FitchRatings

Insurance
Non-Life Insurers
United States

ProAssurance Corporation

Ratings

ProAssurance Corporation

Long-Term IDR	BBB

Subsidiaries

Insurer Financial Strength	A–

Note: See additional ratings on page 9.

Outlook

Long-Term IDR	Stable

Debt Ratings

Senior Unsecured Long-Term Rating	BBB–

Financial Data

ProAssurance Corporation

($ Mil.)	2022	6M23
Net Income	-0.4	4.5
Total Equity	1,104	1,120
Calendar-Year Combined Ratio (%)	105	111
Accident-Year Combined Ratio (%)	109	111

Source: Fitch Ratings, S&P Global Market Intelligence

Applicable Criteria

Insurance Rating Criteria (July 2023)

Related Research

North American Property/Casualty Insurers' Mid-Year 2023 Results (Divergence of Personal and Commercial Lines Results; Stability Delayed Until 2024) (August 2023)

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Key Rating Drivers

Moderate Business Profile: ProAssurance Corporation has a somewhat diversified portfolio outside of its primary line of business, medical professional liability insurance (MPLI). However, the lack of scale in other segments is a limiting factor in improving the business profile. The specialty property/casualty (P/C) segment comprised approximately three quarters of net premiums earned for 1H23, and consists primarily of MPLI, but also included innovative specialty, life sciences and tail coverages segments.

The 2021 acquisition of NORCAL provided a broader base of healthcare professional liability (HCPL) premiums to reshape and diversify the product portfolio. In particular, the acquisition added approximately $300 million of business to the standard physician market, $1.6 billion to the investment portfolio and significantly expanded market presence in California.

Strong Capitalization: The company has a strong capital position measured on both a risk-adjusted and nonrisk-adjusted basis. The company actively targets a GAAP premium-to-equity ratio of 0.75x, and this metric was approximately 0.9x as of 2Q23. This ratio deteriorated primarily from unrealized losses on bonds given the sharply rising interest rate during 2022. This metric is not expected to move materially over the rating horizon from the company's stated target.

Profitability Is Challenged: The calendar-year combined ratio for 1H23 was 111%, compared with 105% at 1H22. On an accident-year basis, the results were closer with 1H23 at 110.8%, compared with 109.3% for 1H22. Pressures in its primary segment that include greater loss severity and reduced premium accounted for the period to period change in accident-year underwriting ratios. The company continues to secure midsingle-digit rate increases in its core MPLI market.

Reserve Strength Diminished: MPLI reserves are inherently long tail and difficult to predict. ProAssurance has a history of conservatively establishing reserves. The magnitude of favorable reserve development may be reduced in the near to medium term due to challenges related to inflation and volatility in litigation settlement costs. Adding NORCAL increased the exposure to MPLI reserves, which was somewhat offset by prior substantial reserve strengthening at NORCAL and a purchase price that represented a significant discount to statutory surplus.

Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- An improvement in company profile;
- Improved view of capitalization, including operating leverage below 0.75x and a Prism score of 'Very Strong' or better;
- A sustained GAAP calendar-year combined ratio of 101% or better.

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- A sustained increase in financial leverage above 30%;
- A sustained GAAP calendar-year combined ratio above 107%;
- Adverse reserve development in excess of 5% of prior-year equity;
- A view of capitalization and leverage considered below the current rating category.

