FitchRatings

Insurance
Non-Life Insurers
United States

Cincinnati Financial Corporation

Key Rating Drivers

Independent Agency Distribution: Cincinnati Financial Corporation's well-established independent agency system contributes to the company's value proposition and operating success, despite ongoing independent agency consolidation. Independent agents still represent the bulk of industry volume by premiums, particularly in the commercial segment. While there is a small portion of Cincinnati Financial business, Cincinnati Re, that utilizes brokers, the company's business profile is focused on independent agents.

Very Strong Capitalization: Cincinnati Financial's balance sheet strengths include conservative operating subsidiary capitalization and modest financial leverage. As of 3Q23, the financial leverage ratio (FLR) was 7%. The holding company held $4.6 billion in cash and investments as of Sept. 30, 2023, with the bulk of these assets in equity securities. The property/casualty (P/C) group's score on Fitch Ratings' Prism capital model was 'Very Strong' at YE 2022.

Investment Risk Driven by Equities: The asset allocation to equities remains nearly double industry norms, but the company's very strong capitalization and cash flow provide a cushion against short-term fluctuations in valuation. A focus on stocks with a demonstrated ability to pay increasingly higher dividends provides some stability in the investment contribution to earnings and can provide a floor to their valuation.

Reserve Risk Well Managed: Fitch believes the company's reserves are adequate and well managed. The company reported favorable prior-year reserve development in each of the last 34 years. Capital exposure to reserve redundancies or deficiencies are relatively modest.

Strong Profitability: Cincinnati Financial is well positioned to combat elevated inflation in the auto and commercial umbrella, with price increases and initiatives to improve pricing precision and loss experience related to claims and loss control practices. Weather-related losses though are more difficult to predict. The 10 year historical annual average catastrophe contribution to the combined ratio was 7.4 percentage points and five-year average was 8.6 percentage points at YE 2022. The combined ratio for the nine months ended Sept. 30, 2023 was 97.5%, down 1.7 percentage points, with approximately 11 percentage points of catastrophe losses.

Compressed Holding Company Notching: Holding company notching is compressed by one notch because financial leverage is expected to be maintained below 16% ahead. The holding company also maintains a significant amount of cash and liquid assets. As of Sept. 30, 2023, the holding company had $4.6 billion in cash and investments, of which $4.1 billion was common stocks. Due to the low financial leverage and strong profitability, the company maintains high levels of fixed-charge coverage (FCC).

Ratings

Cincinnati Financial Corporation	
Long-Term IDR	A
Subsidiaries	
Insurer Financial Strength	A+

Note: See additional ratings on page 9.

Outlook

Long-Term IDR	Stable

Debt Ratings

Senior Unsecured Long-Term Rating	A–

Financial Data

Cincinnati Financial Corporation

($ Mil.)	2021	2022
Total Debt	843	839
Shareholders' Equity	13,105	10,531
Net Income (Loss)	2,946	-486
Combined Ratio (%)	88	98

Note: GAAP
Source: Fitch Ratings, S&P Global Market Intelligence

Applicable Criteria

Insurance Rating Criteria (July 2023)

Related Research

Global Insurance Mid-Year Outlook 2023 (June 2023)

Analysts

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Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- A sustained GAAP combined ratio of 96% or better;
- A sustained P/C Prism score of 'Very Strong' or higher.

