Board of Minerals and Environment
523 East Capitol Avenue
Pierre, South Dakota 57501-3182
(605)773-3151 Fax: (605)773-4068

Live audio of the meeting is available at http://www.sd.net

AGENDA

Board of Minerals and Environment
Telephone Conference Call Meeting

September 16, 2021
10:00 a.m. Central Time

10:00 a.m. Call to order and roll call

Approval of minutes from August 19, 2021, meeting

Request permission to advertise for a public hearing to consider the Second Round Review of the State Implementation Plan for the Regional Haze Program – Rick Boddicker

Request permission to advertise for a public hearing to ask EPA to revise the department's name in the federal air quality regulations – Kyrik Rombough.

Mining Issues
Consent Calendar – Tom Cline

Release of Liability and Surety for VMC LLC, Exploration Notice of Intent 419 – Roberta Hudson

Exchange of Surety for Wharf Resources (USA) Inc., Permits 450, 356, 434, 435, 464, & 476 – Eric Holm

Spyglass update – Steve Blair

Public comment period in accordance with SDCL 1-25-1

Next meeting

Adjourn

Interested parties who wish to participate in the telephone conference call may do so by contacting Brenda Binegar at (605) 773-3886 no later than 4:00 p.m. Central Time on Wednesday, September 15, 2021.

Interested parties may also participate in person at the Department of Agriculture and Natural Resources Large Conference Room, 523 East Capitol Avenue, Pierre, SD. If you are not feeling well, please stay home and utilize the livestream or call-in information for the meeting. Those attending in person are encouraged to follow appropriate social distancing guidelines.

Notice is given to individuals with disabilities that this meeting is being held in a physically accessible location. Please notify the Department of Agriculture and Natural Resources by calling (605) 773-5559 at least 48 hours prior to the meeting if you have a disability for which special arrangements are required.

The audio recording for this meeting is available on the South Dakota Boards and Commissions Portal at http://boardsandcommissions.sd.gov/Meetings.aspx?BoardID=67

Minutes of the
Board of Minerals and Environment
Telephone Conference Call Meeting
Matthew Environmental Education and Training Center
523 East Capitol Avenue
Pierre, South Dakota

August 19, 2021
10:00 a.m. Central Time

CALL TO ORDER: The meeting was called to order by Chairman Rex Hagg. The roll was called, and a quorum was present.

Chairman Hagg announced that this meeting was streaming live on SD.net, a service of South Dakota Public Broadcasting.

BOARD MEMBERS PRESENT: Rex Hagg, Glenn Blumhardt, Gregg Greenfield, Dennis Landguth, Doyle Karpen, Daryl Englund, Bob Morris, Jessica Peterson, and John Scheetz.

BOARD MEMBER ABSENT: None.

OTHERS PRESENT: Mike Lees, Eric Holm, Tom Cline, and Bret Graves.

ELECTION OF OFFICERS: Motion by Blumhardt, seconded by Morris, to nominate Rex Hagg as chairman.

There were no other nominations.

A roll call vote was taken, and the motion carried unanimously.

Motion by Morris, seconded by Karpen, to nominate Glenn Blumhardt as vice chairman.

There were no other nominations.

A roll call vote was taken, and the motion carried unanimously.

Motion by Englund, seconded by Karpen, to nominate Gregg Greenfield as secretary.

There were no other nominations.

A roll call vote was taken, and the motion carried unanimously.

APPROVAL OF MINUTES FROM MAY 20, 2021 MEETING: Motion by Landguth, seconded by Karpen, to approve the minutes from the May 20, 2021, Board of Minerals and Environment meeting. A roll call vote was taken, and the motion carried unanimously.

MINING ISSUES CONSENT CALENDAR: Prior to the meeting, the board received a table listing the department recommendations for transfer of liability and release of surety, transfers of liability, and releases of liability. (See attachment)

Chairman Hagg asked why the bond amount was reduced from $20,000 to $15,000 in the transfer of liability from Dakota Road Builders, Inc. to Carstensen Contracting, Inc.

Mr. Cline responded that Dakota Road Builders, Inc. has several sites in the state of South Dakota, and only one site is being transferred. Minerals and Mining staff determined that, because of the acreage, a $15,000 surety would be required, and Carstensen Contracting, Inc. opted to go with the $15,000 surety as opposed to the $20,000 statewide surety.

Regarding the transfer of liability and release of surety from Coteau Gravel, LLC to Eastman, Inc. Mr. Morris asked why the amount being released for Coteau Gravel, LLC is $10,000, but the surety amount for Eastman, Inc. is $1,000.

Mr. Cline stated that Coteau Gravel, LLC had mined an area historically, then reclaimed most of the area because they are looking at getting out of the business. Eastman, Inc. wanted a portion left open so they can continue mining, and the $1,000 surety amount is for the two acres or less that was left open.

Motion by Blumhardt, seconded by Peterson, to accept the department recommendations for transfer of liability and release of surety, transfers of liability, and releases of liability, as listed on the consent calendar. A roll call vote was taken, and the motion carried unanimously.

UPDATE ON SPYGLASS CEDAR CREEK, LP: Mike Lees reported that in 2012 Spyglass Cedar Creek, LP shut in 40 natural gas wells in Harding County due to a significant decline in the natural gas market.

In 2018 the department issued a Notice of Violation and petitioned the board to revoke Spyglass' 40 drill permits and order forfeiture of Spyglass' surety. Spyglass intervened in the case and proposed a Consent Agreement between the department and Spyglass stipulating Spyglass would post a bond, but Spyglass did not follow through with posting the bond.

In January 2019 the board approved revocation of the Spyglass permits and forfeiture of its bond, authorized the department to pursue additional enforcement actions, and directed the department to present additional enforcement options at the March 2019 board meeting.

In March 2019 the board directed the Attorney General's Office to file civil suit against Spyglass for the maximum penalty provided under SDCL 45-9, which was $15,494,000. The defendants answered the state's complaint on October 16, 2019, but Spyglass' attorneys subsequently withdrew from the case. As of November 2019, no scheduling order had been issued by the court.

In April 2021 the State filed a motion to amend the complaint. The defendants have not filed a response to that motion, and the court has not yet ruled on it. The Attorney General's office has not been able to contact the defendants regarding their position on the motion or for scheduling purposes.

In July 2019 the board recommended that the department seek a legislative appropriation to pay for plugging the orphaned wells. In 2020 the department brought Senate Bill 17 to the legislature, and the legislature made a special appropriation of $727,000 for plugging orphaned wells.

Between October 2020 and May 2021, twenty-one of the 40 wells were plugged including the two deep wells and all the least financially viable wells. In addition to plugging the wells, the compressor station site was reclaimed. Plugging the 21 wells and reclaiming the compressor site cost the state $301,000.

In January 2021 Highwire Energy Partners, LLC of Evansville, WY leased state minerals associated with 10 of the Spyglass wells and expressed interest in permitting and operating 19 of the Spyglass wells. In response, the department amended the state plugging contract to remove the 19 viable wells from the plugging queue. Highwire Energy Partners has posted a blanket plugging and performance bond and is in the process of procuring mineral leases and permitting the remaining wells.

In response to a question from Mr. Englund, Mr. Lees stated that Highwire Energy Partners, LLC posted a $110,000 bond. The Minerals and Mining Program negotiated the amount of the bond with Highwire Energy, LLC, and that amount covers 11 of the 19 wells they are interested in. Highwire Energy, LLC has agreed to submit an additional $10,000 per well up to $190,000 once they are ready to submit applications for permits for the other wells. Mr. Lees noted that based on the staff's experience with plugging the first 21 wells, that amount would cover the state's expense to plug the wells if Highwire Energy, LLC decided not to continue with production of the wells.