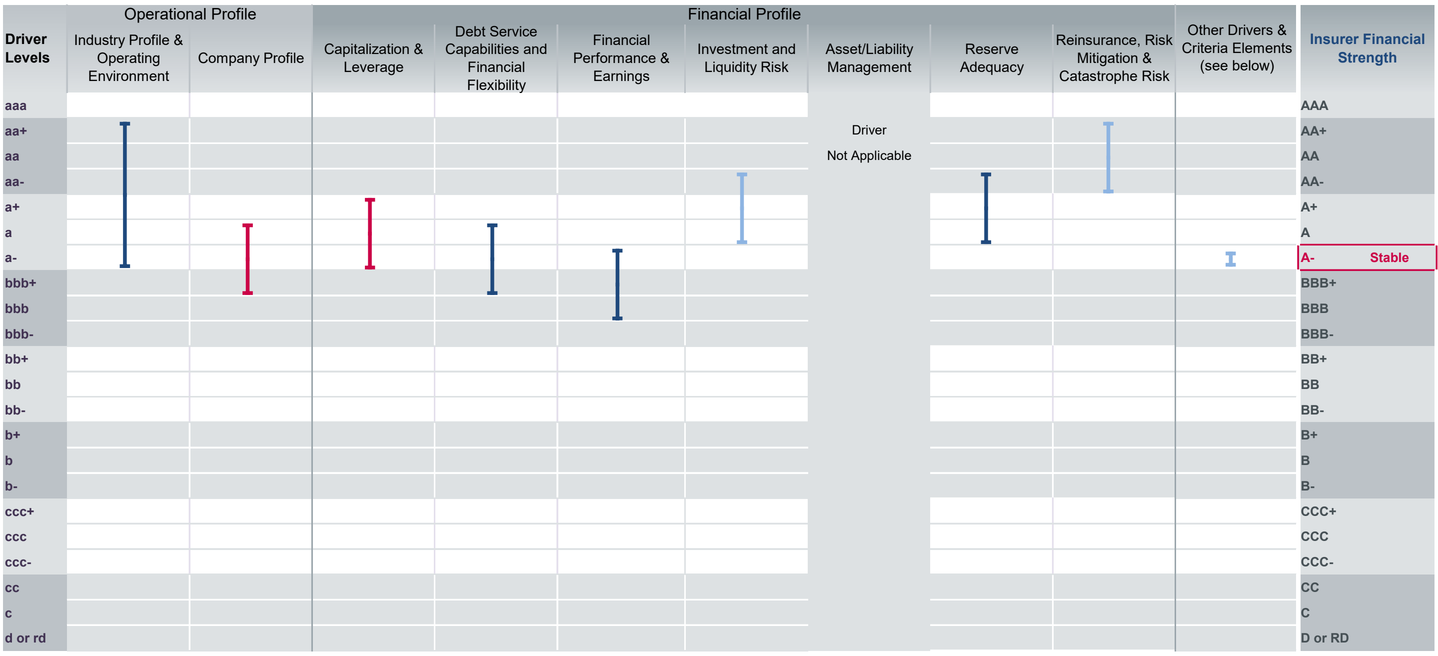
Latest Developments

The company is exiting its Lloyd's of London syndicate segment and there will be no commitment for 2024. This segment amounted to just over 1% of consolidated net premium written and less than $1 million of pretax income through 1H23. Annual participation agreements with the syndicates have a three-year look back that includes prior year of accounts still outstanding that have not been closed. There is no expense associated with the exit, and there is expected to be a return of excess capital within the next nine months.

Senior unsecured debt amounting to $250 million matures on Nov. 15, 2023, and the company intends to use its term loan and revolving credit agreement to refinance the notes. The term loan would amount to $125 million and mature in April 2028. Swap agreements are being used to hedge interest rate movements inherent in the term loan and revolving credit agreement.

The financial performance subfactor score was moved down one notch to 'bbb+' from 'a–' and the influence on the rating was changed to moderate from high.

Key Rating Drivers — Scoring Summary



Other Drivers & Criteria Elements				
Provisional Insurer Financial Strength Rating				A-
Non-Insurance Attributes	Positive	**Neutral**	Negative	+0
Ownership / Group Support	Positive	**Neutral**	Negative	+0
Transfer & Convertibility / Country Ceiling	Yes	**No**	AAA	+0
Insurer Financial Strength Rating			Final:	**A-**
IFS Recovery Assumption	**Good**			-1
Issuer Default Rating (IDR)			Final:	**n.a.**