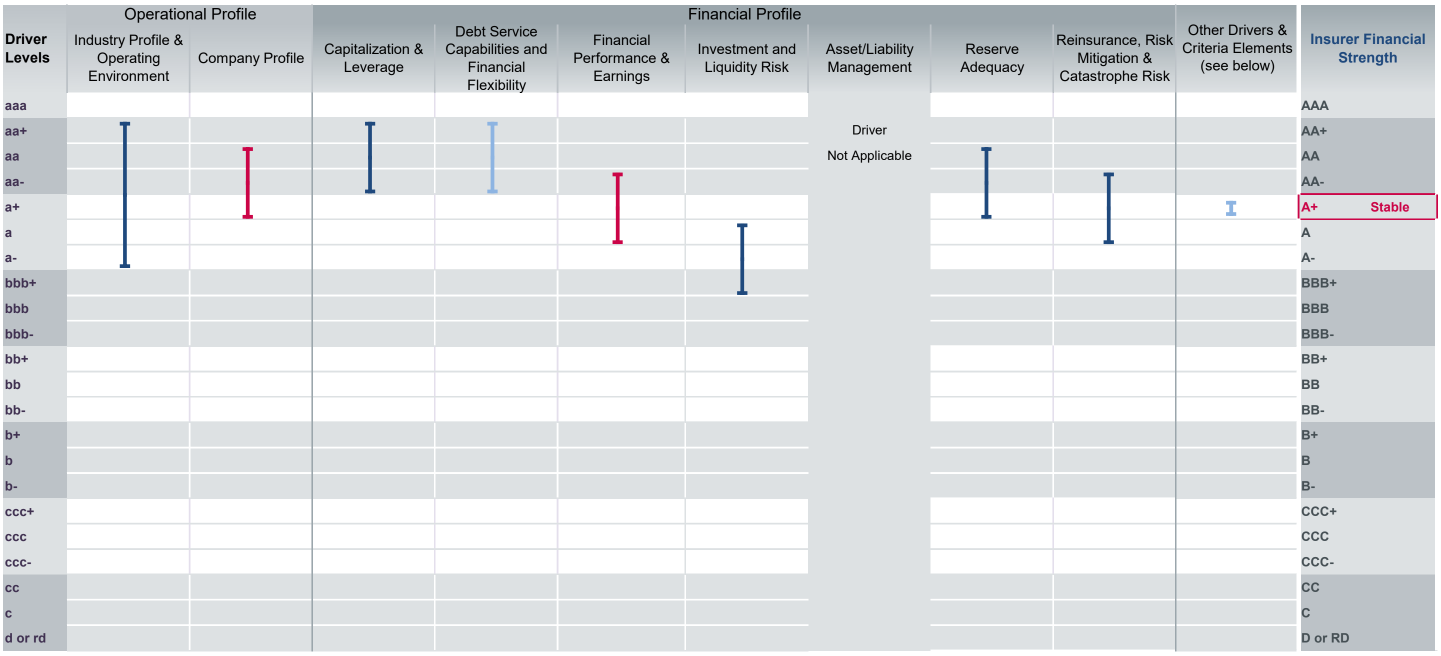
Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- A sustained combined ratio above 105% or worse;
- Failure to maintain a P/C Prism score in the 'Very Strong' category for a sustained period and a statutory operating leverage above 1.5x;
- Cincinnati Financial's holding company ratings benefit from narrow notching relative to the Insurer Financial Strength (IFS) rating versus standard notching. Narrow notching may revert to standard notching if financial leverage exceeds 15%.

Latest Developments

There are no changes to any navigator subscores or ratings for the company since the last annual review.

Key Rating Drivers — Scoring Summary



Other Drivers & Criteria Elements				
Provisional Insurer Financial Strength Rating				A+
Non-Insurance Attributes	Positive	**Neutral**	Negative	+0
Ownership / Group Support	Positive	**Neutral**	Negative	+0
Transfer & Convertibility / Country Ceiling	Yes	**No**	AAA	+0
Insurer Financial Strength Rating			Final:	**A+**
IFS Recovery Assumption	**Good**			-1
Issuer Default Rating (IDR)			Final:	**n.a.**

Bar Chart Legend:	
Vertical Bars = Range of Rating Factor	Bar Arrows = Rating Factor Outlook
Bar Colors = Relative Importance	⇧ Positive
Higher Importance	⇩ Negative
Average Importance	⇳ Evolving
Lower Importance	□ Stable

Company Profile

Favorable Profile in U.S. Independent Agency Space

Fitch ranks Cincinnati Financial's overall business profile as moderate compared with U.S. non-life insurance organizations, and incorporates its well-established U.S. independent agency distribution, expanding geographic footprint and shift in business risk profile. The company possesses very good product diversification, but more moderate diversification by geography and distribution channel. Fitch scores business profile at 'aa–' under its rating guidelines.

