. The resulting crop losses are correlated, with adjacent or nearby plots likely to experience similar damage. Since most premium is derived from revenue coverage, crop insurers are also exposed to volatility in agricultural commodity futures prices. Crop insurers use multiple techniques to manage risk and mitigate potential losses: economies of scale, geographic diversification, reinsurance fund designation strategies, third-party reinsurance arrangements, and crop derivative contracts.

In 2024, the MPCCI writers in aggregate reported improved results (**Exhibit 7**). The combined ratio of 92.1 was the lowest of the most recent five-year period, a 15.2-point improvement from 2023, indicating a net underwriting gain of \$793 million. This was largely attributable to the net loss and loss adjustment expense (LAE) ratio, while the underwriting expense ratio declined modestly. Nevertheless, crop insurers have struggled to achieve consistent underwriting profitability, with net underwriting gains in only five of the last ten calendar years. The five-year average combined ratio is 99.8, with a cumulative net underwriting loss of \$231 million; however, the 10-year average combined ratio is 95.8, with a total net underwriting gain of \$1.4 billion due to a highly profitable period from 2016 to 2018. Since premiums for MPCCI are not due until the end of the insurance period, AIPs are significantly constrained in their ability to generate investment income as an additional source of revenue to crop premium. The low net investment income ratio underscores the importance of MPCCI underwriting profitability. The volatility of the MPCCI business manifests itself in the loss ratio, while the underwriting expense ratio is relatively low and stable due to subsidies. Administrative and operating (A&O) expense reimbursements are paid to AIPs to cover program delivery costs such as agent commissions, loss adjustment services, and other costs. For the fiscal year ending September 30, 2024, FCIC and RMA reported program delivery costs of \$2.4 billion.

Exhibit 7

US Multi-Peril Crop Insurance – Combined Ratio Components



Source: AM Best data & research

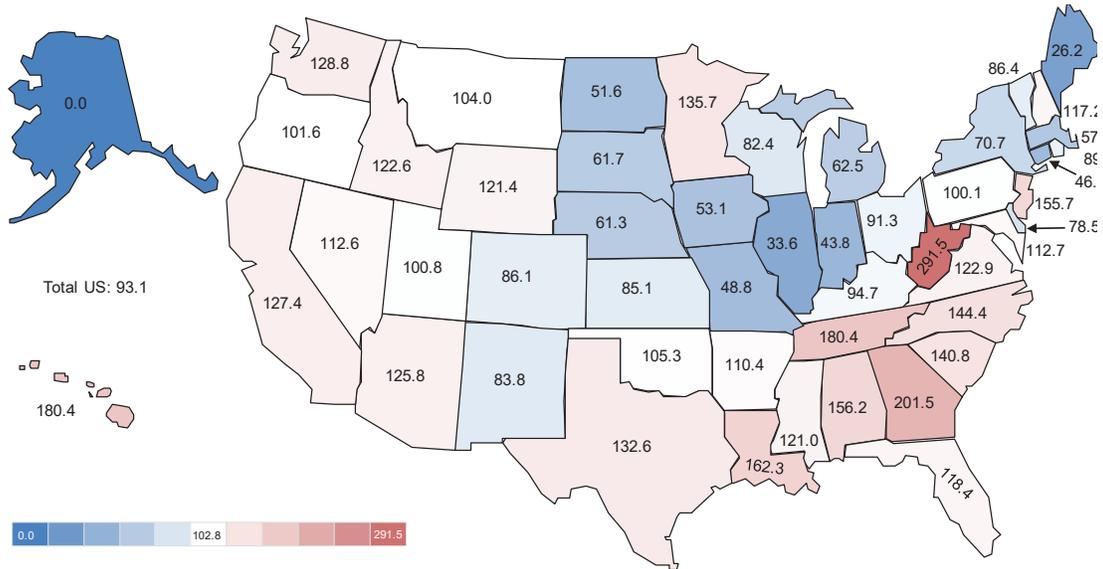
In commodity year 2024, the crop insurance program generated a loss ratio of 93.1 (**Exhibit 8**). Results in Texas continued to improve, albeit they were still unfavorable with a loss ratio of 132.6. Drought and heat losses continued to be problematic, especially on the western side of the state, while excessive moisture conditions plagued the east. Lower loss activity on PRF products contributed to some of the improvement. North Dakota and South Dakota remained favorable with loss ratios of 51.6 and 61.7, respectively. Both Dakotas had around 80% lower losses from drought, partially offset by additional excess moisture losses. Kansas improved significantly with a loss ratio of 85.1, as growing conditions were much more favorable year-over-year. Iowa also experienced a large improvement in its loss ratio of 53.1, amid lower loss activity caused by droughts but partially offset by dramatically increased moisture claims. Illinois continued to experience very strong results with a loss ratio of just 33.6, as similar declines in drought losses more than made up for increased excessive moisture claims. Nearby states Nebraska, Missouri, and Indiana also had favorable results, with loss ratios of 61.3, 48.8, and 43.8, respectively. Generally, the large markets in the Midwest had the most favorable results. The entire Southeast region reported loss ratios in excess of 115, with Georgia, Louisiana, Tennessee, and Alabama experiencing loss ratios above 150. Western states California, Washington, Arizona, Idaho, and Wyoming all reported loss ratios above 120.

Group 1 states in aggregate have typically been the most favorable locations to write crop insurance products (**Exhibit 9**). Results in Group 1 states improved by 12.5 points to a loss ratio of 66.1 in commodity year 2024. Group 2 states, which account for the bulk of the premium, have typically generated higher loss ratios. While results continued to improve, the loss ratio remained elevated at 102.2. Group 3 states typically exhibit higher volatility due to lower premium volume. This was exemplified by a 36-point increase in the loss ratio to 100.7 after coming off a strong year in 2023. Overall, the loss ratio for the program fell 5 points in 2024 to 93.1 because of improved results for the Group 1 and 2 states, with Group 3 states having less of a negative impact due to their lower premium volume.