Mr. Morris asked if the 19 remaining wells are all on state-leased land. Mr. Lees answered that not all remaining 19 wells are on state land. Highwire Energy, LLC leased minerals associated with 10 of the wells from the state.

Mr. Morris stated that after plugging the 21 wells, approximately $400,000 is remaining from the $727,000 special appropriation. He asked if the special appropriation funds can be used to plug other orphaned wells that the department has identified.

Mr. Lees stated that the special appropriation was not specific as to which natural gas wells the money can be used for. There is one other oil and gas well, which is located in Fall River County, that may be plugged using that special appropriation. He said that is the only other orphaned well that could possibly benefit from the use of those funds.

Mr. Karpen asked if the forfeited Quartz surety bond was used first to plug the wells, or was the special appropriation used first. Mr. Lees answered that the special appropriation funds were used to plug the 21 Spyglass wells. The $130,000 forfeited Quartz surety is still available for future use. The legislature gave the board and the department authority to use forfeited surety bonds that were not needed to plug a certain well for other oil and gas wells.

In response to a question from Mr. Greenfield, Mr. Lees stated that the special appropriation funds came from the Petroleum Release Compensation Fund, which is under the Department of Agriculture and Natural Resources, and the department has the authority to spend the money to plug orphaned wells. Money from the special appropriation not used to plug orphaned wells at this time will stay in the fund and can be used in the future.

Chairman Hagg asked how long of a timeline Highwire Energy, LLC will have to do something with the other 9 wells it has expressed interest in before the department decides to plug those wells.

Mr. Lees stated that Highwire Energy, LLC partners has communicated their plan to bring one group of wells online in 2021and bring the second group of wells online in the spring of 2022. Highwire Energy, LLC has not completed the permitting on any of the wells yet, but they have submitted the $110,000 surety bond and permit application on seven of the wells with four more pending in the immediate future. The additional eight wells would be permitted sometime late this year or early next year.

Chairman Hagg asked Mr. Lees to request that at the next board meeting the Attorney General's Office report on the status of the motion to amend the complaint and Spyglass' failure to respond. Mr. Lees indicated he will ask Steve Blair, Assistant Attorney General, to report to the board at its next meeting.

PUBLIC COMMENT PERIOD IN ACCORDANCE WITH SDCL 1-25-1: There were no public comments.

NEXT MEETING: The next meeting is scheduled for September 16, 2021.

ADJOURN: Motion by Englund, seconded by Greenfield, to adjourn the meeting. A roll call vote was taken, and the motion carried unanimously.

Secretary	Date	Witness	Date

Consent Calendar
South Dakota Board of Minerals & Environment

August 19, 2021

License Holder	License No.	Site No.	Surety Amount	Surety Company or Bank	DENR Recommendation
Transfer of Liability & Release of Surety:					
Coteau Gravel, LLC Sisseton, SD	09-888		$10,000	Dacotah Bank, Sisseton	Transfer liability and release $10,000.
		888001	NE1/4 Section 30; T126N-R49W, Roberts County		
Transfer to:					
Eastman Inc. Browns Valley, MN	21-1093		$1,000	Dacotah Bank, Sisseton	
Transfers of Liability:					
Central Specialties Inc. Alexandria, MN	02-733		$20,000	Ohio Farmers Insurance Company	Transfer liability.
		733003	NW1/4 Section 35; T129N-R54W, Marshall County		
Transfer to:					
Carlson Crushing & Excavating, LLC Britton, SD	10-904		$20,000	Norstar Federal Credit Union, Britton	

Consent Calendar
South Dakota Board of Minerals & Environment

August 19, 2021

License Holder	License No.	Site No.	Surety Amount	Surety Company or Bank	DENR Recommendation
Transfers of Liability:					
Dakota Road Builders, Inc. Slayton, MN	83-240		$20,000	Western Surety Company	Transfer liability.
		240003	N1/2 NW1/4 Section 23 & SE1/4 SW1/4 Section 14; T106N-R49W, Moody County		
Transfer to:					
Carstensen Contracting Inc. Dell Rapids, SD	21-1096		$15,000	Western Surety Company	
Fisher Sand & Gravel Company Dickinson, ND	83-54		$20,000	Liberty Mutual Insurance Company	Transfer liability.
		54051	SE1/4 Section 5 & S1/2 Section 4; T102N-R59W, Hanson County		
Transfer to:					
Dakota Constructors Inc. Harrisburg, SD	21-1090		$20,000	Granite RE, Inc.	

Consent Calendar
South Dakota Board of Minerals & Environment

August 19, 2021

License Holder	License No.	Site No.	Surety Amount	Surety Company or Bank	DENR Recommendation
Transfers of Liability:					
Skeide Graveling Webster, SD	83-13		$20,000	Dacotah Bank, Webster	Transfer liability.
		13007	NE1/4 Section 13; T122N-R53W, Day County		
Transfer to:					
Webster Scale, Inc. Webster, SD	03-766		$20,000	AMCO Insurance Company	
Perkins County Highway Department Bison, SD	83-91		EXEMPT	NA	Transfer liability.
		91030	SW1/4 Section 35; T17N-R15E, Perkins County		
Transfer to:					
Darlene Kelly Faith, SD	21-1095		$1,000	First National Bank, Faith	
Releases of Liability:					
Asphalt Paving & Materials Company Huron, SD	83-159		$20,000	United Fire & Casualty Company	Release liability.
		159029	SW1/4 Section 22; T108N-R63W, Jerauld County		

Consent Calendar
South Dakota Board of Minerals & Environment

August 19, 2021

License Holder	License No.	Site No.	Surety Amount	Surety Company or Bank	DENR Recommendation
Releases of Liability:					
B & B Contracting Inc. Aberdeen, SD	01-716		$20,000	North American Specialty Insurance Company	Release liability.
		716003	E1/2 Section 7; T120N-R65W, Spink County		
Bowes Construction, Inc. Brookings, SD	83-164		$20,000	Hudson Insurance Company	Release liability.
		164016	SE1/4 Section 6; T109N-R49W, Brookings County		
Crusher Investment Company Sioux Falls, SD	83-24		$20,000	North American Specialty Insurance Company	Release liability.
		24006	NW1/4 NE1/4 Section 36, E1/2 SE1/4 Section 26, & W1/2 SW1/4 Section 25; T102N-R49W, Minnehaha County		
Jensen Rock & Sand Inc. Mobridge, SD	83-112		$20,000	New Hampshire Insurance Company	Release liability.
		112030	E1/2 Section 36; T122N-R74W, Walworth County		

Consent Calendar
South Dakota Board of Minerals & Environment

August 19, 2021

License Holder	License No.	Site No.	Surety Amount	Surety Company or Bank	DENR Recommendation
Releases of Liability:					
Vickie Kitchell Ipswich, SD	09-879		$11,500	First State Bank of Roscoe	Release liability.
		879002	NW1/4 Section 23; T122N-R67W, Edmunds County		
Oban Construction LLC Ipswich, SD	83-35		$20,000	Sun Surety Insurance Company	Release liability.
		35012	NE1/4 Section 10; T117N-R68W, Faulk County		
SD Game, Fish, & Parks Pierre, SD	19-1058		EXEMPT	NA	Release liability.
		1058001	NW1/4 Section 32; T98N-R57W, Hutchinson County		
Hughes County Highway Department Pierre, SD	83-31		EXEMPT	NA	Release liability.
		31020	W1/2 SE1/4 Section 21; T108N-R75W, Hughes County		