Bar Chart Legend:	
Vertical Bars = Range of Rating Factor	Bar Arrows = Rating Factor Outlook
Bar Colors = Relative Importance	⇧ Positive
Higher Importance	⇩ Negative
Average Importance	⇳ Evolving
Lower Importance	▭ Stable

Company Profile

Moderate Company Profile

ProAssurance is a specialty P/C insurer based in Birmingham, AL, that traditionally focuses on the MPLI market. Growth has been achieved through numerous acquisitions of other MPLI specialists. Changing fundamentals in MPLI led the company to seek diversification opportunities, deploying retained earnings from past underwriting success into other P/C segments, including workers' compensation and other professional liability lines.

The business profile ranks as moderate compared with all other U.S. non-life insurance companies, due to the company's leading business franchise, diversification and risk profile. Given this ranking, the business profile is scored at 'a' under Fitch's rating guidelines.

Moderate Competitive Positioning

Competitive positioning is comprised of two subfactors: general and operating scale. Together these factors aggregate into a moderate position. ProAssurance has a substantive business franchise within the sector and some competitive advantages that are, in part, derived from its franchise and expertise in HCPL. As of 1H23, the company had approximately $1.0 billion of annualized net written premiums and $1.1 billion of equity.

Moderate Business Risk Profile

The risk profile is on par with the U.S. non-life sector, but it does primarily operate in volatile lines of business in MPLI. Over the past several decades, the MPLI industry loss ratios were as high as 138% and as low as 54%. This volatility, coupled with the longer duration of MPLI reserves, is representative of the inherent underwriting risk of the MPLI product. ProAssurance's workers' compensation business focuses on lower-risk occupational classes and has administrative and claims management capacities that lead to shorter-duration losses than many peers in this segment that in turn reduces risk of adverse reserve development.

Moderate/Favorable Corporate Governance

The group structure, governance structure, financial transparency, and major civil or criminal issues or uncertainties all scored moderate/favorable, resulting in no change to the company profile.

No material issues to the rating are noted. The board appears to have an appropriate amount of independence from management, which seems reasonably involved in establishing the company's strategic direction. There appear to be no major audit-related issues or related-party transactions.

Ownership

Neutral Ownership

ProAssurance is publicly traded and ownership is considered to be neutral to the rating. Market capitalization was $908 million as of Nov. 1, 2023.

Capitalization and Leverage

Strong Capital

Capital is considered strong and supportive of the current rating category with a high influence in determining the company's ratings.

Management has a target of 0.75x operating leverage, and as of 1H23, the company is operating above that target at approximately 0.9x. Capital ratios were relatively stable between 2017 and 2020, but declined initially due to significant returns of capital to shareholders, but most recently due to unrealized losses on bond investments given sharply increasing interest rates during 2022. Operating leverage remains low relative to other publicly traded insurers. Financial leverage increased after the NORCAL transaction and was 23% as of 1H23.

ProAssurance scored 'Adequate' on Fitch's Prism capital model based on YE 2022 results. This is down from three consecutive years at 'Strong', with unrealized bond losses responsible for the decrease in score. The Prism score would have remained 'Strong', excluding unrealized bond losses, albeit at a lower level due to reduced surplus. Primary drivers for target capital (TC) are underwriting, investment and reserves. Favorably, the company does not have meaningful natural catastrophe-related exposures or latent claims, such as asbestos, contributing to TC. Relative to traditional nonrisk-adjusted capital metrics, Prism's stochastic approach assesses risk in a more integrated fashion, considering underwriting performance expectations and volatility, as well as the adequacy and volatility of reserves.

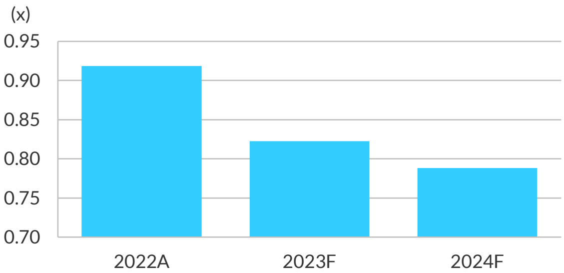
There is a $250 million debt maturity on Nov. 15, 2023 that is expected to be repaid through the bank line of credit. Specifically, one-half using a term loan maturing in 2028 and one-half using the revolving credit agreement. Derivatives were used to hedge against further increases in interest rates that would impact the cost of borrowing on the bank lines.