Favorable Competitive Positioning

Competitive positioning is comprised of two subfactors: general and operating scale. Together, these factors aggregate into a favorable position. The company has a substantive business franchise within the sector and some competitive advantages that are, in part, derived from its franchise and expertise. Annualized net earned premiums were $8.2 billion and shareholders' equity was $11 billion at Sept. 30, 2023. The company continually ranks among the top 25 largest writers in the industry.

Cincinnati Financial's established U.S. independent agency system played an important role in the company's success, and management believes the company remains well positioned for ongoing independent agency consolidation. The company is focused on building long-term relationships, increasing its penetration of each existing agency's business, and quality claims handling and service. The company maintains a competitive and effective profit-sharing commission structure, paying among the highest commissions in the industry.

Moderate Business Risk Profile

The business risk profile is balanced by a breadth of well-established product offerings and exposure to regional natural catastrophes and weather-related events, including hurricanes, wind, hail, floods and winter storms, resulting in performance volatility, particularly in personal lines. Geographic expansion continued to lower the company's concentration in the top 10 states, which made up approximately 50% of P/C earned premium in 2022.

Favorable Diversification

The company is focused on standard market commercial products that agents can market to small and midsize businesses. The company established an excess and surplus lines insurer and developed life insurance and annuity product offerings, exclusively for its independent agencies. The company also has a small assumed reinsurance division, Cincinnati Re, that started in 2015, and Cincinnati Global, established in 1Q19, underwrites for Lloyd's of London Syndicate 318.

Moderate/Favorable Corporate Governance

The group structure, governance structure, financial transparency, and major civil or criminal issues or uncertainties all scored moderate/favorable, resulting in no changes to the company profile.

No material issues to the rating are noted. The board appears to have an appropriate amount of independence from management and seems reasonably involved in establishing the company's strategic direction. There appear to be no major audit-related issues or related-party transactions.

Company Profile Scoring Summary

	Assessment	Subscore/ Impact
Business Profile Assessment	Moderate	aa–
Corporate Governance Assessment	Moderate/Favorable	0 notches
Company Profile Factor Score	—	aa–

Source: Fitch Ratings

Ownership

Neutral Ownership

Cincinnati Financial is a publicly traded company formed in 1968. Public ownership is neutral to the rating.

Capitalization and Leverage

Very Strong Capitalization and Modest Financial Leverage

Fitch views capital as very strong and supportive of the current rating. Overall capital has a moderate influence in determining the company's ratings.

The score of Fitch's Prism economic capital model was 'Very Strong' at YE 2022 and supports growth opportunities. Factors that added to target capital are investment, catastrophe risk and underwriting exposures, but are offset, in part, by relatively low reserve and underwriting volatility. Available capital benefited from unrealized bond gains but excludes parent company cash and marketable investments.

The Cincinnati Life Insurance Company's total adjusted capital at $366 million was modest at YE 2022, but supportive of the company's operating profile. RBC was strong at 305%. The risky asset ratio decreased to 66%, the lowest in five years, from a reduction in below-investment-grade bonds.

Financial leverage was 7% as of June 30, 2023, slightly lower than historical five-year average due to a higher shareholders' equity. The company receives narrow notching on its Issuer Default Rating based on the low level of financial leverage. If this ratio were to go above 15%, normal notching would result in all holding company ratings being lowered one notch. The total financing and commitments ratio was low at 0.1x at YE 2022.