Consent Calendar
South Dakota Board of Minerals & Environment

August 19, 2021

License Holder	License No.	Site No.	Surety Amount	Surety Company or Bank	DENR Recommendation
Releases of Liability:					
McCook County Highway Department Salem, SD	83-157		EXEMPT	NA	Release liability.
		157010	NW1/4 Section 11; T104N-R55W, McCook County		
		157013	SW1/4 NW1/4 & SW1/4 Section 22; T103N-R55W, McCook County		
Moody County Highway Department Flandreau, SD	83-182		EXEMPT	NA	Release liability.
		182008	SE1/4 Section 9; T105N-R51W, Lake County		
Spink County Highway Department Redfield, SD	83-115		EXEMPT	NA	Release liability.
		115018	SE1/4 Section 10; T116N-R67W, Hand County		

Consent Calendar
South Dakota Board of Minerals & Environment

September 16, 2021

License Holder	License No.	Site No.	Surety Amount	Surety Company or Bank	DENR Recommendation
Transfer of Liability and Release of Surety:					
Larry G. Hansen Hayti, SD	10-909		$1,000	Reliabank Dakota, Hayti	Transfer liability and release $1,000.
		909001	SW1/4 Section 21; T114N-R53W, Hamlin County		
Transfer to:					
Basin Construction & Drain Tile, LLC Hayti, SD	14-978		$20,000	Merchants Bonding Company	
Transfer of Liability:					
Lloyd Priebe & Sons Construction Chamberlain, SD	83-143		$20,000	Merchants Bonding Company	Transfer liability.
		143016	NW1/4 & N1/2 SW1/4 Section 14; T105N-R68W, Brule County		
Transfer to:					
Brian Havlik Kimball, SD	20-1084		$1,000 $5,000	Farmers & Merchants State Bank, White Lake First Dakota National Bank, Kimball	

Consent Calendar
South Dakota Board of Minerals & Environment

September 16, 2021

License Holder	License No.	Site No.	Surety Amount	Surety Company or Bank	DENR Recommendation
Release of Liability:					
Atteberry Construction Inc. Colome, SD	97-617		$20,000	First Fidelity Bank, Colome	Release liability.
		617006	SE1/4 Section 33; T101N-R73W, Lyman County		
		617008	NE1/4 Section 2; T98N-R78W, Tripp County		
B & B Contracting Inc. Aberdeen, SD	01-716		$20,000	North American Specialty Insurance Company	Release liability.
		716003	E1/2 Section 7; T120N-R65W, Spink County		
Brownlee Construction Inc. Watertown, SD	89-393		$20,000	United Fire & Casualty Company	Release liability.
		393028	Section 26; T110N-R56W, Kingsbury County		
Matthaei Excavating Inc. Canistota, SD	04-786		$5,026	First National Bank, Sioux Falls	Release liability.
		786001	SE1/4 Section 1; T102N-R54W, McCook County		

Consent Calendar
South Dakota Board of Minerals & Environment

September 16, 2021

License Holder	License No.	Site No.	Surety Amount	Surety Company or Bank	DENR Recommendation
Release of Liability:					
Midland Contracting Inc. Huron, SD	03-768		$20,000	Western Surety	Release liability.
		768012	NW1/4 Section 19; T115N-R64W, Spink County		
Rechnagel Construction Inc. Hurley, SD	83-135		$20,000	United Fire & Casualty Company	Release liability.
		135028	NE1/4 & NW1/4 Section 15; T99N-R53W, Turner County		
Clark County Highway Department Clark, SD	83-150		EXEMPT	NA	Release liability.
		150014	N1/2 Section 10; T118N-R58W, Clark County		

South Dakota Board of Minerals & Environment

September 16, 2021

Permit Holder	Permit No.	Surety Amount	Surety Company or Bank	DENR Recommendation
Release of Liability and Surety for VMC LLC:				
VMC LLC Steamboat Springs, CO	EXNI-419	$20,000	First Interstate Bank, Spearfish	Release liability and Irrevocable Letter of Credit No. 255, First Interstate Bank, Spearfish, in the amount of $20,000.
		Portions of Sections 28, 29, 30, 31, & 32; T5N-R2E; Lawrence County		
Exchange of Surety for Wharf Resources (USA) Inc. – Permit 450 Post Closure Financial Assurance:				
Wharf Resources (USA) Inc. Lead, SD	450	$1,767,077	Aspen American Insurance Company	Exchange Aspen American Insurance Company, Bond No. SU53944, for United States Fire Insurance Company, Bond No. 612408649, in the amount of $1,767,077.
Exchange of Surety for Wharf Resources (USA) Inc. – Permits 356, 434, 435, 464, & 476 Post Closure Financial Assurance:				
Wharf Resources (USA) Inc. Lead, SD	356, 434, 435, 464, & 476	$26,800,000	Aspen American Insurance Company	Exchange Aspen American Insurance Company, Bond No. SU53942, for United States Fire Insurance Company, Bond No. 612408648, in the amount of $26,800,000.

September 16, 2021

Permit Holder	Permit No.	Surety Amount	Surety Company or Bank	DENR Recommendation
Exchange of Surety for Wharf Resources (USA) Inc. – Permits 356, 434, 435, 464, & 476 Financial Assurance:				
Wharf Resources (USA) Inc. Lead, SD	356, 434, 435, 464, & 476	$731,300	Aspen American Insurance Company	Exchange Aspen American Insurance Company, Bond No. SU27832, for United States Fire Insurance Company, Bond No. 612408650, in the amount of $731,300.
Exchange of Surety for Wharf Resources (USA) Inc. – Permits 356, 434, 435, 464, & 476 Reclamation Bond:				
Wharf Resources (USA) Inc. Lead, SD	356, 434, 435, 464, & 476	$8,000,000	Aspen American Insurance Company	Exchange Aspen American Insurance Company, Bond No. SU27833, for United States Fire Insurance Company, Bond No. 612408651, in the amount of $8,000,000.

CRUM & FORSTER®
A FAIRFAX COMPANY
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Amynta Group Acquires the Surety Operations of Aspen Insurance

July 16, 2020

Amynta Group Partners with Crum & Forster on Surety Business

NEW YORK, NY – July 16, 2020 — Amynta Group, a leading insurance services provider of property & casualty and warranty protection products and services, has acquired the surety operations of Aspen Insurance, the Insurance Segment of Aspen Insurance Holdings Limited. The business will now operate as Amynta Surety Solutions. As part of the transaction, Amynta has entered into a strategic partnership with Crum & Forster, a leading national property and casualty insurance company and wholly owned subsidiary of Fairfax Financial, whereby Crum & Forster will provide the underwriting capacity for the business and assume Aspen's in-force surety portfolio. Amynta Surety Solutions will be the exclusive writer of large commercial surety bonds for Crum & Forster.

Formed in 2011, Amynta Surety Solutions offers unparalleled underwriting expertise across the commercial surety market. The company focuses on the Fortune 1000 market, large private account business and specialty market niches where risk selection and loss mitigation are critical. Amynta Surety Solutions will be headquartered in Glastonbury, CT, and will continue under the leadership of Michael Toppi, Chief Executive Officer of Amynta Surety Solutions.
"We are very excited to welcome Michael Toppi and the entire surety team to Amynta, forming the foundation of our surety practice. The business brings a well-established surety team with a proven underwriting track record and culture of delivering creative solutions for clients," said Robert Giammarco, Chairman and CEO of Amynta Group. "We are thrilled to be partnering with Crum & Forster to support the growth of Amynta Surety Solutions. Crum & Forster has a strong surety practice and offers excellent security to our clients."