Among the major crops, corn generated the best results, with a loss ratio of 68 in commodity year 2024 (**Exhibit 10**), followed by wheat, with a loss ratio of 72.4. Corn and soybeans have the lowest

Exhibit 8

US Multi-Peril Crop Insurance – Loss Ratio by State, Commodity Year 2024

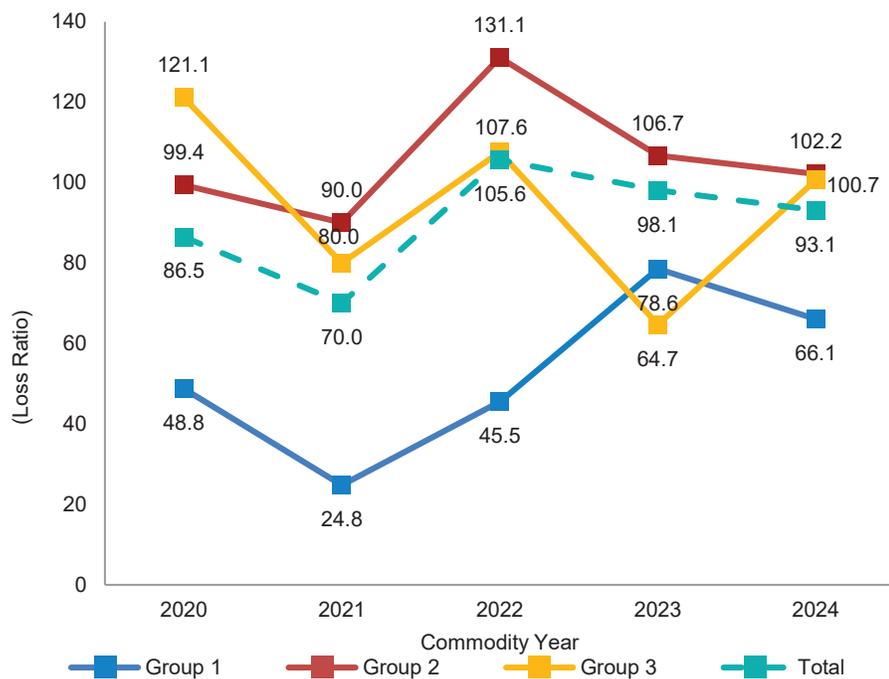


Source: USDA/RMA

five-year average loss ratios, at 67.2 and 64.4, respectively. Wheat improved the most with a 42.6-point drop, after having loss ratios over 100 for the previous three years. The improvement was driven by four out of the five largest wheat-producing states. Soybeans deteriorated the most, increasing 25.6 points to a loss ratio of 94.9. Soybeans had an especially bad year in Minnesota and parts of the southeast. Cotton continued to perform the worst of the four top crops, with a loss ratio of 156.1. All other crops have reported loss ratios over 100 in each of the past

Exhibit 9

US Multi-Peril Crop Insurance – Loss Ratio by State Group



State Group 1: Illinois, Indiana, Iowa, Minnesota and Nebraska
 State Group 2: Alabama, Arizona, Arkansas, California, Colorado, Florida, Georgia, Idaho, Kansas, Kentucky, Louisiana, Michigan, Missouri, Mississippi, Montana, North Carolina, North Dakota, New Mexico, Ohio, Oklahoma, Oregon, South Carolina, South Dakota, Tennessee, Texas, Virginia, Washington and Wisconsin
 State Group 3: Alaska, Connecticut, Delaware, Hawaii, Maine, Massachusetts, Maryland, Nevada, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Utah, Vermont, West Virginia and Wyoming

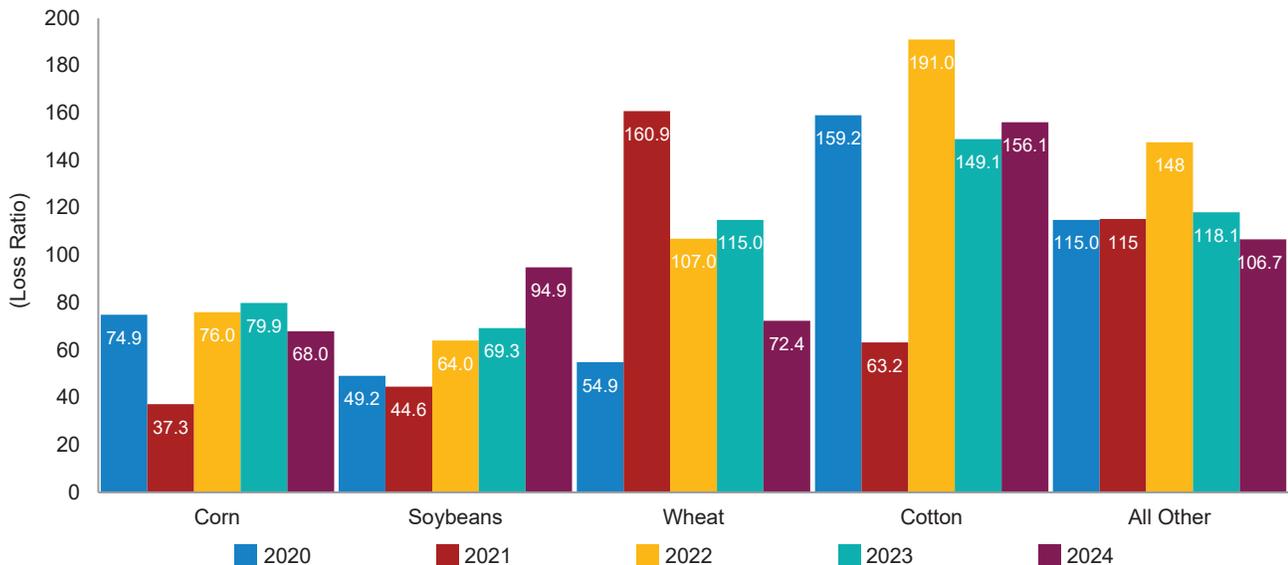
Source: USDA/RMA, AM Best data & research

five years, although continued to improve by 11.4 points to 106.7 in 2024. These results suggest that roughly adequate pricing on major crops may be subsidizing rates on specialty crops and other commodities.