Financial Highlights

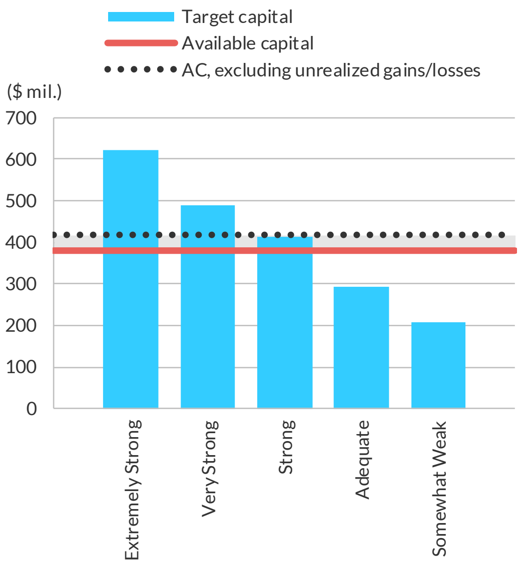
	2021	2022
Statutory Surplus ($ Mil.)	7,247	6,512
Operating Leverage (x)	0.9	1.1
Net Leverage (x)	2.5	3.0
RBC (%)	333	276
Financial Leverage (%)	6	7

Note: Financial leverage is the only GAAP figure in this table and statutory surplus is of the combined non-life companies.
Source: Fitch Ratings, S&P Global Market Intelligence.

Fitch's Expectations

- Capital metrics will approximate current levels and financial leverage will remain below 15%.

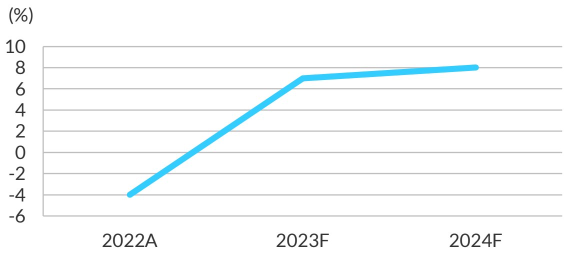
2022 Prism Score — Cincinnati Insurance Group



($ Mil.)	2020	2021	2022
Prism Score	Extremely Strong	Extremely Strong	Very Strong
AC/TC at Prism Score (%)	109	117	116
AC/TC at Higher Prism Score (%)	N.A.	N.A.	81
Statutory Surplus	5,838	7,247	6,512
Affiliated Investments	-48	—	-65
Unrealized Bond Gains/Losses	650	514	-472
Other Adjustments	612	1,353	1,217
Available Capital (AC Base)	7,051	9,113	7,191
Target Capital Contributors (%)			
Underwriting	19	12	16
Reserves	10	12	16
Investments	31	30	28
Catastrophe	21	26	24
Other	19	20	16

AC – Available capital. TC – Target capital. N.A. – ?? Note: Red line is AC base; shaded area represents the high and low of AC due primarily to unrealized bond gains/losses and affiliated investments.
Source: Fitch Ratings, S&P Global Market Intelligence

Fitch Forecast — ROE



A – Actual. F – Forecast. Note: GAAP. See more information in *Appendix C* regarding forecasts.
Source: Fitch Ratings

Debt Service Capabilities and Financial Flexibility

Very Strong Debt-Servicing Capacity

Financial flexibility and debt service capabilities are very strong. Overall capital has a low influence in determining the company's ratings.

GAAP FCC benefits from modest use of financial leverage and relatively stable underwriting margin on a $7 billion book of business. Fitch anticipates FCC will be in the low-double-digit range over the near term.

Cincinnati Financial could pay dividends of $651 million in 2023 without seeking regulatory approval. This compares favorably with the modest amount of annual interest expense.

Financial Highlights

($ Mil.)	2021	2022
Holding Company Cash and Investments	5,099	4,230
Cash Flow from Operations	1,981	2,052
Interest Expense	53	53
Fixed-Charge Coverage (x)	18	16

Note: GAAP
Source: Fitch Ratings, S&P Global Market Intelligence

Fitch's Expectations

- GAAP Operating FCC will remain in the low double digits.
- The holding company will maintain at least one year's worth of expenses in cash.

Financial Performance and Earnings

Strong Operating Performance

Financial performance and earnings are considered strong and supportive of the current rating category. Overall profitability has a high influence in determining the ratings.