Financial Highlights

	2022	6M23
Total Capital ($ Mil.)	1,531	1,546
Financial Leverage (%)	23	23
Operating Leverage (x)	0.9	0.9
Net Leverage (x)	4.3	4.1
RBC (%)	237	N.A.

N.A. – Not available. Note: GAAP.
Source: Fitch Ratings, S&P Global Market Intelligence

Fitch Forecast — Operating Leverage

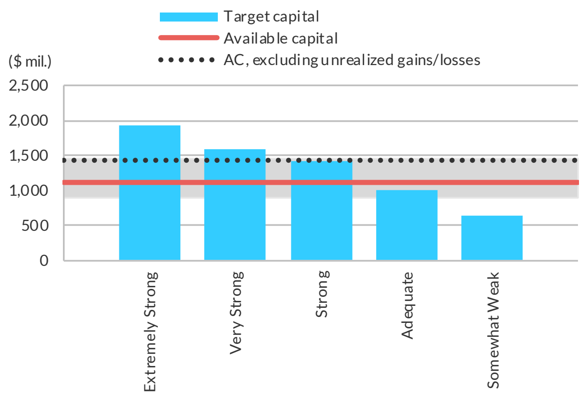


A – Actual F – Forecast. Note: GAAP. Note: See *Appendix C* for more information on forecasts.
Source: Fitch Ratings

Fitch's Expectations

- Operating leverage will be below 0.8x over the long term.
- Financial leverage will not exceed 28%.
- The Prism score will return to 'Strong' within a couple of years.

2022 Prism Score — ProAssurance Corporation



($ Mil.)	2020	2021	2022
Prism Score	Strong	Strong	Adequate
AC/TC at Prism Score (%)	108	117	112
AC/TC at Higher Prism Score (%)	92	100	80
Statutory Surplus	881	1,455	1,388
Affiliated Investments	-8	—	-4
Unrealized Bond Gains/Losses	93	60	-316
Other Adjustments	38	61	60
Available Capital (AC Base)	1,004	1,576	1,128
Target Capital Contributors (%)			
Underwriting	38	28	19
Reserves	21	29	40
Investments	19	23	23
Catastrophe	5	4	4
Other	17	17	14

AC – Available capital. TC – Target capital. Note: Red line is AC base; shaded area represents the high and low of AC due primarily to unrealized bond gains/(losses) and affiliated investments.
Source: Fitch Ratings, S&P Global Market Intelligence

Debt Service Capabilities and Financial Flexibility

Strong Financial Flexibility and Coverage

Financial flexibility and debt service capabilities are considered strong over the rating horizon with moderate influence in determining the company's ratings.

Fixed-charge coverage deteriorated given the decline in profitability and revenues. Dividends amounting to $133 million could be paid in 2023 to the holding company from the operating companies without seeking regulatory approval for extraordinary dividends, which would cover annual dividends by greater than 6x. This figure compares favorably with the modest amount of annual interest expense that is estimated to be approximately $22 million. As of

Dec. 31, 2022, $71 million of cash and investments was held outside of the insurance company subsidiaries that were available for use without prior regulatory approval.

Financial Highlights

($ Mil.)	2022	6M23
Holding Company Cash and Investments	71	N.A.
Operating Cash Flow	-30	-62
Fixed-Charge Coverage (x)	2	1
Statutory Coverage Ratio (x)	7	6

N.A. – Not available. Note: GAAP.
Source: S&P Global Market Intelligence

Fitch's Expectations

- Fixed-charge coverage will range from the low- to midsingle-digit range over the near term.
- The holding company will maintain at least one year's worth of expenses in cash.