"The team and I are excited about the opportunities ahead with Amytna. This transaction provides us with a great opportunity to continue delivering innovative solutions and the highest quality of service to our broker partners and clients with the support of Crum & Forster, our "A" rated carrier partner," said Michael Toppi, Chief Executive Officer of Amynta Surety Solutions.
Aspen Chairman and CEO, Mark Cloutier, said "We are pleased to have reached this agreement with Amynta and Crum & Forster. As we continue to seek ways to achieve our long-term value creation objectives through actions including reviewing our product set, reducing complexity and improving efficiency, we always strive to solve for the needs of our trading partners and our people. Our surety business has enjoyed strong underwriting performance and delivered profits to Aspen, creating strong valuation in a competitive marketplace that includes a quota share arrangement as part of our ongoing relationship. This agreement facilitates continuity for both our clients and colleagues with a strong partnership in place that is focused on strategic growth, which was a key consideration in our decision. More than that, this agreement creates a lasting trading relationship of shared benefit and value-add for all three organizations involved."

“We look forward to the long-term opportunities anticipated from this strategic partnership with Amynta. The team’s expertise and respected reputation in the commercial surety space are keys to its success, and we are proud to support the growth of this operation,” said Anthony Slimowicz, COO and Division President at Crum & Forster.

Paul, Weiss, Rifkind, Wharton & Garrison LLP served as legal counsel to Amynta. GC Securities, a division of MMC Securities LLC, served as financial advisor to Aspen and Morgan, Lewis & Bockius LLP served as legal counsel.

About Amynta

Amynta Group is a premier insurance services company with more than $3.5 billion in managed premium and 2,000 associates across North America, Europe, and Australia. An independent, customer-centered and underwriting-focused company, Amynta serves leading carriers, wholesalers, retail agencies, auto dealers, OEMs, and consumer product retailers with innovative insurance and warranty protection solutions. Amynta operates through three segments: Managing General Agencies; Warranty, including automotive, consumer and specialty equipment; and Specialty Risk Services. For more information, please visit amyntagroup.com.

About Aspen Insurance Holdings Limited

Aspen provides reinsurance and insurance coverage to clients in various domestic and global markets through wholly-owned subsidiaries and offices in Australia, Bermuda, Canada, Singapore, Switzerland, the United Kingdom and the United States. For the year ended December 31, 2019, Aspen reported $12.6 billion in total assets, $7.0 billion in gross reserves, $2.7 billion in total shareholders’ equity and $3.4 billion in gross written premiums. Aspen’s operating subsidiaries have been assigned a rating of “A-” by Standard & Poor’s Financial Services LLC, an “A” (“Excellent”) by A.M. Best Company Inc. and an “A2” by Moody’s Investors Service, Inc. For more information about Aspen, please visit www.aspen.co.

About Crum & Forster

Crum & Forster is a leading national property and casualty insurer, providing specialty insurance products through its admitted and surplus lines insurance companies. Founded in 1822, Crum & Forster is one of the oldest U.S. insurance companies, and today has more than 2400 employees across the country conducting business through a network of independent agents, brokers and wholesalers. Crum & Forster had $2.8 billion in gross written premium in 2019 and is rated "A" Excellent by A.M. Best. United States Fire Insurance Company (one of Crum & Forster's admitted companies) has a 2020 U.S. Treasury listing of $125.9 million. For more information about Crum & Forster, please visit www.cfins.com.

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S&P Global
Ratings

RatingsDirect®

Fairfax Financial Holdings Ltd.

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Table Of Contents

Fairfax Financial Holdings Ltd.

Anchor	a-
Business Risk	**Strong**
Competitive position	Strong
IICRA	Intermediate
Financial Risk	**Satisfactory**
Capital and earnings	Strong
Risk exposure	Moderately high
Funding structure	Neutral

+

Modifiers	0
Governance	Neutral
Liquidity	Adequate
Comparable ratings analysis	0

=

SACP	a-

+

Support	**0**
Group support	0
Government support	0

=

Holding company ICR
BBB-/Positive/--

IICRA--Insurance Industry And Country Risk Assessment.
SACP--Stand-alone credit profile.

Credit Highlights

Fairfax Financial Holdings Ltd.'s (TSX:FFH; Fairfax) credit profile benefits from the company's large and diversified re/insurance operations that are well established in their respective markets. These operations are well positioned to take advantage of the hardening rate environment, which should add to the prospective underwriting earnings. For first-quarter 2021, gross premiums written (GPW) rose 17.3% year-over-year, helped by significant price increases in most of Fairfax's major business segments and new business writings. For the same period, the company reported a combined ratio of 96.0% (excluding run-off and corporate expenses), which includes 5.7 points impact from catastrophe losses and 0.5 points from COVID-19-related losses. A potentially improving investment earnings profile could further add to operating earnings strength, although it is tempered by market volatility and interest rate environment, and Fairfax's investment positioning. We expect net earnings to improve year-over-year helped by higher underwriting earnings, investment gains, and higher non-insurance earnings benefitting from the economic recovery.

Risk-adjusted capitalization could improve but would require capital management initiatives, raising execution risks. We expect Fairfax's prospective capitalization to improve such that it is redundant at an 'A' confidence level by the end of 2021 and through 2023. We anticipate expansion of operating earnings and capital management initiatives to help build capital through our outlook period. We also expect financial leverage and coverage ratios will progressively improve. However, market and execution risk exists, which could keep the capitalization and funding structure assessments toward the lower end of our range.

Active investment management with a higher proportion of riskier assets heightens volatility risk. The proportion of riskier investments in the company's investment portfolio, at 37.7% as of Dec. 31, 2020, is higher than the sector average. An active approach to investments focused on generating long-term gains leads to higher volatility, as demonstrated by large gains and losses in the portfolio. For first-quarter 2021, Fairfax recorded $842 million of investment gains compared with $1.5 billion of investment losses for first-quarter 2020, which had a significant impact on its capital position. The company continues to adjust the investment mix to take advantage of more opportune market conditions. In addition, Fairfax's efforts to monetize some assets could add to earnings and provide capital relief.

We consider a large transformative acquisition unlikely in the near term, considering the company's focus on leveraging market opportunities and maintaining capital strength. We believe Fairfax will focus on organic growth, taking advantage of an improving pricing environment, strengthening its combined re/insurance operations including initiatives at the group level, redeploying investments, and managing its balance sheet, in particular its capital position, financial leverage, and coverage metrics. The minority sale of Brit Ltd. to OMERS Administration Corp. and the sale of Riverstone Barbados provide additional capital, which could help with capitalization and reduce leverage. We expect, along with improving earnings, progressive improvement in the company's fixed-charge coverage.

Outlook: Positive

The positive outlook reflects our expectation of strengthening in Fairfax's competitive position supported by operating earnings expansion, improving capitalization supporting robust growth, and a moderating financial leverage profile.

Upside scenario

We could raise our ratings on Fairfax within the next 12-24 months if:

- Capitalization improves sustainably to a level that is redundant at the 'A' confidence level;
- Financial leverage (excluding nonrecourse debt held at non-insurance operations) improves to below 35% (consolidated ratio less than 40%);
- The company's fixed-charge coverage ratio increases to comfortably above 4x; and
- Fairfax's diverse insurance operations continue to leverage market opportunities, with sustained operating performance in line with that of higher-rated peers.

Downside scenario

We could revise our outlook to stable and affirm the ratings in the next 12-24 months if the anticipated improvement in capitalization or debt profile doesn't materialize to the extent expected.

We could lower the ratings in the next 24 months if, contrary to our expectations:

- Capitalization is not redundant at the 'A' confidence level;
- Financial leverage (excluding nonrecourse debt held at non-insurance operations) is materially above 35% (consolidated ratio above 40%);
- Fixed-charge coverage is below 4x on a sustained basis; or
- The volatility profile changes due to an increase in risk tolerance or shifts in investment or business mix, resulting in higher risk exposure.

