



AM Best Affirms Credit Ratings of Black Gold Re Limited

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MEXICO CITY--(BUSINESS WIRE)--**AM Best** has affirmed the Financial Strength Rating of B++ (Good) and the Long-Term Issuer Credit Rating of "bbb+" (Good) of Black Gold Re Limited (BGRé) (Bermuda). The outlook of these Credit Ratings (ratings) is stable.

BGRé is a captive reinsurer of **Ecopetrol** S.A. (**Ecopetrol**), a Colombia-based oil and gas company that is 88.49% owned by the Colombian government.

The ratings reflect BGRé's balance sheet strength, which AM Best assesses as very strong, as well as its adequate operating performance, neutral business profile and appropriate enterprise risk management (ERM). The ratings also recognize the importance of the company within **Ecopetrol**'s strategy.

BGRé's very strong balance sheet recognizes the capital management strategy of the company and its ability to build up capital. The company has low net underwriting leverage, creating a dependence on reinsurance; however, the associated risks are mitigated partly by a diversified mix of well-rated reinsurers. AM Best expects BGRé to maintain a capital buffer as it continues to adjust its risk appetite to the reinsurance needs of its parent company and navigate current reinsurance market conditions.

BGRé's operating performance is characterized by profitable technical results backed by well-established underwriting principles and considerable revenue from ceding commissions and premium from company retentions. Historically, the company has had very few and minor retained claims due to the appropriateness of its reinsurance program. Investment income dependence is low, and because of accounting changes, shows volatility that has not materialized in realized results. AM Best expects the company to continue backing its results with its technical capabilities.

AM Best considers the company's business profile as neutral. BGRé has access to a wide scope of insured risks given the relevance of **Ecopetrol** to the oil and gas industry in the Americas. However, the company's underwriting risks are concentrated in Colombia. BGRé's ERM is well-integrated within **Ecopetrol** and is important to the group as a cost-effective risk management tool.

Positive rating actions could result if there is a sustained favorable trend in operating performance as the company's strategy continues to adapt to the reinsurance market. Negative rating actions could occur if business flow is limited by any change in its holding company or if the financial situation of the parent company is compromised by any sociopolitical or economic event. Negative rating actions could also take place if the balance sheet strength of the company is stressed by the materialization of any risk exposure.

AM Best remains the leading rating agency of alternative risk transfer entities, with more than 200 such vehicles rated in the United States and throughout the world. For current Best's Credit Ratings and independent data on the captive and alternative risk transfer insurance market, please visit www.ambest.com/captive.

This press release relates to Credit Ratings that have been published on AM Best's website. For all rating information relating to the release and pertinent disclosures, including details of the office responsible for issuing each of the individual ratings referenced in this release, please see AM Best's [Recent Rating Activity](#) web page. For additional information regarding the use and limitations of Credit Rating opinions, please view [Guide to Best's Credit Ratings](#). For information on the proper use of Best's Credit Ratings, Best's Performance Assessments, Best's Preliminary Credit Assessments and AM Best press releases, please view [Guide to Proper Use of Best's Ratings & Assessments](#).

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Comments are requested on the proposed revisions to "AM Best's Ratings on a National Scale" criteria. Comments are due on March 28, 2023. The draft criteria procedure is available at bit.ly/3YyLJwq. Learn more: bit.ly/3Irg2j1
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BEST'S CREDIT RATING METHODOLOGY

AM Best Requests Comments on the Proposed Revisions to 'AM Best's Ratings on a National Scale' Criteria

The revisions include the introduction of NSRs for five countries: Egypt, India, Indonesia, Philippines, and Vietnam



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[#Annuities](#) had a banner year in 2022 as [#volatility](#) in equities markets prompted [#investors](#) to seek stable, safer returns. Despite hopes for a calmer 2023, some predict that sales across classes of annuities will remain strong this year. More: bit.ly/3IpJgP0
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BEST'S REVIEW®



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AM Best will lead a session on the Best's Performance Assessment process for MGAs, MGUs, & other similar DUAEs for the Surplus Line Association of California, on Feb. 21, 2023, at 10:00 a.m. PT. Learn more: bit.ly/3YztGGq

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TUESDAY, FEBRUARY 21

AM BEST DELEGATED UNDERWRITING / MGA AND SURPLUS LINES MARKET UPDATE

Streaming Live: 10 AM PT – 11 AM PT



Jeff Mango
Managing Director
AM Best



Sridhar Manyem
Senior Director
AM Best

AM Best will explore the growth of MGAs and MGUs in the surplus line and specialty insurance industry, as well as Best's Performance Assessment.



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