Financial Performance and Earnings

Challenged Profitability

Financial performance and earnings is currently challenged relative to guidelines for the current rating category, and has a moderate influence in determining the company's ratings.

Improvement from reunderwriting efforts were seen in 2021 and 2022 before results deteriorated in 1H23 with a 111% combined ratio. NII is benefitting from higher rates and is expected to be a tail wind going forward. Historically, profitability benefited from sizeable favorable reserve development, which is expected to play a considerably reduced role in the future. It is unlikely the company will consistently write a combined ratio below 100%, especially on an accident-year basis over the rating horizon.

The calendar-year combined ratio for 1H23 was 111%, compared with 105% at 1H22. On an accident-year basis, the results were closer with 1H23 at 110.8%, compared with 109.3% for 1H22. Pressures in its primary segment that include greater loss severity and reduced premium accounted for the period to period change in accident-year underwriting ratios. The company continues to obtain midsingle-digit rate increases in its core MPLI market.

The NORCAL acquisition does expand the scale and geographic scope of ProAssurance's underwriting portfolio. These attributes, along with diversification in other specialty lines, allows for greater flexibility relative to other MPLI specialists to withdraw or pull back from overly competitive or difficult local markets in its efforts to restore lasting profits.

Financial Highlights

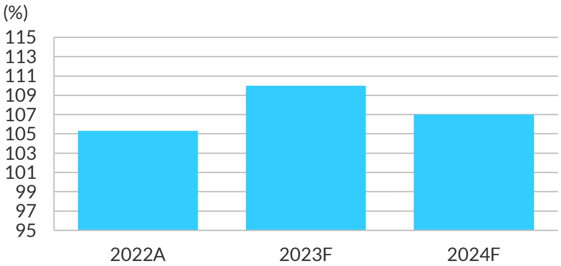
($ Mil.)	2022	6M23
Net Premiums Earned	1,030	488
Realized Investment Gains/Losses	-33	6
Net Income	-0	4
Calendar-Year Combined Ratio (%)	105	111
Accident-Year Combined Ratio (%)	109	111
Operating Ratio (%)	96	98
Return on Common Equity (%)	-0	1

Note: GAAP
Source: Fitch Ratings, S&P Global Market Intelligence

Fitch's Expectations

- The GAAP calendar-year combined ratio will return to approximate 107% in 2024.

Fitch Forecast — Combined Ratio



A – Actual F – Forecast. Note: GAAP. Note: See *Appendix C* for more information on forecasts.
Source: Fitch Ratings

Investment and Asset Risk

Very Strong Investment Profile

Investment and liquidity are considered very strong and supportive of the current rating category, albeit with a lower influence in determining the company's current ratings.

The total fixed-income available-for-sale portfolio, which represented approximately 79% of invested assets, had an average credit quality of 'A+' at 1H23, with 92% of the portfolio invested in investment-grade securities. The duration of the portfolio was 3.5 years, with an average tax-equivalent income yield of 2.5%.

Total fixed-income available-for-sale assets exceed net reserves by 112% at 1H23. Overall, duration is actively monitored by management and the investment strategy does not extend duration for incremental yield.

The risky asset ratio was down modestly to 64% of stockholders' equity at 2Q23 and included mostly below-investment-grade bonds and investment fund limited partnerships and limited liability corporations.

Financial Highlights

	2022	6M23
Cash and Invested Assets ($ Mil.)	4,418	4,361
Cash and Invested Assets/ Common Equity (x)	4.0	3.9
Investment Yield (%)	2.0	2.8
Risky Asset Ratio (%)	69	64
Liquid Assets/Technical Reserves (%)	120	121

Note: GAAP
Source: Fitch Ratings, S&P Global Market Intelligence

Fitch's Expectations

- A high-quality investment portfolio of investment-grade securities will be maintained.

Reserve Adequacy

Reserve Position Is Relatively Strong

Reserve adequacy is supportive of the current rating category and has a moderate influence in determining the company's ratings.