Key Assumptions

- Real U.S. GDP growth of 6.5% in 2021, 3.1% in 2022, and 1.7% in 2023
- Real Canada GDP growth of 5.5% in 2021, 2.4% in 2022, and 2.8% in 2023
- Real eurozone GDP growth of 4.8% in 2021, 3.9% in 2022, and 2.2% in 2023
- 10-year U.S. Treasury note yield of 1.7% in 2021, 2.2% in 2022, and 2.4% in 2023
- 10-year Canadian government yield of 1.7% in 2021, 2.0% in 2022, and 2.3% in 2023
- U.S. core Consumer Price Index of 2.1% in 2021, 2.2% in 2022, and 2.2% in 2023
- Canadian core Consumer Price Index of 2.0% in 2021, 1.9% in 2022, and 1.9% in 2023
- Stable sector outlook for U.S. property and casualty (P/C) insurers and negative sector outlook for global P/C reinsurers

Key Metrics

(Mil. $)	2023F	2022F	2021F	2020	2019	2018	2017	2016
Gross premiums written (GPW)	**	**	**	19,126.0	17,511.0	15,528.0	12,208.0	9,534.0
Change in GPW (%)	Mid single digit	Mid-to-high single digit	Low-double digits	9.2	13.0	27.0	28.0	10.2
P/C net combined ratio* (%)	93-96	93-96	94-97	98.9	97.9	98.8	108.0	93.5
Net impact of natural catastrophe losses on the P/C combined ratio (percentage points)	about 4.0	about 4.0	about 6.0	4.7	4.0	6.5	13.7	4.6
Net income before minority interest	1,700-1,800	1,600-1,700	1,175-1,275	37.4	1,971.2	817.9	1,614.9	(394.7)
Consolidated return on shareholders' equity (%)	High single digit-to-low double digit	High single digit-to-low double digit	High single digit	0.2	11.2	4.6	10.7	(3.3)
Consolidated return on revenue§ (%)	High single digit-to-low double digit	High single digit-to-low double digit	High single digit	2.1	5.0	5.9	(0.5)	8.9
S&P Global Ratings' risk-adjusted capital adequacy | redundant/(deficient) at the 'A' confidence level† (%)	0-5	0-5	0-5	(5)-(10)	(0)-(5)	**	**	**
Financial leverage (including operating leases and pension deficits) (%)	Less than 40	Less than 40	Around 40	42.3	38.4	36.6	34.1	39.9
Financial leverage (excluding nonrecourse debt and financial obligations at non-insurance operations) (%)	30-35	30-35	Around 35	37.6	33.0	33.9	**	**
Consolidated fixed-charge coverage (x)	Greater than 4x	Greater than 4x	Around 4x	2.2	3.1	2.9	0.5	3.2

F--Forecast. Forecast data reflect S&P Global Ratings' base-case scenario. *Excluding run-off segment and including certain allocated corporate expenses. The allocated expenses added about 1 point to the combined ratio in 2020. §Excludes investment gains/losses. †Includes modest share-repurchases of $100 million-$150 million **Not disclosed.

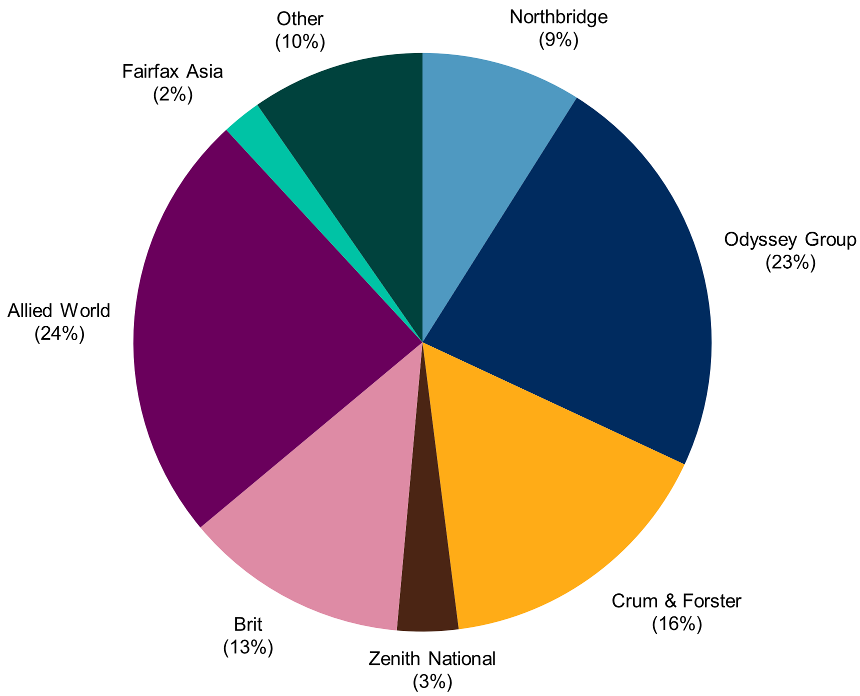
Company Description

Fairfax is an insurance holding company domiciled in Canada with diversified holdings in re/insurance businesses. In addition, it holds controlling or material interests in non-insurance operations. Its key subsidiaries/operating segments are:

- Allied World, based in Bermuda, provides global P/C and specialty re/insurance solutions and has a presence at Lloyd's of London.
- Brit, based in the U.K., is a specialty insurer and reinsurer. It is the second-largest syndicate at Lloyd's of London.
- Crum & Forster is a U.S.-based commercial P/C insurer operating nationally.
- Northbridge Financial is one of the largest commercial P/C insurers in Canada.
- Odyssey Group underwrites treaty and facultative reinsurance globally and specialty insurance primarily in the U.S. and in the U.K. (direct and through Lloyd's of London). As of 2020, its GPW was evenly split between reinsurance and insurance, with U.S. business constituting about two-thirds of its business.
- Fairfax Asia consists of several insurance subsidiaries in Asian countries such as Hong Kong, Malaysia, Indonesia, and Sri Lanka.
- Insurance and Reinsurance – Other consists of several insurance companies in Central and Eastern Europe, Latin America, and South Africa. In addition, it comprises captive reinsurers, collectively known as Group Re, primarily providing reinsurance to Fairfax's subsidiaries.
- The Resolution Group manages run-off businesses in the U.S. under the Riverstone brand.
- Zenith is primarily engaged in the U.S. workers' compensation insurance business.
- Fairfax India Holdings is an investment holding company listed on Toronto Stock Exchange focusing on long-term capital appreciation through investments in India.

Chart 1

Fairfax Financial Holdings Ltd. -- 2020 Gross Premiums Written By Operating Segments



Source: Company reports. Note: Excluding inter-company and run-off premiums.

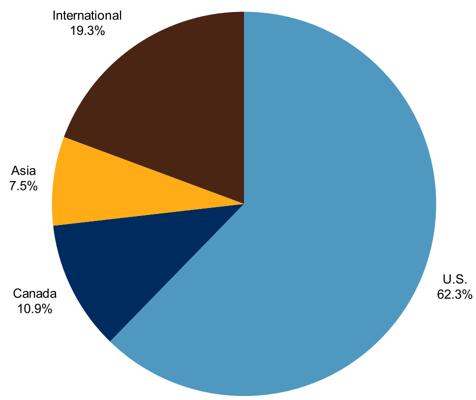
Business Risk Profile: Strong

Fairfax's large diversified re/insurance operations, with an expanding market presence and an improving earnings profile, support its competitive position, which is at the higher end of the current assessment.