Revenue plans continued to generate the best results, with a loss ratio of 84.5 in commodity year 2024 and a five-year average of 81.7 (**Exhibit 11**). Revenue plans have proved to be the most consistent, having loss ratios below 100 in each of the last five years. Area plans were the only plan to perform worse in 2024 than in 2023, with their aggregate loss ratio increasing 9.4 points to 107.4. Over the last ten years, premium for area plans have increased by almost six times, while indemnities have increased by almost ten times. Nevertheless, loss ratios on rainfall index plans, which represent the bulk of area premium, were under 100 for the two most recent years, with 2024 at 87.9. Yield plans remained approximately the same year-over-year at a loss ratio of 119.6. Results for dollar plans are subject to volatility due to low premium volume, under 1% of the program. Although the loss ratio improved by more than 140 points to 109.8, the five-year average loss ratio for dollar plans remains the highest, at 127.4.

Competition in the private crop segment is high, and pricing is persistently soft. For many writers, private crop products make up a small portion of their books of business, and they are willing to price their products at inadequate levels to obtain MPCI or other business. Since being introduced as a separate line in statutory reporting, private crop has generated consistent losses. Results improved in 2024 amid less frequent hailstorms partially offset by continued high severity. The segment reported a combined ratio of 127.9, in line with the five-year and ten-year averages for private crop (**Exhibit 12**). Hailstorms strike randomly, resulting in a volatile net loss & LAE ratio from year to year. In addition, the underwriting expense ratio is significantly higher, as it does not benefit from government subsidies. Many crop insurers are unsatisfied with underwriting results on their private crop books and continue to implement rate increases as well as other underwriting initiatives aimed at improving their overall performance.

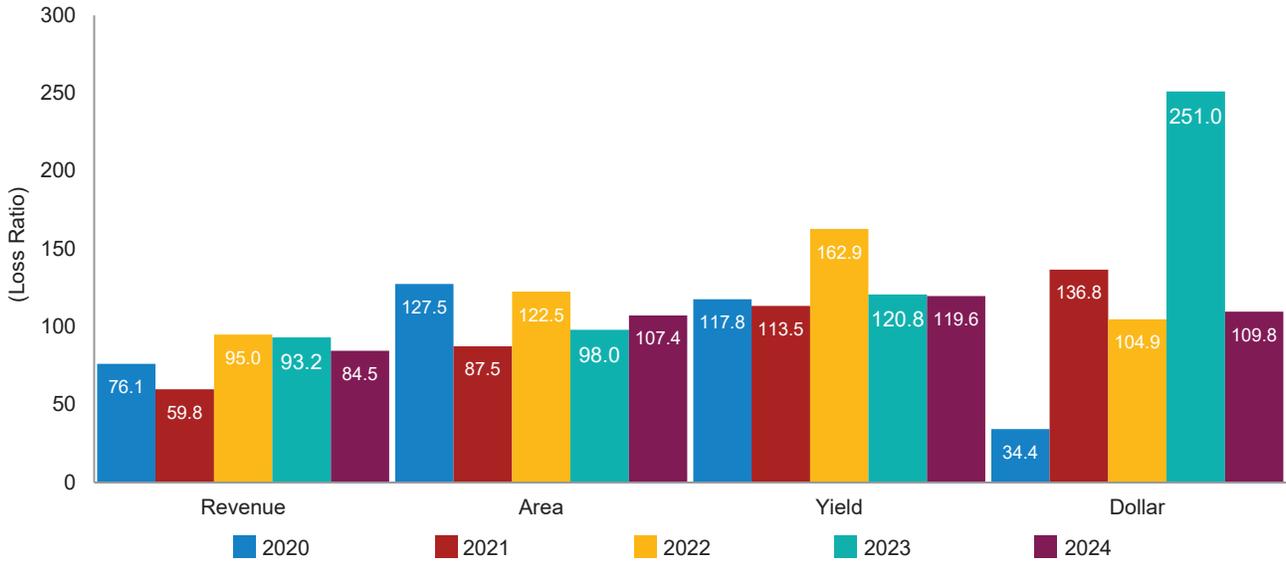
Exhibit 10
US Multi-Peril Crop Insurance – Loss Ratio by Top Crops



Source: USDA/RMA

Exhibit 11

US Multi-Peril Crop Insurance – Loss Ratio by Plan Type



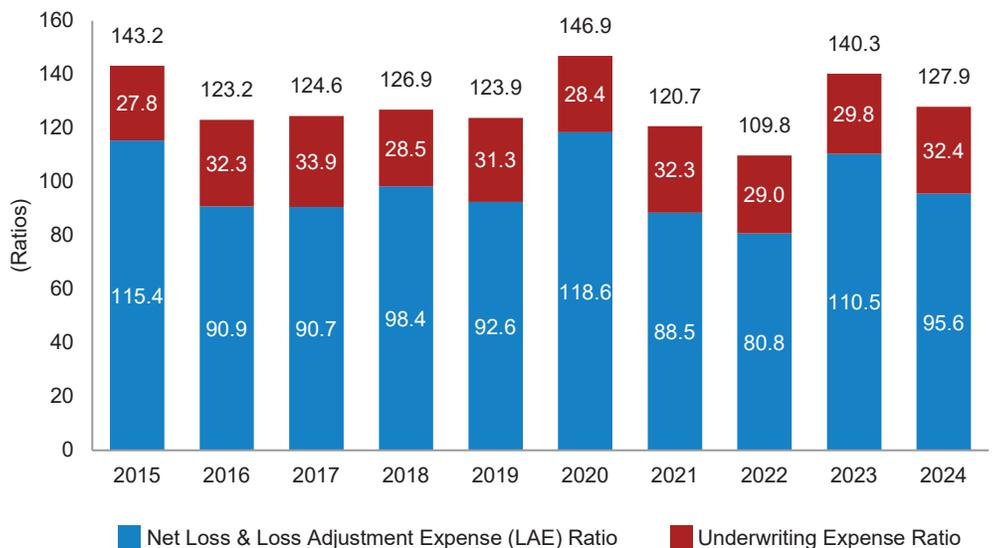
Note: AM Best reclassified some plan types for this year's report
 Source: USDA/RMA