The GAAP combined ratio for 2022 deteriorated 9.8 percentage points over 2021, driven by lower favorable loss reserve development, higher catastrophe losses and a deterioration in the underlying core combined ratio. The company was still able to produce a combined ratio below 100% for 2022. The GAAP combined ratio for nine months ended Sept. 30, 2023 was a 97.5%, which was lower than 99.2% for the prior period due to higher favorable noncatastrophe loss reserve development.

It is important to point out that catastrophe losses for the company mainly center around severe convective storms. These storms happen with greater frequency but less severity over a wide geographical area, and therefore are harder to model and purchase reinsurance protection. Geographical diversification helps limit losses, but all geographies experience weather conditions that can produce losses that elevate to catastrophic levels.

The company reports the following segments: commercial lines, personal lines, excess and surplus lines, life insurance and other. The other segment consists of Cincinnati Re, which underwrites assumed reinsurance and has been in existence since 2015, and Cincinnati Global, which is London-based global specialty underwriter for Lloyd's Syndicate 318 that was acquired in February 2019. The commercial lines accounts for approximately 54% of total net written premiums and is divided into five major segments: casualty, property, auto, workers' compensation and other commercial.

Commercial lines reported a GAAP combined ratio of 99.2% for 2022, compared with 83.8% for 2021. The GAAP combined ratio for the nine months ended Sept. 30, 2023 was a 97.5%, compared with 99.3% for the same period in 2022. The full-year increase includes higher catastrophe losses, lower favorable reserve development and an increase of 3.7 points from commercial umbrella. The primary driver for higher commercial umbrella losses was severe losses from commercial auto accidents.

Cincinnati Financial's life segment typically contributes modestly to operating results because most of its investment income is included in the investment segment results. Included in the life insurance segment results is only investment income credited to contract holders. This segment reported a $28 million gain in 2022, compared with a $16 million loss in 2021, primarily due to more favorable impacts from unlocking of interest rate and other actuarial assumptions and more favorable mortality experience. The life insurance segment averaged an annual profit of $6 million over the past five years.

Financial Highlights

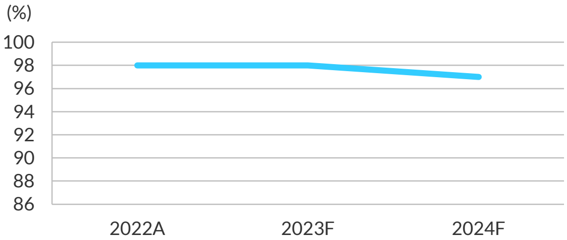
($ Mil.)	2021	2022
Net Income	2,946	-486
Unrealized Gains on Securities Held	2,278	-1,526
Pretax Operating Income	1,262	774
Operating ROE (%)	5	8
GAAP Combined Ratio (%)	88.3	98.1
% Points from Prior-Year Reserve Development	-7	-2
Catastrophe % Points on Combined Ratio	8	9
P/C Segment Operating Ratio (%)	77	91

P/C – Property/casualty. Note: GAAP.
Source: Fitch Ratings, S&P Global Market Intelligence

Fitch's Expectations

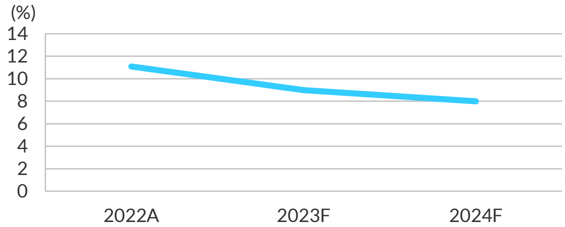
- High-single-digit operating ROEs over the near term are expected.

Fitch Forecast — Combined Ratio



A – Actual. F – Forecast. Note: GAAP. See more information in *Appendix C* regarding forecasts.
Source: Fitch Ratings

Fitch Forecast — Premium Written Growth Rate



A – Actual. F – Forecast. Note: GAAP. See more information in *Appendix C* regarding forecasts.
Source: Fitch Ratings

Investment and Asset Risk

Strong Investment Profile

Investments and liquidity are viewed as strong and supportive of the current rating category. Overall investments and liquidity have a moderate influence in determining the company's current ratings.