Fairfax owns a number of strong re/insurance operating companies through which the group is a large player in the global re/insurance markets with a broad product offering that caters to a wide range of insurance and reinsurance market segments. As of 2020, insurance and reinsurance constituted about 75% and 25%, respectively of its GPW. Over the years, Fairfax has expanded its insurance operations through acquisitions, with each acquired entity operating independently. With GPW of $19 billion in 2020, Fairfax is one of the larger North American insurers, is the sixth largest excess and surplus player in the U.S. (as per S&P Market Intelligence), has a significant presence in the Lloyd's of London market, is one of the top 20 global reinsurers (S&P Global Reinsurance Highlights 2020), and is one of the leading players in the Canadian commercial lines market. Due to a decentralized approach, there is not as much focus on revenue, expense, or operational synergies, although in the past few years the group has been working on ways to increase coordination among its subsidiaries, align support functions, and leverage groupwide capabilities.

Chart 2

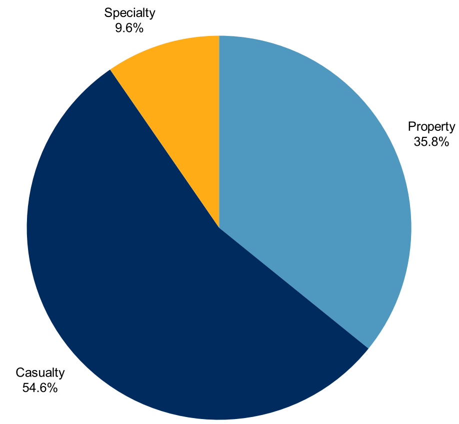
Fairfax Financial Holdings Ltd. -- Geographic Distribution
2020 Gross Premiums Written



Source: Company Reports

Chart 3

Fairfax Financial Holdings Ltd. -- Business Line Distribution
2020 Gross Premiums Written



Source: Company reports.

In the past couple of years, Fairfax's insurance operations have significantly grown as they leveraged market opportunities benefitting from dislocation and rate strengthening in both the commercial insurance and global reinsurance businesses. As a result, the company's 2020 GPW (excluding run-off) increased about 12% from 2019 to $19 billion. Furthermore, we expect the re/insurance rate environment to remain firm into 2022, which should further spur opportunities. This is highlighted by the first-quarter 2021 growth rate of 17% from the previous year period. We expect the premium growth (excluding run-off) to be robust over the next few years.

Fairfax's combined ratio for 2020 was 98.9% (including corporate expenses and excluding run-off; 97.8% as reported) despite large COVID-19 pandemic-related losses (contributing 4.8 points to the combined ratio) and an active catastrophe year (4.7 points). The accident year loss ratio excluding catastrophes and pandemic losses was significantly better than in previous years, in part helped by rate increases. Most of the $669 million of COVID-19-related losses were from Brit ($270 million), Odyssey ($140 million), and Allied World ($113 million). The majority of these losses relate to international business interruption (35%) and event cancellation (34%), and incurred but not reported (IBNR) losses constitute 51% of total losses. We believe the COVID-19-related losses are manageable for the company. These companies also took 80% of total catastrophe losses of $644 million. Despite material pandemic and catastrophe losses, Odyssey and Allied World performed well compared with peers although Brit reported underwriting losses due to a 25 point hit to its combined ratio from these combined events.

The combined ratio of 97.0% (96% as reported) for first-quarter 2021 was affected by U.S. winter storms, although pandemic-related losses were much lower and the attritional loss ratio improved year over year but remained in line with that of full-year 2020. Fairfax's interest and dividend income dropped by 12.6% to $769 million in 2020 from 2019, a trend that continued in first-quarter 2021 due to low interest rates. Interest income has been lower historically due to a high proportion of cash, short-duration bond portfolio, and equities.

In the past few years, underwriting performance has been good, with a five-year (2016-2020) average combined ratio of approximately 99.4% (excluding the run-off segment but including certain corporate expenses; 98.2% as reported). This was in line with or better than that of peers as pandemic losses and an active catastrophe year kept combined ratios for the commercial carriers and reinsurers elevated. Over the same time, U.S. commercial lines insurers' average U.S. statutory combined ratio was 100.5% and Bermudian re/insurers reported an average generally accepted accounting principles (GAAP) combined ratio of 100.6%.

Table 1

Fairfax Financial Holdings Ltd. -- Operating Segment Combined Ratio (As Reported)

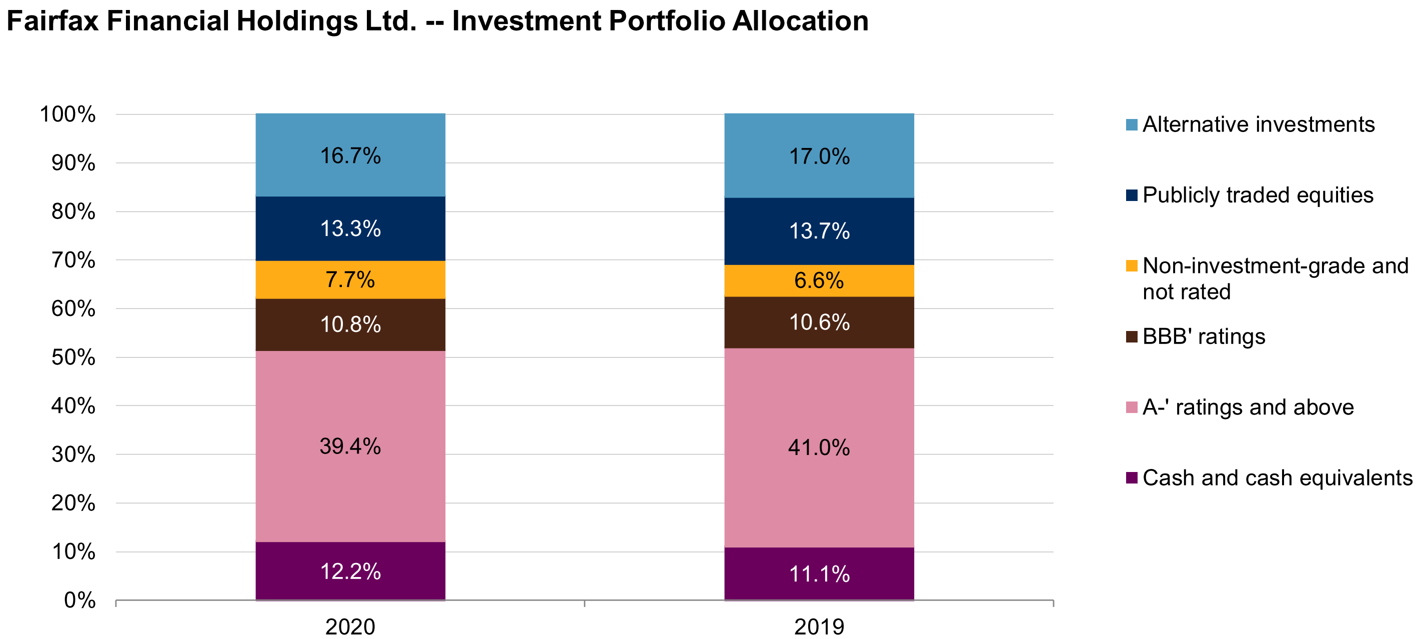
(%)	1Q-2021 YTD	1Q-2020 YTD	2020	2019	2018	2017	2016
Fairfax consolidated*	96.0	96.8	97.8	96.9	97.3	106.6	92.5
Northbridge	87.0	96.5	92.4	96.2	95.8	99.1	94.9
Odyssey Group	98.8	98.5	94.7	97.2	93.4	97.4	88.7
Crum & Forster	99.3	97.4	97.5	97.6	98.3	99.8	98.2
Zenith National	88.1	87.9	91.9	85.2	82.6	85.6	79.7
Brit	98.4	99.2	114.0	96.9	105.2	113.1	97.9
Allied World§	94.2	94.3	95.4	97.5	98.1	157.0	N/A
Fairfax Asia	94.0	102.7	96.8	97.0	99.8	88.3	86.4
Other	97.9	97.4	99.5	101.7	104.6	110.2	93.7

*Excluding run-off segment. §Allied World is included in the company's financial reporting with effect from July 6, 2017. N/A--Not applicable. YTD -- Year-to-date.