Causes of Loss

After three years of drought being the leading individual cause of MPCCI losses, losses moderated from over 40,700 in commodity year 2023 to about 30,600 in commodity year 2024 (**Exhibit 13**). Texas, the largest state for MPCCI products, continued to be impacted by drought. The Lone Star state experienced below-normal precipitation and above-average temperatures, particularly through the summer growing season, adversely affecting cotton farmers while also impacting yields for corn and sorghum producers. Nevertheless, excessive moisture conditions resurfaced elsewhere and were the primary driver of claims in commodity year 2024, with more than 36,600 reported losses. The wet conditions were most prevalent in Minnesota, which experienced early growing season rains, leading to a significant uptick in prevent plant, replant, and emergence failures. Northern counties within the state were most adversely impacted by the wetness. Losses attributable to area plans have more than tripled over the most recent ten-year period to roughly 22,200 claims. Heat losses fell to about 12,400 claims but remained elevated compared to previous years. All other perils accounted

Exhibit 12

US Private Crop – Combined Ratio Components

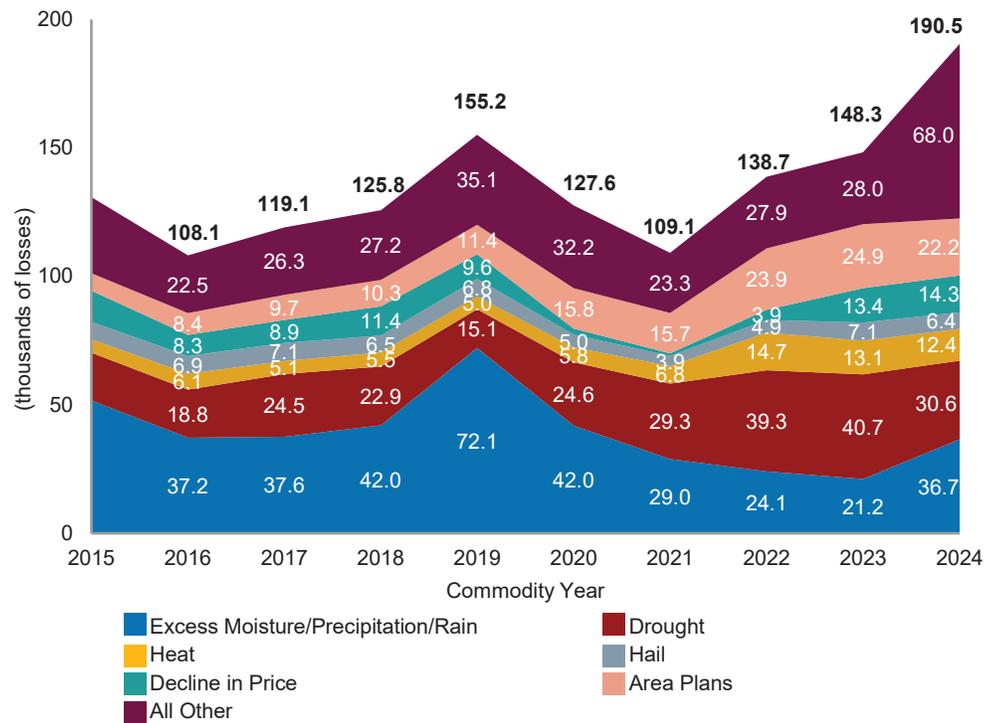


Source: AM Best data & research

for the largest share of losses due to the comprehensive coverage provided by MPCI. Total reported losses set a new record high at about 190,500 claims.

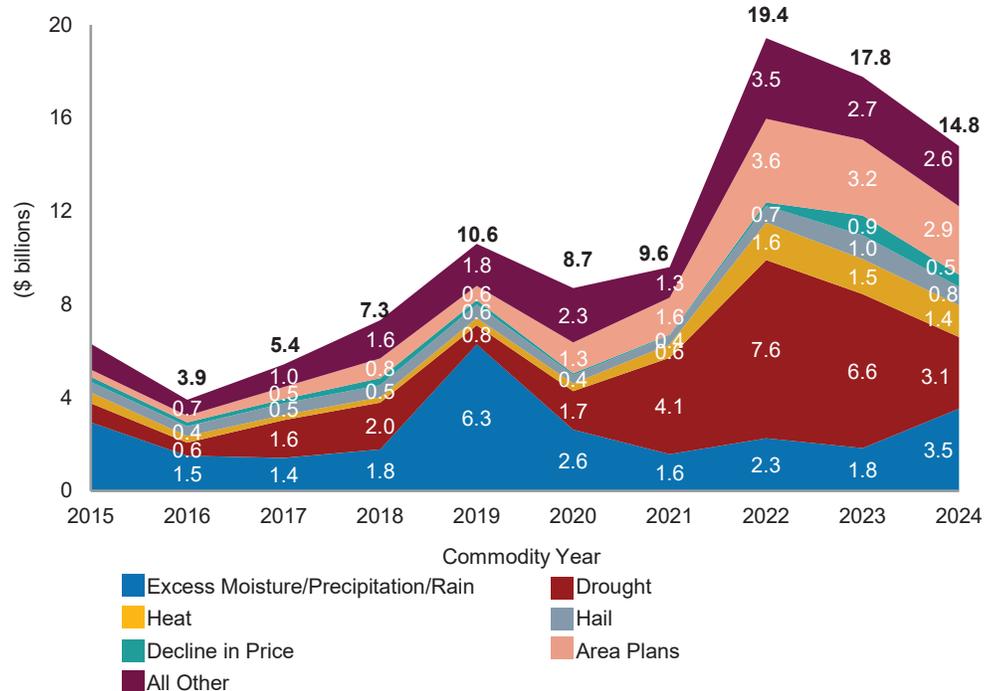
The excessive moisture conditions in commodity year 2024 resulted in \$3.5 billion of indemnities to producers, the highest since 2019 (Exhibit 14). Drought losses declined more than 50% year-over-year but continued to be the secondary driver of indemnities at roughly \$3.1 billion. Heat losses totaled \$1.36 billion, down roughly \$150 million year-over-year, with most losses concentrated in California. Significant growth of area plans has corresponded to higher indemnities of \$2.9 billion, increasing from roughly 5% of total indemnities in 2015 to nearly 20% in 2024. After a prolonged period of low commodity price volatility during commodity years 2015 through 2022, tumbling commodity prices accounted for \$853 million of indemnities in 2023 and remained slightly elevated at nearly \$508 million in 2024. Hail losses fell year-over-year due to reduced

Exhibit 13
US Multi-Peril Crop Insurance – Major Causes of Loss



Note: All Other includes perils such as frost, flood, wildlife & wind, among others.
Source: USDA/RMA

Exhibit 14
US Multi-Peril Crop Insurance – Total Indemnities by Major Cause of Loss



Note: All Other includes perils such as frost, flood, wildlife & wind, among others.
Source: USDA/RMA

hailstorm frequency but remain somewhat higher than earlier years. Other causes of loss include over \$200 million each in indemnities from hot wind, failure of irrigation supply, wind or excess wind, and freeze events. Hurricanes or tropical depressions, cold wet weather, frost, and floods also account for over \$100 million each in indemnities. Total indemnities declined by about \$3 billion year-over-year, to \$14.8 billion.