Cincinnati Financial's allocation to equities remains nearly double industry norms. While the company's long-term capital position would be affected by prolonged changes in market valuation, the very strong capitalization and cash flow provide a cushion against short-term fluctuations in valuations.

The risky asset ratio is among the highest in Fitch's rated universe. The company is cognizant of the risk associated with equities, but views this risk as a long-term way to enhance capital. Further, the stock portfolio is diversified and provides liquidity even in a down market. The company actively backs reserves with high-grade fixed-income securities.

Fitch believes Cincinnati Financial has ample liquidity to cover its insurance reserves through its high-quality fixed-income portfolio. The effective duration of the fixed maturity portfolio was 4.8 years at YE 2022, compared with the duration of P/C loss and loss adjustment expense reserves of approximately 3.0 years. In addition, cash generation remains solid.

Financial Highlights

	2021	2022
Cash and Invested Assets ($ Mil.)	25,805	23,689
Investment Leverage (x)	2.0	2.2
Investment Yield (%)	3	3
Risky Asset Ratio (%)	85	93
Liquid Assets/Loss and LAE Reserves (%)	180	140

LAE – Loss adjustment expense. Note: GAAP.
Source: Fitch Ratings, S&P Global Market Intelligence

Fitch's Expectations

- The company will maintain a high risky asset ratio that approximate current levels.

Reserve Adequacy

Very Strong Reserve Strength

Reserve adequacy is supportive of the current rating category. Overall reserve adequacy has a moderate influence in determining the company's ratings.

The company has had 34 years of consecutive favorable loss reserve development. Fitch's analysis of Schedule P loss reserves at YE 2022 indicates the company's reserve strength is similar to past years. Cincinnati Financial's statutory P/C reserve leverage is relatively moderate as is the exposure to capital of any reserve redundancies or deficiencies.

As of YE 2022, the company carried net reserve of approximately $7.9 billion, which is in reasonable range for reserves of $7.4 billion on the low end to $8.1 billion on the high end according the 10-K filing. The company establishes initial reserves at levels where redundancies are more likely than deficiencies and tends to remain well into the upper half of actuarially estimated range of net reserves.

Financial Highlights

($ Mil.)	2021	2022
Loss and LAE Reserves	6,706	7,931
Reserve Leverage (x)	0.9	1.2
Prior-Year Reserve Development	-428	-159
Res Development/Net Premiums Earned (%)	-6.6	-2.3
Reserve Development/Beginning of Year Equity (%)	-3.7	-1.2

LAE – Loss adjustment expense. Note: GAAP.
Source: Fitch Ratings, S&P Global Market Intelligence

Fitch's Expectations

- Conservative reserve philosophy will remain despite fluctuations in reserve experience.

Reinsurance, Risk Mitigation and Catastrophe Risk

Reasonable Reinsurance Protection Limits Large Losses

Fitch views reinsurance, risk mitigation and catastrophe risk to be strong and supportive of the current rating category. Overall, this category has a moderate influence in determining the company's ratings.

The company incurred $632 million in catastrophe losses in 2022, with the largest event being a $203 million loss from flood, hail and wind events for Hurricane Ian in the South during Sept. 27, 2022-Oct. 1, 2022. Given the company's geographic footprint, the majority of catastrophe losses are in the Midwest.

The company's property catastrophe reinsurance treaty essentially provides coverage for up to $1.1 billion in losses, with the company retaining the first $200 million of loss and varying portions of the layers, which aggregate into an additional $343 million of risk retained if a full loss were to occur. The company has several other reinsurance programs all designed to offset the impact to capital while simultaneously providing a cost-effective transfer of risk.

The credit quality of the company's reinsurers in generally good with ratings in the 'A' category or higher.

Fitch's Expectations

- Reinsurance recoverables will remain relatively modest compared with capital.
- The bulk of recoverables will continue to be from highly rated reinsurers.

Appendix A: Peer Analysis

Peer Comparison

Click here for a report that shows a comparative peer analysis of key rating driver scoring.