Financial Risk Profile: Satisfactory

We expect Fairfax's prospective capitalization to improve such that it is redundant at an 'A' confidence level by the end of 2021 and through 2023. We anticipate expansion of operating earnings, both underwriting and investment, along with capital management initiatives (including asset monetization) to help build capital through our outlook period, which should support the company's business growth. Fairfax's sale of its 14% stake in Brit to OMERS and the Riverstone Barbados sale (both expected to close later this year) help improve the company's risk-adjusted capitalization and reduce leverage. Fairfax has refinanced a few issuances with lower coupon debt. In addition, we anticipate paydown of certain outstanding debt instruments and of the remaining $500 million outstanding under the company's credit facility as of first-quarter 2021 will reduce debt below 2020 levels. As a result, we expect financial leverage and coverage ratios will progressively improve. However, there is market and execution risk, which could keep the capitalization and funding structure assessments toward the lower end of our range.

Chart 4



Source: Company reports.

Fairfax's capital and earnings are exposed to volatility from the company's investments as well as from exposure to property-catastrophe (primarily from Allied World, Brit, and Odyssey), and long-tail casualty business.

The company's focus on total returns underlies a large allocation to higher-risk assets, which leads to uneven returns. Of the company's consolidated investment portfolio of $43 billion as of Dec. 31, 2020, about 37.7% was composed of non-investment-grade bonds and mortgages, and public and private equities, which is at the higher end of its peer group. At the same time, Fairfax has held a higher proportion of cash and short-duration bond portfolio over the past few years, awaiting better opportunities. However, it is well placed to deploy its assets in an increasing interest-rate environment. Also, considering high equity market valuations, we anticipate some gain harvesting. Therefore, investment earnings could expand as the company repositions its investment portfolio, although the redeployment is subject to economic and market conditions.

We deem Fairfax's property catastrophe net exposure to be at the lower end of the range of the global reinsurers cohort. In the past five years (2016-2020), catastrophe losses on average contributed 6.7 points to the combined ratio, which is lower than the average catastrophe losses experience of global reinsurance peers (based on S&P Global Ratings' cohort of the top 20 global reinsurers). We believe Fairfax's reserving practices are prudent and that its claims reserves related to its ongoing business are adequate. The company has a consistent track record of reserve releases, and favorable reserve development benefitted the combined ratio by 5.5 percentage points on average over 2016-2020 but has been declining in the past few years. The favorable development in its re/insurance segments is also partially offset by adverse development in its run-off operations, primarily due to asbestos-related claims. The run-off segment manages Fairfax's legacy reserves as well as acquiring run-off portfolios from the market. With the sale of its European run-off business (Riverstone Barbados), the exposure to run-off portfolios has reduced. Run-off business and long-tail business, such as workers' compensation and certain liability lines, can expose reserves to volatility (IBNR reserves were about 58.9% of net carried reserves as of year-end 2020).

The expanding market presence of Fairfax's insurance operations, disciplined underwriting, and rate increases are likely to drive gains in underwriting earnings over next few years along with an anticipated increase in investment income. In addition, a recovering global economy, although to varying degrees, provides uplift for the company's non-insurance operations. We expect the premium growth (excluding run-off) to be low-double digits in 2021 and mid-to-high single digits in 2022-2023. We expect Fairfax's combined ratio (including corporate expenses and excluding run-off) to improve to 94%-97% for 2021, accounting for first-quarter winter storm losses, and additional pandemic-related losses, and about 93%-96% for 2022-2023. Furthermore, we expect financial leverage (excluding nonrecourse debt held at non-insurance operations) to progressively improve to below 35% (consolidated ratio below 40%) over 2021-2023 and for fixed-charge coverage to improve above 4x.

Other Assessments

Governance

The group combines disciplined underwriting with a total return value-investing strategy. The investments are managed at the group level whereas the insurance subsidiaries operate on a decentralized basis, which allows individual operations a fair bit of flexibility to execute strategies they view as optimal for their respective markets without any pressure of managing the top line. Due to the decentralized nature, the enterprise risk management is distributed as well, and group level capabilities are not as developed as those of similar large groups. The group defines groupwide risk tolerance/appetite, aggregation of certain risks, and oversight functions, whereas risk management and controls, with the exception of investments, are primarily handled at operating groups and are well developed at major insurance subsidiaries, although the degree of sophistication may vary depending on the nature of business (for example, Odyssey Group, Allied World, and Brit have more evolved risk management practices). The investment risk appetite is also higher than that of peers.

Liquidity

We consider Fairfax's liquidity to be adequate as a result of substantial cash and short-term investments of about $15 billion (excluding Fairfax India) as of first-quarter 2021. This is further bolstered by investment-grade fixed income and public equities, although some of the equity investments, including those held in Fairfax India, might lack liquidity. The holding company had about $1.1 billion in investments (excluding derivatives and pledged assets), providing a buffer against any disruption in the dividend flow from its subsidiaries. The liquidity profile is further supported by a $2 billion unsecured credit facility, which Fairfax drew down in April 2020 as a cautionary measure; about $500 million remains drawn as of first-quarter 2021.

Other Key Credit Considerations

Factors specific to the holding company

Canadian holding company dependence on dividends from insurance operating subsidiaries that are predominantly U.S. based, where structural subordination is higher, leads to a three-notch differential between our long-term operating company ratings and holding company ratings. As of year-end 2020, maximum dividend capacity available in 2021 across insurance subsidiaries was approximately $1.6 billion.

Group support

We assess Allied World, Crum & Forster, Northbridge, Odyssey Group, and Zenith as core subsidiaries of the group, which informs our ratings on those subsidiaries.

Other considerations

Fairfax's focus on long-term gains results in investment earnings that are unevenly distributed. Additional perspective on the impact of the company's investing strategies can be obtained by including gains/losses in metrics such as return on revenue and fixed-charge coverage.

Ratings Score Snapshot

Table 2

Ratings Score Snapshot	
Business Risk Profile	**Strong**
Competitive position	Strong
IICRA	Intermediate
Financial Risk Profile	**Satisfactory**
Capital and earnings	Strong
Risk exposure	Moderately High
Funding structure	Neutral
Anchor*	a-
Modifiers	
Governance	Neutral
Liquidity	Adequate
Comparable ratings analysis	0
Financial Strength Rating	**A-/Positive**

IICRA--Insurance Industry and Country Risk Assessment. *This is influenced by Fairfax's strong competitive position anchored by its large re/insurance businesses.

Appendix

Table 3

Fairfax Financial Holdings Ltd -- Credit Metrics History		
(Mil. $)	**2020**	**2019**
Gross premiums written	19,126	17,511
Net premiums written	14,865	13,836
Net premiums earned	13,989	13,230
Reinsurance utilization (%)	22.3	21.0
Expense ratio* (%)	33.5	34.8
Loss ratio* (%)	65.4	63.1
Combined ratio* (%)	98.9	97.9
Shareholders' equity	17,527	17,907
Net income attributable to all shareholders	37	1,971
Return on average shareholders' equity (%)	0.2	11.2
EBIT	407	989
Return on revenue (%)	2.1	5.0
Return on revenue including realized gains/(losses) (%)	(1.5)	7.8
EBITDA	1,159	1,639
Financial leverage including net present value of operating leases and pension deficits (%)	42.3	38.4
EBITDA fixed-charge coverage (x)	2.2	3.1
EBITDA fixed-charge coverage including realized gains and losses (x)	0.8	4.2
EBITDA fixed-charge coverage including (un)realized gains and losses (x)	2.7	6.3
Invested assets including cash	43,171	39,005
Net investment yield (%)	1.9	2.3
Net investment yield including (un)realized investment gains/(losses) (%)	2.0	6.6

*Excluding run-off segment and including certain allocated corporate expenses.