Strategic Consolidations Remain Impactful

The crop insurance market continues to consolidate through acquisitions and the formation of strategic partnerships. In March 2025, Palomar Holdings, Inc. entered into a definitive agreement to acquire Advanced Ag Protection (AAP), a Texas-based managing general agent (MGA) focused on crop insurance. This transaction followed Palomar's initial strategic investment in AAP in 2023, when the two companies began a formal partnership, which helped Palomar to increase its combined multi-peril and private crop premiums written in 2024 to more than \$100 million. The acquisition is expected to close in 2025, subject to customary closing conditions.

In April 2024, Farmers Mutual Hail Insurance Company of Iowa (FMH) announced the acquisition of Global Ag Insurance Services from AXA XL. Global Ag is a leading crop insurance provider headquartered in the western US and offers crop insurance solutions through the USDA multi-peril crop insurance program, as well as specialty private and named peril products designed to meet the unique needs of crop producers and growers. Following the transaction, FMH remained the sixth-ranked writer of US multi-peril crop insurance in 2024 but moved up one spot to become the fourth-largest US private crop insurer, just ahead of Great American P&C Insurance Group, a wholly owned subsidiary of American Financial Group, Inc. (AFG). In 2025, FMH further pursued its global growth strategy by acquiring Palliser Insurance, a Western Canadian crop hail writer headquartered in Saskatoon, Saskatchewan.

In 2023, AFG acquired Crop Risk Services (CRS) from AIG. CRS is a primary crop insurance general agent based in Decatur, Illinois, with gross written premiums of approximately \$1.2 billion in 2022. It was the seventh-largest provider of multi-peril crop insurance in the US, based on MPCI written premiums that year. After that transaction, Great American has remained the fifth-ranked writer of US crop insurance and the largest US-owned participant in the country's MPCI program, while also maintaining its spot as the fifth-ranked private crop insurer in the US. CRS has enjoyed sizeable growth since AIG acquired it as part of its 2018 acquisition of Validus Holdings, Ltd. Although M&A among crop insurers remains impactful, the pace has slowed due to significant prior consolidation.

The Palomar acquisition of AAP demonstrates consolidation continues to impact the distribution side of the crop insurance segment. On May 22, 2024, Risk Strategies, an international specialty insurance brokerage and risk management firm, announced its acquisition of Silveus Insurance Group, the largest independent crop insurance broker in the US. Silveus offers a range of crop coverages, including private crop insurance and coverage written through the federal crop insurance program.

Leading Crop Insurers Maintain Dominance, but Results Are Mixed

The MPCI market continued to be dominated by the leading AIPs, with mergers and acquisitions over the past two decades playing a major role in the level of concentration at the top. In 2024, the MPCI market experienced a year-over-year decline in overall direct premiums written (DPW) of 9.8%, which was considerably larger than the 3.6% decline from 2022 to 2023 (**Exhibit 15**). The US MPCI premium decline in 2024 reflects the impact of commodity price drops, which were prevalent in 2023 and continued to be prevalent in 2024. Commodity price declines have been partially countered by the continued growth in demand for comprehensive coverage against perils, including adverse weather events, pests, and crop

diseases. Prior to 2023, MPCCI premiums grew substantially, by 35.5% in 2022 and 37.5% in 2021, largely attributable to higher commodity prices, which increase the value of the crops being insured.

On an aggregate basis, the line's 9.8% year-over-year DPW decline in 2024 was greater than the 6.2% decline in premium generated by the five leading MPCCI writers. In terms of premium concentration, the DPW written by those top five insurers increased slightly, to 76.4% of total MPCCI premium, compared to 73.5% in 2023. Among the top five, only Great American P&C Group grew their annual DPW in 2024, while the 19.1% decline for Zurich US Group represented the largest change among the industry leaders. Regarding the concentration in the MPCCI segment, the top ten of the leading ten MPCCI writers featured in Exhibit 15 continued to account for almost the entire market, comprising about 97% of the premium in 2024.

From a net of reinsurance standpoint, Chubb continues to be the largest writer of MPCCI, with \$2.1 billion of net premiums written in 2024. Other notable writers not included in the top 15 from a direct standpoint include Toa Reinsurance and Berkshire Hathaway, both with approximately \$119 million of net premiums written, as well as Skyward Specialty and Liberty Mutual, with net premiums written of \$84.7 million and \$71.5 million, respectively.

Despite the downturn in DPW, from an aggregate underwriting profitability perspective, the top 15 MPCCI writers performed much better in 2024 compared to 2023. With nine of the 15 generating a net combined ratio of more than 100 in 2023, it resulted in an aggregate net underwriting loss of \$726.6 million for that group compared to a net underwriting profit of \$689.7 million in 2024. Among the MPCCI writers that generated more than \$100 million in DPW in 2024, Tokio Marine US PC Group (66.2), Great American (82.6), COUNTRY Financial (85.0), and Chubb Group (87.8) produced the lowest combined ratios.