Loss reserves are sufficient and neutral to the rating. The inherent underwriting risk of the MPLI product is evidenced by segment loss ratios that are among the most volatile in the P/C industry.

The company demonstrates expertise and conservatism over the longer term in setting loss reserves. Fitch estimates ProAssurance's reserve as adequate at YE 2022 as overall reserve strength has diminished from prior years. Statutory accident-year loss ratios rose significantly over time, tied partly to unfavorable loss severity. Recent accident years exhibited considerably less favorable development relative to earlier periods.

As of YE 2022, carried net reserves were approximately $3.0 billion. The company's 10-K filing indicates an 80% confidence interval, with reserve estimates ranging from $2.2 billion on the low end to $4.0 billion on the high end. Premiums for all states are reviewed at least annually, and loss reserves are reviewed twice yearly.

Financial Highlights

($ Mil.)	2022	6M23
Loss Reserves	3,039	2,995
PAY Reserve Development	-37	1
PAY Reserve Development/NPE (%)	-3.6	0.1
PAY Reserve Development/ PY Reserves (%)	-1.0	0.0
GAAP Net Reserves/Common Equity (x)	2.8	2.7

PAY – Prior accident year. NPE – Net earned premiums. PY – Prior year. Note: GAAP.
Source: S&P Global Market Intelligence

Fitch's Expectations

- Reserve development will be within plus or minus of 3% of prior-year reserves.

Reinsurance, Risk Mitigation and Catastrophe Risk

Reinsurance Protection Limits Large Losses

Reinsurance, risk mitigation and catastrophe risk are considered strong and supportive of the current rating category with a lower influence on the rating.

In general, the company reinsures professional liability risks under annual treaties whereby it maintains 100% of the first $2 million per claim and reinsures the remainder up to $24 million with a retention of 0%–5% based on layer. Large professional liability risks that are above basic reinsurance treaties are reinsured on a facultative basis.

Medical technology and life sciences product coverages are separately reinsured, generally with 100% retention on the first $2 million, with coverage of $8 million and 2.5% retained. The traditional workers' compensation book provides for 100% retention up to $500,000, with coverage up to $119.5 million per loss occurrence with a retention subject to an annual aggregate deductible.

Fitch's Expectations

- No material changes to reinsurance, risk mitigation practices and catastrophe risk.

Appendix A: Peer Analysis

Peer Comparison

Click here for a report that shows a comparative peer analysis of key rating driver scoring.

Appendix B: Industry Profile and Operating Environment

Industry Profile and Operating Environment (IPOE)

Click here for a link to a report that summarizes the main factors driving the above IPOE score.

Appendix C: Other Rating Considerations

Below is a summary of additional ratings considerations that are part of Fitch's *Insurance Rating Criteria*.

Group Insurance Financial Strength (IFS) Rating Approach

Fitch considers the rated insurance entities of ProAssurance to be Core. As such, all are assigned the group rating. These entities share common management, resources and brand. Only normal regulatory barriers exist to dividend movement between entities and up to the parent. Fitch believes the entity has adequate financial strength to support its operating subsidiaries and management is willing to do so, although no formal support agreements are in place. All operating company ratings are based on a combined group assessment.

Subsidiary Rating List

Company	IFS Rating
Allied Eastern Indemnity Company	A–
Eastern Alliance Insurance Company	A–
Eastern Advantage Assurance Company	A–
Medmarc Casualty Insurance Company	A–
ProAssurance Specialty Insurance Company	A–
ProAssurance Casualty Company	A–
ProAssurance Indemnity Company, Inc.	A–
ProAssurance Insurance Company of America	A–

IFS – Insurer Financial Strength
Source: Fitch Ratings

Notching

For notching purposes, the regulatory environment of the U.S. is assessed by Fitch as being Effective and classified as following a Ring-Fencing approach.

