

Best's Credit Rating Effective Date

June 09, 2025

Best's Country Risk Reports Utilized[Brazil - CRT - 4](#)**Analytical Contacts**

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Information[Best's Credit Rating Methodology](#)[Guide to Best's Credit Ratings](#)[Market Segment Outlooks](#)**Financial Data Presented**

The financial data in this report reflects the most current data available to the Analytical Team at the time of the rating. Updates to the financial exhibits in this report are available here: [Best's Financial Report](#).

Liberty Mutual Surety Brasil Seguros S.A.**AMB #:** 043616**Ultimate Parent:** AMB # 051114 - Liberty Mutual Holding Company Inc.**Best's Credit Ratings****Financial Strength Rating (FSR)**

A-
Excellent
Outlook: Stable
Action: Assigned

Issuer Credit Rating (ICR)

a-
Excellent
Outlook: Stable
Action: Assigned

Assessment Descriptors

Balance Sheet Strength	Strong
Operating Performance	Adequate
Business Profile	Limited
Enterprise Risk Management	Appropriate

Rating Rationale

Balance Sheet Strength: **Strong**

- Liberty Mutual has pledged to maintain sufficient capital to meet all regulatory requirements in Brazil, with initial capitalization at the strongest Best's Capital Adequacy Ratio (BCAR) level.
- Liquidity and reserving measures for this business have been in line with Liberty Mutual's historical measures.
- Conservative investment portfolio.
- Extensive reinsurance program with Liberty Mutual as reinsurer.

Operating Performance: **Adequate**

- The surety business this entity will write, previously written on Liberty Seguros paper, has been historically profitable.
- Conservative investment portfolio with projected earnings to augment underwriting income.
- History of premium growth in a competitive marketplace.

Business Profile: **Limited**

- Liberty Mutual Surety Brasil will be writing surety business in Brazil previously written by Liberty Mutual entities.
- This entity will be able to take advantage of benefits of local domicile and specific market experience.

Enterprise Risk Management: **Appropriate**

- This entity participates in and follows the guidance of parent Liberty Mutual's enterprise risk management programs.
- Its practices are appropriately comprehensive and sophisticated given the size and complexity of the organization.
- This entity carries reinsurance coverage with Liberty Mutual specific to its risks and local regulations.

Rating Lift/Drag

- Infrastructure, ERM, underwriting/claims, reinsurance coverage, legal, investment, and other support services provided by its parent, Liberty Mutual.
- This entity benefits from both local expertise and global surety knowledge and experience of the Liberty Mutual enterprise.

Outlook

- The stable outlooks represent the historical, profitable operating performance of Liberty Mutual's surety business in Brazil, as well as the extensive implicit and explicit support provided by Liberty Mutual via ERM, legal, underwriting/claims, investment, and other support services. The outlooks further contemplate that this entity will maintain sufficient balance sheet metrics and risk-adjusted capitalization to be supportive of the ratings.

Rating Drivers

- Negative rating action could occur with any reduction in support as provided by its parent, Liberty Mutual.
- While unlikely in the near term, positive rating movement could be considered if operating performance metrics were to align with strong-rated peers.

Key Financial Indicators

AM Best may recategorize company-reported data to reflect broader international reporting standards and increase global comparability.

Best's Capital Adequacy Ratio (BCAR) Scores (%)

Confidence Level	95.0	99.0	99.5	99.6
BCAR Score	83.0	76.0	73.0	72.0

Source: Best's Capital Adequacy Ratio Model - Universal

Credit Analysis

Balance Sheet Strength

The balance sheet strength assessment of Liberty Mutual Surety Brasil is strong, reflective of its strongest level of risk-adjusted capitalization as measured by BCAR, solid liquidity measures and anticipated organic surplus growth as surety business is gradually added to the books.

Capitalisation

Current and projected risk-adjusted capitalization as measured by AM Best's Capital Adequacy Ratio (BCAR) at the 99.6 percent confidence level are supportive of the current rating assessment. Risk-adjusted capitalization reflects the company's relatively low level

of underwriting leverage, solid liquidity measures and reinsurance program as provided by parent Liberty Mutual Insurance Company, the latter of which minimizes the net loss on any one occurrence

Asset Liability Management - Investments

Liberty Mutual Surety Brasil manages its investments internally and takes a relatively conservative approach to investing, with policy and strategy set by the parent Liberty Mutual Insurance Company in compliance with local regulatory requirements.

Reserve Adequacy

Loss reserves are booked conservatively following the guidelines of parent Liberty Mutual Insurance Company in compliance with local regulatory requirements.

Operating Performance

This surety business, previously written by Liberty Seguros, has been historically profitable. Surety is a low loss, high expense line of business. While the past business from Liberty Seguros will be brought back into this entity, there should be some additional expense as they look to grow their book in line with their risk appetite, partnerships in distribution sources, and enterprise expertise in the surety line. Investment income should help to augment underwriting results.

Business Profile

Liberty Mutual has incorporated a subsidiary in Brazil. Liberty Mutual Surety Brasil is domiciled in Brazil and will write surety lines of business as previously written by Liberty Seguros. They will utilize existing distribution sources, international brokers/agents, and local brokers in Brazil. Additional sources would be added as necessary as future risk appetite and capacity evolves.

This entity plans to leverage the Liberty Mutual enterprise surety expertise and experience to position itself in the surety insurance market by utilizing strict underwriting and pricing models and maintaining a conservative posture towards risk exposure.

Enterprise Risk Management

Environmental, Social & Governance

AM Best views the main ESG risk to Liberty Mutual as climate risk. Liberty Mutual has efforts underway to reduce their own carbon footprint, with specific goals over the near term to reduce global operational emissions worldwide. They are also developing responsible investment guidelines, to go along with underwriting guidelines to reduce exposure to traditional energy while increasing investments in more alternative energy sectors.



Rating Lift/Drag

Parent Liberty Mutual Insurance Company will provide global support on IT, Cybersecurity, underwriting capacity, legal, Enterprise Risk Management, compliance, audit, claims, finance, and other business aspects as necessary. This will be accomplished via collaboration with various Liberty Mutual teams in the US, Latin America, and London.

Related Methodology and Criteria

[Best's Credit Rating Methodology, 08/29/2024](#)

[Available Capital and Insurance Holding Company Analysis, 08/15/2024](#)

[Evaluating Country Risk, 06/06/2024](#)

[Rating Surety Companies, 04/25/2024](#)

[Scoring and Assessing Innovation, 02/20/2025](#)

[Understanding Global BCAR, 08/01/2024](#)

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BEST'S CREDIT REPORT

AMB #: 043616 - Liberty Mutual Surety Brasil Seguros SA

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