Exhibit 15

US Multi-Peril Crop Insurance – Top Writers

| Rank | AMB# | Rating Unit | DPW (\$ millions) | | YoY Chg (%) | Market Share (%) | | Combined Ratio | |
|-------------------------------|-------|---|----------------------|---------------|----------------|------------------|--------------|----------------|-------------|
| | | | 2023 | 2024 | | 2023 | 2024 | 2023 | 2024 |
| 1 | 05658 | QBE North America Insurance Group | 3,744 | 3,546 | -5.3 | 19.4 | 20.4 | 103.5 | 106.5 |
| 2 | 18498 | Chubb INA Group | 3,504 | 3,286 | -6.2 | 18.2 | 18.9 | 101.4 | 87.8 |
| 3 | 18878 | Sompo Holdings US Group | 2,468 | 2,324 | -5.8 | 12.8 | 13.4 | 105.2 | 93.3 |
| 4 | 18549 | Zurich Insurance US PC Group | 2,862 | 2,314 | -19.1 | 14.8 | 13.3 | 113.3 | 98.5 |
| 5 | 04835 | Great American P&C Insurance Group | 1,617 | 1,837 | 13.6 | 8.4 | 10.6 | 90.0 | 82.6 |
| 6 | 18171 | FMH Insurance Group | 1,283 | 1,627 | 26.9 | 6.6 | 9.3 | 98.3 | 90.1 |
| 7 | 03116 | Fairfax Financial (USA) Group | 1,017 | 882 | -13.3 | 5.3 | 5.1 | 140.2 | 101.0 |
| 8 | 18733 | Tokio Marine US PC Group | 942 | 865 | -8.2 | 4.9 | 5.0 | 126.7 | 66.2 |
| 9 | 04233 | Farm Bureau Property & Casualty Group | 196 | 174 | -11.5 | 1.0 | 1.0 | 101.3 | 87.9 |
| 10 | 18540 | American International Group | 1,018 | 111 | -89.1 | 5.3 | 0.6 | 99.1 | NM |
| 11 | 00302 | COUNTRY Financial Property Casualty Grp | 121 | 101 | -16.3 | 0.6 | 0.6 | 77.7 | 85.0 |
| 12 | 03133 | American Agricultural Insurance Company | 81 | 97 | 20.6 | 0.4 | 0.6 | 119.2 | 111.5 |
| 13 | 18954 | Palomar Holdings US Group | 12 | 97 | 701.6 | 0.1 | 0.6 | n/a | 49.8 |
| 14 | 18557 | XL America Companies | 267 | 59 | -77.9 | 1.4 | 0.3 | 130.4 | 146.3 |
| 15 | 18543 | Nodak Insurance Group | 43 | 34 | -21.2 | 0.2 | 0.2 | 65.7 | 64.0 |
| Total Multi-Peril Crop | | | 19,304 | 17,408 | -9.8 | 100.0 | 100.0 | 107.3 | 92.1 |

NM = Not meaningful, n/a = Not applicable

Source: AM Best data & research

QBE North America (QBE), the leading 2024 MPCPI premium writer at almost \$3.6 billion, experienced a decidedly unfavorable year with an underwriting loss that exceeded \$100 million and a 106.5 combined ratio. Chubb and Tokio Marine reported underwriting gains in excess of \$200 million, while Great American benefited from over \$100 million of underwriting profits, inline with their excellent combined ratios. These results were noteworthy since weather conditions affecting crop growers throughout the year were turbulent across many geographical areas, in addition to the pressures concerning commodity prices.

The private crop insurance market was similarly concentrated compared to the MPCPI segment, with the top ten companies also accounting for about 97% market share, roughly equivalent to the top ten in the MPCPI market. There was a slightly greater level of concentration compared to MPCPI companies among the top five private crop insurance companies, as they accounted for 77% of the market in 2024, up from 72.3% in 2023. Private crop insurers experienced a more modest year-over-year DPW decrease in 2024 compared to MPCPI insurers, declining by only 3.7% compared to the 9.8% for the MPCPI sector (**Exhibit 16**). The top six private crop insurers all maintained double-digit market share, further evidence of growing market concentration, as there were only five such insurers the previous year. Of the top five writers, Chubb and Great American vastly outgrew the overall segment at almost 21% and 27% year-over-year DPW growth, respectively. QBE grew 1.5% to \$284 million of DPW and snatched the top spot from prior market leader Zurich due to the Swiss insurer's 15.6% decline in direct business year-over-year. The private crop market, at under \$1.5 billion, continues to pale in comparison to the size of the \$17.4 billion MPCPI market in 2024.

From a net of reinsurance standpoint, Chubb is also the largest writer of private crop insurance, with net premiums written of \$253.2 million in 2024. Other notable writers not included within the top 15 on a direct basis consist of Renaissance Re, with \$51.5 million of net premiums written, while Farm

Exhibit 16

US Private Crop – Top Writers

| Rank | AMB# | Rating Unit | DPW (\$ millions) | | YoY Chg (%) | Market Share | | Combined Ratio | |
|---------------------------|-------|---|----------------------|--------------|----------------|--------------|--------------|----------------|--------------|
| | | | 2023 | 2024 | | 2023 | 2024 | 2023 | 2024 |
| 1 | 05658 | QBE North America Insurance Group | 280 | 284 | 1.5 | 18.2 | 19.2 | 153.4 | 154.0 |
| 2 | 18549 | Zurich Insurance US PC Group | 333 | 281 | -15.6 | 21.7 | 19.0 | 164.1 | 127.3 |
| 3 | 18498 | Chubb INA Group | 193 | 233 | 20.6 | 12.6 | 15.7 | 113.3 | 129.8 |
| 4 | 18171 | FMH Insurance Group | 170 | 172 | 0.9 | 11.1 | 11.6 | 95.6 | 123.4 |
| 5 | 04835 | Great American P & C Insurance Group | 134 | 170 | 26.7 | 8.7 | 11.5 | 133.7 | 125.0 |
| 6 | 18878 | Sompo Holdings US Group | 173 | 169 | -1.9 | 11.2 | 11.5 | 141.3 | 120.2 |
| 7 | 18540 | American International Group | 116 | 45 | -61.3 | 7.6 | 3.1 | n/a | n/a |
| 8 | 18733 | Tokio Marine US PC Group | 41 | 42 | 1.3 | 2.7 | 2.8 | 64.7 | 90.8 |
| 9 | 00302 | COUNTRY Financial Property Casualty Grp | 23 | 24 | 2.1 | 1.5 | 1.6 | 91.4 | 106.4 |
| 10 | 03116 | Fairfax Financial (USA) Group | 32 | 21 | -34.0 | 2.1 | 1.4 | 123.3 | 148.0 |
| 11 | 04233 | Farm Bureau Property & Casualty Group | 14 | 14 | 1.2 | 0.9 | 0.9 | 113.3 | 125.4 |
| 12 | 18954 | Palomar Holdings US Group | 0 | 8 | n/a | 0.0 | 0.5 | n/a | 83.6 |
| 13 | 18557 | XL America Companies | 11 | 5 | -53.2 | 0.7 | 0.4 | 27.3 | 2.5 |
| 14 | 03133 | American Agricultural Insurance Company | 5 | 4 | -15.3 | 0.3 | 0.3 | 112.3 | 98.3 |
| 15 | 18543 | Nodak Insurance Group | 3 | 3 | 7.0 | 0.2 | 0.2 | 57.3 | 51.3 |
| Total Private Crop | | | 1,536 | 1,479 | -3.7 | 100.0 | 100.0 | 140.3 | 127.9 |

