



# NEWS RELEASE

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A.M. BEST ASIA-PACIFIC, LTD., HONG KONG

## FOR IMMEDIATE RELEASE

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## A.M. Best Affirms Ratings of XL Capital Ltd and Its Property/Casualty Subsidiaries

**OLDWICK, NEW JERSEY, U.S.A., Sept. 09, 2009**—A.M. Best Co. has affirmed the financial strength rating (FSR) of A (Excellent) and issuer credit ratings (ICR) of “a” of **XL Capital Group** (XL Capital) (Bermuda) and its members. A.M. Best also has affirmed the ICR of “bbb” and all debt ratings of the holding company, **XL Capital Ltd** (Cayman Islands) [NYSE: XL]. The outlook for all ratings is stable. (See link below for a detailed listing of the companies and ratings.)

These rating actions reflect the early achievements of XL Capital’s recovery plan following last year’s settlement with Syncora Holdings Ltd., which included de-risking of the investment portfolio, reduction of corporate expenses, implementation of a more robust risk management program and retention of key senior underwriting management.

The group’s core operating results remain strong in both primary and reinsurance segments. XL Capital’s property/casualty combined ratio for the six months ended June 30, 2009 was 92.6%, reflective of the group’s established market profile and worldwide presence, while risk-based capitalization remains solid and fully supportive of the group’s rating level.

XL Capital’s enhanced risk management program is responsible for ensuring the efficient identification, assessment and monitoring of key risks across all facets of the group’s operations.

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A.M. Best is encouraged by this program, which should enable the group to operate more efficiently and detect unfavorable trends earlier.

The debt-to-capital ratio for XL Capital Ltd is expected to remain in the mid 20% range going forward. Fixed charge coverage ratios over the past several years fell below expectations as earnings were reduced due to capital market volatility and settlement with Syncora Holdings Ltd. However, this concern was reduced by the substantial level of cash held at XL Capital Ltd. On a going forward basis, the fixed charge coverage ratio is expected to stabilize and remain in the 3 times to 5 times range.

A.M. Best anticipates that XL Capital will continue its solid operating performance, despite a soft pricing market. As XL Capital continues to de-risk its investment portfolio, the group will remain exposed to any volatility in equity markets and credit spreads on corporate investments. Accordingly, A.M. Best will continue to monitor the effect of capital market activity on the group's earnings.

For a complete listing of XL Capital Ltd and XL Capital Group's FSRs, ICRs and debt ratings, please visit [www.ambest.com/press/090908xlcapital.pdf](http://www.ambest.com/press/090908xlcapital.pdf).

The principal methodologies used in determining these ratings, including any additional methodologies and factors that may have been considered, can be found at [www.ambest.com/ratings/methodology](http://www.ambest.com/ratings/methodology).

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