Appendix B: Industry Profile and Operating Environment

Industry Profile and Operating Environment (IPOE)

Click here for a link to a report that summarizes the main factors driving the above IPOE score.

Appendix C: Other Rating Considerations

Below is a summary of additional ratings considerations that are part of Fitch's *Insurance Rating Criteria*.

Group Insurance Financial Strength (IFS) Rating Approach

Fitch considers the rated entities of Cincinnati Financial to be Core. As such, all are assigned the group rating. These entities share common management, resources and brand. Only normal regulatory barriers exist to dividend movement between entities and up to the parent. Fitch believes the entity has adequate financial strength to support its operating subsidiaries and management is willing to do so, although nor formal support agreements are in place. All operating companies rating are based on a combined group assessment.

Rated Insurance Entities

Name	Type	Rating	Outlook
Cincinnati Financial Corporation	Long-Term IDR	A	Stable
	Senior Unsecured	A–	
Cincinnati Casualty Co.	IFS	A+	Stable
Cincinnati Life Insurance Co.	IFS	A+	Stable
Cincinnati Indemnity Co.	IFS	A+	Stable
Cincinnati Insurance Co.	IFS	A+	Stable

IDR – Issuer Default Rating. IFS – Insurer Financial Strength.
Source: Fitch Ratings

Notching

For notching purposes, the regulatory environment of the U.S. is assessed by Fitch as being Effective, and classified as following a Ring-Fencing approach.

Notching Summary

IFS Ratings
A baseline recovery assumption of Good applies to the IFS rating, and standard notching was used from the IFS "anchor" rating to the implied operating company IDR.
Holding Company IDR
Nonstandard notching was applied between the implied operating company and holding company IDRs. A one-notch adjustment was made for favorable leverage and unusual holding company cash and marketable securities position.
Holding Company Debt
A baseline recovery assumption of Below Average was applied to the senior unsecured notes. Standard notching relative to the IDR was used.

IFS - Insurer Financial Strength. IDR - Issuer Default Rating.

Debt Maturities

($ Mil., as of Dec. 31, 2022)	
2023	0
2024	0
2025	0
2026	0
2027 and Later	0
Total	**793**

Source: Fitch Ratings, S&P Global Market Intelligence

Short-Term Ratings

Not applicable.

Recovery Analysis and Recovery Ratings

Not applicable.

Transfer and Convertibility Risk (Country Ceiling)

None.

Criteria Variations

None.

About Fitch Forecasts

The forecasts shown in the main body of this report reflect Fitch's forward views from a credit perspective. They are based on a combination of Fitch's macroeconomic forecasts and viewpoints, outlook at the sector level and company-specific considerations developed by Fitch. As a result, Fitch's forecasts may differ, at times materially, from earnings and other guidance provided by a rated entity to the market. To the extent Fitch is aware of material, nonpublic information on likely future events, such as a planned recapitalization or M&A activity, Fitch will not reflect these likely future events in its forecasts. This practice is to assure that such material nonpublic information is not inadvertently disclosed. However, as relevant, such information is considered by Fitch as part of the broader ratings process.

Appendix D: Environmental, Social and Governance Considerations

FitchRatings **Cincinnati Financial Corporation** **Insurance Navigator** **US Non-Life**

Credit-Relevant ESG Derivation

Cincinnati Financial Corporation has 8 ESG potential rating drivers				ESG Relevance to Credit Rating
Cincinnati Financial Corporation has exposure to underwriting/reserving exposed to asbestos/hazardous materials risks but this has very low impact on the rating.	key driver	0	issues	5
Cincinnati Financial Corporation has exposure to underwriting/reserving exposed to environmental and natural catastrophe risks; impact of catastrophes on own operations or asset quality; credit concentrations but this has very low impact on the rating.	driver	0	issues	4
Cincinnati Financial Corporation has exposure to compliance risk; treating customers fairly; pricing transparency; privacy/data security; legal/regulatory fines; exposure to insured and own cyber risk but this has very low impact on the rating.	potential driver	8	issues	3
Cincinnati Financial Corporation has exposure to social responsibility and its effect on brand strength; increased vulnerability due to credit concentrations but this has very low impact on the rating.	not a rating driver	1	issues	2
Governance is minimally relevant to the rating and is not currently a driver.		5	issues	1