n/a = Not applicable

Source: AM Best data & research

Bureau P&C, Skyward Specialty, Nodak, and Core Specialty each produced less than \$10 million of net premiums written.

From a private crop standpoint, two-thirds of the top 15 insurers generated underwriting losses in 2024, and each of the top six produced combined ratios, of more than 100. QBE and Chubb reported the least favorable results, with losses exceeding \$75 million, respectively. QBE (154), Fairfax Financial (USA) Group (148), and Chubb (129.8) reported the least favorable combined ratios. In contrast, the eighth-ranked private crop writer, Tokio Marine, reported a modest underwriting gain of almost \$2.5 million, along with a 90.8 combined ratio. Tokio Marine's \$42 million private crop book of business was much smaller than the \$100 million or more in DPW of the line's top six insurers.

Other Issues

Reinsurance

Reinsurance continues to be a critical tool for crop insurers' ability to manage underwriting risks. Although the SRA provides significant protection, AIPs often secure additional third-party reinsurance coverage through quota share, excess of loss, stop-loss, and parametric contracts. While many reinsurers entered the crop space around a decade ago amid favorable results, volatility in some of the more recent years has seen available reinsurance capacity declining overall, resulting in brokers needing to work a bit harder to place the business.

The crop reinsurance distribution space has seen a significant shift in recent years. The market was historically highly concentrated, dominated by Guy Carpenter. However, major global brokers such as Aon and Gallagher have been entering the space more aggressively over the last few years, in addition to smaller brokers such as Holborn and AmWins. As a result, the crop reinsurance distribution landscape has become increasingly competitive and fragmented.

Livestock

The livestock insurance segment, especially Livestock Risk Protection (LRP) and Livestock Gross Margin (LGM) programs, has seen rapid growth in recent years, driven by increased market volatility and rising cattle prices. The majority of these policies are written by a small portion of AIPs. However, the livestock insurance programs remain controversial since they only cover price risk, without including mortality or production losses. The product therefore operates more similarly to a government-subsidized put option on livestock futures markets, particularly for cattle. In addition, crop insurance agents control the distribution of livestock insurance policies and often leverage this position to influence AIPs to write these policies to gain access to their broader book of business. While the livestock insurance segment is volatile and controversial, its increasing size within the US agricultural risk landscape makes it difficult to ignore.

ESG

ESG (environmental, social, and governance) are AM Best credit factors taken into consideration when deemed relevant and material to the financial strength of an insurer. In our ratings process, AM Best considers a rating factor relevant if the factor could have a potential impact on the credit quality of an insurer over the next three years. The impact of ESG factors on credit quality will vary from company to company but will largely depend on the risks being written, the risk selection process, the market(s) in which a company operates, and the ways in which these risks are effectively managed and mitigated. Exposure to ESG factors will depend on how and to what degree ESG might impact AM Best's view of balance sheet strength, operating performance, business profile, and enterprise risk management.

Environmental factors, such as climate risk, are typically the most common among property/casualty insurers and often times present a material threat to an insurers' balance sheet, as weather events are

usually sudden and often result in a material and rapid erosion in capital. Insurers whose profits are subject to weather-related events like these are also subject to elevated operating volatility and greater variability in earnings year-over-year.

Given the level of unpredictability around weather, the ability to model weather is extremely challenging, and exposure to these types of events will vary from insurer to insurer based on peril and geography. For crop insurers, a deep and comprehensive understanding of these exposures, as well as management's ability to manage these risks, is critical in order to ensure that climate risks are being captured appropriately and risks are being allocated to the most effective risk pool. Unlike property insurance, crop insurers are also prone to many secondary perils such as severe droughts, excessive rainfall, wildfires, freezes, hail, and flooding. To minimize its exposure to losses, crop insurers share risk through the FCIC fund selection designation process as well as through third-party reinsurance.

Governance is another potential ESG risk factor, which considers all decision-making matters such as fund designation strategies, policy setting, underwriting, reserving, and claims management. The appropriateness of a crop insurer's reinsurance program also speaks to governance. Setting risk tolerances and risk appetites also falls into this category. Having a complete understanding of the risks taken on, risk aggregation management, and risk mitigation are all important areas considered under governance and enterprise risk management.

Innovation

Innovation is rapidly transforming the crop insurance segment, strengthening the industry's ability to predict, prevent, and respond to agricultural and climate-related risk. Technological advancements in artificial intelligence (AI), data collection, and precision agriculture have led to improved underwriting efficiency, claims processing speed, and loss mitigation. The growth of AI and innovation initiatives will provide significant benefits for both farmers and crop insurers, contributing to the resilience and sustainability of the agricultural sector.

Precision Technology

Farmers are increasingly using precision agriculture techniques to optimize their production. Drones equipped with sensors and cameras can collect high-resolution data on crop health and environmental conditions. In addition, Internet of Things (IoT) sensors deployed in fields, embedded in the soil, and on livestock provide continuous monitoring of environmental conditions and crop and animal health. These technologies help farmers and insurers make faster, informed decisions regarding losses following severe weather events.

Artificial Intelligence

Crop insurers continue to explore AI for the purposes of efficiency gains. USDA/RMA Standards Handbooks are being loaded into leading large language models such as ChatGPT, which are then used to access and distill information. These are especially useful for quickly retrieving relevant guidelines. However, crop insurers are only beginning to scratch the surface of AI's current and prospective capabilities.