Related Criteria

- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Insurance | General: Insurers Rating Methodology, July 1, 2019
- General Criteria: Hybrid Capital: Methodology And Assumptions, July 1, 2019
- General Criteria: Guarantee Criteria, Oct. 21, 2016
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011
- Criteria | Insurance | General: Refined Methodology And Assumptions For Analyzing Insurer Capital Adequacy Using The Risk-Based Insurance Capital Model, June 7, 2010

Related Research

- Fairfax Financial Holdings Ltd. Outlook Revised To Positive On Improving Earnings And Capitalization; Ratings Affirmed, May 25, 2021

- Reinsurers Left Wanting More Despite Global Reinsurance Pricing Gains At January Renewals, Feb. 26, 2021

Business And Financial Risk Matrix

Business risk profile	Financial risk profile							
	Excellent	Very Strong	Strong	**Satisfactory**	Fair	Marginal	Weak	Vulnerable
Excellent	aa+	aa	aa-	a+	a-	bbb	bb+	b+
Very Strong	aa	aa/aa-	aa-/a+	a+/a	a-/bbb+	bbb/bbb-	bb+/bb	b+
Strong	aa-/a+	a+/a	a/a-	**a-/bbb+**	bbb+/bbb	bbb-/bb+	bb/bb-	b+/b
Satisfactory	a	a/a-	a-/bbb+	bbb+/bbb	bbb/bbb-	bb+/bb	bb-/b+	b/b-
Fair	a-	a-/bbb+	bbb+/bbb	bbb/bbb-	bbb-/bb+	bb/bb-	b+/b	b-
Weak	bbb+/bbb	bbb/bbb-	bbb-/bb+	bb+/bb	bb/bb-	bb-/b+	b/b-	b-
Vulnerable	bbb-/bb+	bb+/bb	bb/bb-	bb-/b+	b+/b	b/b-	b-	b-

Note: Where table indicates two possible outcomes, we determine the anchor as follows: For financial risk profiles that we assess as satisfactory or stronger, we consider the relative strength of both the business risk and financial risk profiles within the cell. This is based on a holistic assessment of the relative strengths of the rating factors of the business risk profile and financial risk profile. For financial risk profiles that we assess as fair or weaker, we typically place more weight on the relative strength of the rating factors of the financial risk profile.

Ratings Detail (As Of June 18, 2021)*

Fairfax Financial Holdings Ltd.	
Issuer Credit Rating	BBB-/Positive/--
Preferred Stock	
Canada National Scale Preferred Share	P-3
Preferred Stock	BB
Senior Unsecured	BBB-
Related Entities	
Allied World Assurance Co., AG	
Financial Strength Rating	
Local Currency	A-/Positive/--
Issuer Credit Rating	
Local Currency	A-/Positive/--
Allied World Assurance Co. (Europe) Ltd.	
Financial Strength Rating	
Local Currency	A-/Positive/--
Issuer Credit Rating	
Local Currency	A-/Positive/--
Allied World Assurance Co. Holdings, GmbH	
Issuer Credit Rating	
Local Currency	BBB-/Positive/--
Allied World Assurance Co. Ltd.	
Financial Strength Rating	
Local Currency	A-/Positive/--
Issuer Credit Rating	
Local Currency	A-/Positive/--

Ratings Detail (As Of June 18, 2021)*(cont.)	
Allied World Assurance Co. U.S. Inc.	
Financial Strength Rating	
Local Currency	A-/Positive/--
Issuer Credit Rating	
Local Currency	A-/Positive/--
Allied World Insurance Co.	
Financial Strength Rating	A-/Positive/--
Issuer Credit Rating	A-/Positive/--
Allied World National Assurance Co.	
Financial Strength Rating	
Local Currency	A-/Positive/--
Issuer Credit Rating	
Local Currency	A-/Positive/--
American Underwriters Insurance Co.	
Financial Strength Rating	
Local Currency	A-/Positive/--
Issuer Credit Rating	
Local Currency	A-/Positive/--
Crum and Forster Insurance Co.	
Financial Strength Rating	
Local Currency	A-/Positive/--
Issuer Credit Rating	
Local Currency	A-/Positive/--
Crum & Forster Holdings Corp.	
Issuer Credit Rating	
Local Currency	BBB-/Positive/--
Crum & Forster Indemnity Co.	
Financial Strength Rating	
Local Currency	A-/Positive/--
Issuer Credit Rating	
Local Currency	A-/Positive/--
Crum & Forster Specialty Insurance Co.	
Financial Strength Rating	
Local Currency	A-/Positive/--
Issuer Credit Rating	
Local Currency	A-/Positive/--
Falcon Insurance Co. (Hong Kong) Ltd.	
Financial Strength Rating	
Local Currency	A-/Positive/--
Federated Insurance Co. of Canada	
Financial Strength Rating	
Local Currency	A-/Positive/--
Issuer Credit Rating	
Local Currency	A-/Positive/--

Ratings Detail (As Of June 18, 2021)*(cont.)	
First Mercury Insurance Co.	
Financial Strength Rating	
Local Currency	A-/Positive/--
Issuer Credit Rating	
Local Currency	A-/Positive/--
Hilltop Specialty Insurance Co	
Financial Strength Rating	
Local Currency	A-/Positive/--
Issuer Credit Rating	
Local Currency	A-/Positive/--
Northbridge General Insurance Corp.	
Financial Strength Rating	
Local Currency	A-/Positive/--
Issuer Credit Rating	
Local Currency	A-/Positive/--
North River Insurance Co. (The)	
Financial Strength Rating	
Local Currency	A-/Positive/--
Issuer Credit Rating	
Local Currency	A-/Positive/--
Odyssey Group Holdings, Inc	
Issuer Credit Rating	
Local Currency	BBB-/Positive/--
Preferred Stock	BB
Odyssey Re Europe S.A.	
Financial Strength Rating	
Local Currency	A-/Positive/--
Odyssey Reinsurance Co.	
Financial Strength Rating	
Local Currency	A-/Positive/--
Issuer Credit Rating	
Local Currency	A-/Positive/--
Seneca Insurance Company Inc.	
Financial Strength Rating	
Local Currency	A-/Positive/--
Issuer Credit Rating	
Local Currency	A-/Positive/--
Seneca Specialty Insurance Co.	
Financial Strength Rating	
Local Currency	A-/Positive/--
Issuer Credit Rating	
Local Currency	A-/Positive/--

Ratings Detail (As Of June 18, 2021)*(cont.)	
United States Fire Insurance Co.	
Financial Strength Rating	
Local Currency	A-/Positive/--
Issuer Credit Rating	
Local Currency	A-/Positive/--
Zenith Insurance Co.	
Financial Strength Rating	
Local Currency	A-/Positive/--
Issuer Credit Rating	
Local Currency	A-/Positive/--
Zenith National Insurance Corp.	
Issuer Credit Rating	
Local Currency	BBB-/Positive/--
ZNAT Insurance Co.	
Financial Strength Rating	
Local Currency	A-/Positive/--
Issuer Credit Rating	
Local Currency	A-/Positive/--
Domicile	Canada

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.