

SOMPO Group Acquires U.S. Specialty Insurance Group—No Impact on Ratings

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on Sampo Holdings, Inc. (security code: 8630) acquiring Aspen Insurance Holdings Limited, which has a business base primarily in the U.S., through its subsidiaries such as Sampo International Holdings Ltd.

- (1) On August 27, Sampo Holdings, Inc. announced that it had reached an agreement with Aspen Insurance Holdings Limited (Aspen) to commence procedures for acquiring 100% of Aspen's outstanding ordinary shares through Endurance Specialty Insurance Ltd., a wholly-owned subsidiary of Sampo International Holdings Ltd., which is a subsidiary of Sampo Holdings. The share acquisition is expected to be completed in the first half of 2026 (January to June), subject to regulatory approvals. The total acquisition price is USD 3.48 billion (approximately JPY 519.5 billion), and the amount will be financed entirely through internal fund in hand.
- (2) The SOMPO Group has a relatively strong appetite for strategic investments and has been seeking opportunities for M&A. JCR has been paying attention to the direction of its business investments, based on the fact that its capacity for growth investments has increased through sales of strategically-held shares. Aspen is a specialty insurance group that operates insurance and reinsurance businesses primarily in the U.S., U.K., and Bermuda, possessing an underwriting portfolio characterized by effective risk and geographic diversification. The SOMPO Group has been operating the overseas insurance/reinsurance business by positioning Sampo International (SI) as its global platform. This acquisition can expand the Group's business area, further diversify insurance lines and geographic reach, and contribute to the Group's overall risk diversification and revenue source diversification.
- (3) The SOMPO Group has established a framework to appropriately manage the balance of capital, risk, and return under ERM (strategic risk management), and JCR believes that the strategic investments are executed with discipline under a capital policy emphasizing soundness. Although the scale of this acquisition is the second largest after Endurance (now SI) acquisition in 2017 and may reduce capital level to some extent, given that the Group's ESR level is high, JCR believes that the impact on its financial foundation can be limited. The importance of global and Group-wide integrated ERM is increasing with further expansion of the overseas insurance/reinsurance business, and JCR will watch the status of appropriate governance system.

Tomohiro Miyao, Seito Achiha

<Reference>

Issuer: Sampo Holdings, Inc.

Long-term Issuer Rating: AA+

Outlook: Stable

Issuer: Sampo Japan Insurance Inc.

Long-term Issuer Rating: AA+

Outlook: Stable

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