

MEMORANDUM

To: ODOE Energy Facility Siting Council

From: David Skidmore, Chief Audit Executive

Date: May 9, 2023

Re: Arch Insurance Company – Credit and Financial Assurance Review

We evaluated the financial condition and credit worthiness of Arch Property and Casualty Insurance, a wholly owned subsidiary of Arch Capital Ltd. EcoPlexus requested an evaluation and approval of Arch Insurance for purposes of adding Arch Insurance Company to the agency's list of approved surety bond providers.

ODOE's Chief Audit Executive completed the review using publicly available financial report filings, credit rating agency reports and company provided financial statements.

Background

EcoPlexus develops, designs, engineers, and constructs, and maintains large scale solar energy systems and they have requested ODOE evaluate and qualify Arch Insurance company for the underwriting and issuance of bond surety coverage for the Madras decommissioning project.

Arch Insurance Companies is a publicly listed, wholly owned subsidiary of Arch Capital Group Ltd, a Bermuda-based company. Arch Insurance, the U.S. subsidiary, provides property, casualty and specialty insurance solutions for corporations, professional firms, and financial institutions across the U.S. The company provides insurance bonding services to a wide range of industries, including those in the energy, financial services healthcare, private equity, and real estate sectors. Their energy industry insurance solutions cover power generators, distributors, and alternative energy firms. The parent company stock trades on the Nasdaq exchange (ACGL) and is included in the S&P 500 index.

Arch Insurance Property and Casualty's main offices are located at Harbor side 3, 210 Hudson Street, Suite 300, Jersey City, NJ 07311 and is incorporated in Missouri.

Credit Rating

We reviewed the 4 major credit rating agency scores for Arch Capital Group, Ltd. Credit ratings at the higher end of the rating schedule (AAA, AA, A) typically point to companies that have financial characteristics that reflect their ability to effectively manage economic hardship and remain solvent. Credit ratings take into consideration a company's overall financial situation, including the debt it carries, its capital strength, its payment history on debt obligations, its revenues, and its enterprise risk management practices.

Rating Agency	Long Term Financial Strength Rating as of 4.25.23	Long Term Outlook
Standard & Poor's	A+	Stable
Moody's	A2	Stable
Fitch Ratings	AA-	Stable
A.M. Best Company	A+	Stable

As of March 31, 2023, Arch Capital Ltd reported total assets of \$51.1 billion, gross premiums written of \$16 billion, total capitalization of \$16.7 billion and a net reserve for insurance losses of \$14.4 billion. As of December 31, 2022, Arch Property and Casualty had approximately \$8.4 billion in assets, approximately \$6.4 billion in liabilities and approximately \$2.0 billion in total capital.

Conclusion

Based on the results of 4 credit rating agencies, review of the parent company financial position as of March 31, 2023 (capital surplus, loss reserves, liabilities, and gross revenues), and review of Arch Property and Casualty's financial statements as of December 31, 2022, we conclude that Arch Capital Ltd and its property and casualty subsidiary display a stable and strong financial posture.

cc: Todd Cornett, Assistant Director, Siting Division

Attachment 1: Arch Capital Ltd, Consolidated Corporate Overview

Attachment 2: Fitch Credit Rating

Attachment 3: Am Best Credit Rating