Parametric Insurance

Parametric insurance products are triggered based on predefined parameters such as weather conditions or yield indexes, rather than actual losses. These policies streamline the claims process and reduce moral hazard with payouts based on objective data as opposed to individual loss assessments. Their straightforward nature accelerates assistance to farmers while being delivered at a lower administrative expense for crop insurers.

Farm Bill – 2025 Update

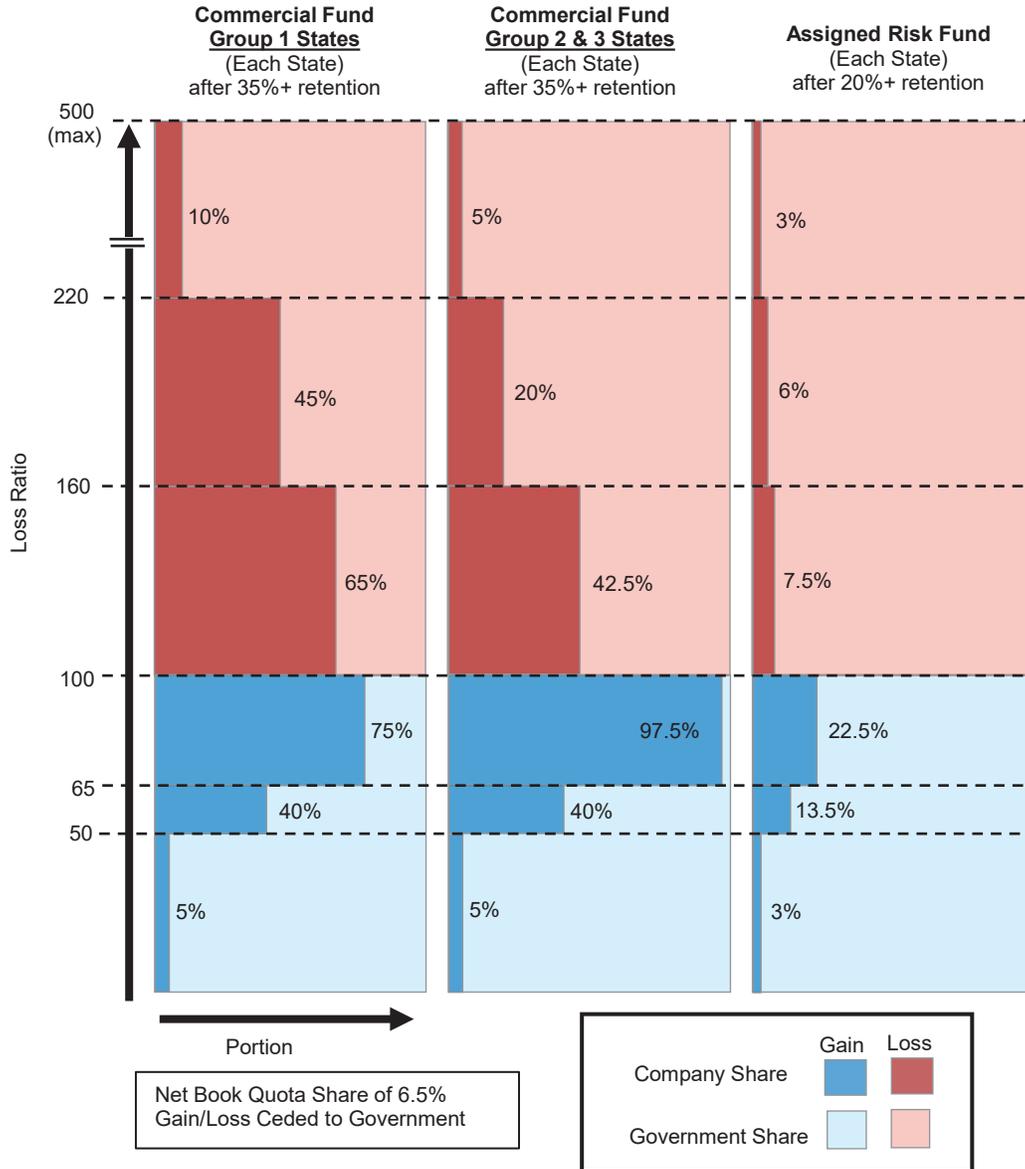
The Farm Bill is a comprehensive piece of legislation covering a wide range of agricultural and food programs, including the authorization of the Federal Crop Insurance Program through the USDA's RMA. A new farm bill is typically passed every five years to address evolving challenges in the agricultural sector, such as more frequent weather disasters, and opportunities, such as emerging specialty crops. The most recent 2018 farm bill was extended through September 30, 2025 for the second straight fiscal year, after initially being scheduled to expire in 2023.

Rather than renewing the 2018 farm bill further or passing a new one, Congress dedicated Title I of H.R.1, the One Big Beautiful Bill Act, as a “skinny” farm bill, reauthorizing and revising many 2018 Farm Bill programs through 2031. The act increases statutory reference prices for the four major crops and other commodities covered under the Agricultural Risk Coverage and Price Loss Coverage programs administered by the USDA's Farm Service Agency. Subtitle E increases certain crop insurance premium subsidies and increases additional premium subsidies available for beginning farmers and ranchers. This subtitle also increases coverage levels for SCO and Whole Farm Revenue Protection policies, increases support for administrative and operating costs incurred by approved crop insurance providers, and increases funds available for program compliance and integrity. A new Poultry Insurance Pilot Program is being developed to provide a safety net for poultry producers. Additional funding will be provided for the Specialty Crop Block Grant Program for fiscal year 2026 and each fiscal year thereafter.

Since H.R.1 was a budget reconciliation package, its scope was restricted to measures impacting federal spending or revenue, so a new farm bill is still necessary to address all farmer needs, such as conservation programs and certain research initiatives. There is still uncertainty as to when the next five-year Farm Bill will be passed due to ongoing deliberations in Congress. While still likely for 2026, this may not be until after the 2026 midterm elections.

Appendix

2025 Standard Reinsurance Agreement Structure



Source: USDA/RMA, AM Best data & research

***Updates to the Report**

The report was updated on July 29, 2025, to reflect updated data in exhibit 6.
The report was updated on August 29, 2025, to reflect a revision to Exhibit 6.

Published by AM Best

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