Environmental (E) Relevance Scores

General Issues	E Score	Sector-Specific Issues	Reference	E Relevance
GHG Emissions & Air Quality	1	n.a.	n.a.	5
Energy Management	1	n.a.	n.a.	4
Water & Wastewater Management	1	n.a.	n.a.	3
Waste & Hazardous Materials Management; Ecological Impacts	3	Underwriting/reserving exposed to asbestos/hazardous materials risks	Capitalization & Leverage; Financial Performance & Earnings; Reserve Adequacy; Reinsurance, Risk Mitigation & Catastrophe Risk	2
Exposure to Environmental Impacts	3	Underwriting/reserving exposed to environmental and natural catastrophe risks; impact of catastrophes on own operations or asset quality; credit concentrations	Capitalization & Leverage; Financial Performance & Earnings; Reserve Adequacy; Reinsurance, Risk Mitigation & Catastrophe Risk; Investment & Asset Risk	1

How to Read This Page
ESG relevance scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant.
The Environmental (E), Social (S) and Governance (G) tables break out the ESG general issues and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit-relevance of the sector-specific issues to the issuer's overall credit rating. The Criteria Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The vertical color bars are visualizations of the frequency of occurrence of the highest constituent relevance scores. They do not represent an aggregate of the relevance scores or aggregate ESG credit relevance.
The Credit-Relevant ESG Derivation table's far right column is a visualization of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The three columns to the left of ESG Relevance to Credit Rating summarize rating relevance and impact to credit from ESG issues. The box on the far left identifies any ESG Relevance Sub-factor issues that are drivers or potential drivers of the issuer's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the relevance score. All scores of '4' and '5' are assumed to result in a negative impact unless indicated with a '+' sign for positive impact.
Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI), the Sustainability Accounting Standards Board (SASB), and the World Bank.

Social (S) Relevance Scores

General Issues	S Score	Sector-Specific Issues	Reference	S Relevance
Human Rights, Community Relations, Access & Affordability	1	n.a.	n.a.	5
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Compliance risk; treating customers fairly; pricing transparency; privacy/data security; legal/regulatory fines; exposure to insured and own cyber risk	Industry Profile & Operating Environment; Company Profile; Reserve Adequacy	4
Labor Relations & Practices	2	Impact of labor negotiations, including board/employee compensation and composition	Company Profile	3
Employee Wellbeing	1	n.a.	n.a.	2
Exposure to Social Impacts	3	Social responsibility and its effect on brand strength; increased vulnerability due to credit concentrations	Company Profile; Investment & Asset Risk; Financial Performance & Earnings; Reinsurance, Risk Mitigation & Catastrophe Risk	1

Governance (G) Relevance Scores

General Issues	G Score	Sector-Specific Issues	Reference	G Relevance
Management Strategy	3	Operational implementation of strategy	Company Profile	5
Governance Structure	3	Board independence and effectiveness; ownership concentration; protection of creditor/stakeholder rights; legal /compliance risks; business continuity; key person risk; related party transactions	Company Profile	4
Group Structure	3	Organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership	Company Profile; Ownership	3
Financial Transparency	3	Quality and timing of financial reporting and auditing processes	Company Profile	2
				1

CREDIT-RELEVANT ESG SCALE
How relevant are E, S and G issues to the overall credit rating?

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

ESG Considerations

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit https://www.fitchratings.com/topics/esg/products#esg-relevance-scores.

SOLICITATION & PARTICIPATION STATUS

For information on the solicitation status of the ratings included within this report, please refer to the solicitation status shown in the relevant entity's summary page of the Fitch Ratings website.

For information on the participation status in the rating process of an issuer listed in this report, please refer to the most recent rating action commentary for the relevant issuer, available on the Fitch Ratings website.

DISCLAIMER & DISCLOSURES