Notching Summary

IFS Ratings
A baseline recovery assumption of Good applies to the IFS rating, and standard notching was used from the IFS "anchor" rating to the implied operating company IDR.
Holding Company IDR
Standard notching was applied between the implied insurance operating company and holding company IDRs for a ring-fenced regulatory environment. No adjustments were made for financial leverage, coverage or significant holding company liquidity.
Holding Company Debt
A baseline recovery assumption of Below Average was applied to the senior unsecured notes. Standard notching relative to the IDR was used.

IFS – Insurer Financial Strength. IDR – Issuer Default Rating.

Debt Maturities

($ Mil., as of June 30, 2023)	
2023	250
2024	—
2025	—
2026	—
2027 and Later	176
Total	**426**

Source: Fitch Ratings, S&P Global Market Intelligence

Short-Term Ratings

Not applicable.

Recovery Analysis and Recovery Ratings

Not applicable.

Transfer and Convertibility Risk (Country Ceiling)

None.

Criteria Variations

None.

About Fitch Forecasts

The forecasts shown in the main body of this report reflect Fitch's forward views from a credit perspective. They are based on a combination of Fitch's macroeconomic forecasts and viewpoints, outlook at the sector level and company-specific considerations developed by Fitch. As a result, Fitch's forecasts may differ, at times materially, from earnings and other guidance provided by a rated entity to the market. To the extent Fitch is aware of material, nonpublic information on likely future events, such as a planned recapitalization or M&A activity, Fitch will not reflect these likely future events in its forecasts. This practice is to assure that such material nonpublic information is not inadvertently disclosed. However, as relevant, such information is considered by Fitch as part of the broader ratings process.

Appendix D: Environmental, Social and Governance Considerations

FitchRatings **ProAssurance Corporation**

Insurance Navigator
US Non-Life

Credit-Relevant ESG Derivation

ProAssurance Corporation has 6 ESG potential rating drivers				ESG Relevance to Credit Rating
ProAssurance Corporation has exposure to compliance risk; treating customers fairly; pricing transparency; privacy/data security; legal/regulatory fines; exposure to insured and own cyber risk but this has very low impact on the rating.	key driver	0	issues	5
ProAssurance Corporation has exposure to social responsibility and its effect on brand strength; increased vulnerability due to credit concentrations but this has very low impact on the rating.	driver	0	issues	4
Governance is minimally relevant to the rating and is not currently a driver.	potential driver	6	issues	3
	not a rating driver	3	issues	2
		5	issues	1

Environmental (E) Relevance Scores

General Issues	E Score	Sector-Specific Issues	Reference	E Relevance
GHG Emissions & Air Quality	1	n.a.	n.a.	5
Energy Management	1	n.a.	n.a.	4
Water & Wastewater Management	1	n.a.	n.a.	3
Waste & Hazardous Materials Management; Ecological Impacts	2	Underwriting/reserving exposed to asbestos/hazardous materials risks	Capitalization & Leverage; Financial Performance & Earnings; Reserve Adequacy; Reinsurance, Risk Mitigation & Catastrophe Risk	2
Exposure to Environmental Impacts	2	Underwriting/reserving exposed to environmental and natural catastrophe risks; impact of catastrophes on own operations or asset quality; credit concentrations	Capitalization & Leverage; Financial Performance & Earnings; Reserve Adequacy; Reinsurance, Risk Mitigation & Catastrophe Risk; Investment & Asset Risk	1

Social (S) Relevance Scores

General Issues	S Score	Sector-Specific Issues	Reference	S Relevance
Human Rights, Community Relations, Access & Affordability	1	n.a.	n.a.	5
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Compliance risk; treating customers fairly; pricing transparency; privacy/data security; legal/regulatory fines; exposure to insured and own cyber risk	Industry Profile & Operating Environment; Company Profile; Reserve Adequacy	4
Labor Relations & Practices	2	Impact of labor negotiations, including board/employee compensation and composition	Company Profile	3
Employee Wellbeing	1	n.a.	n.a.	2
Exposure to Social Impacts	3	Social responsibility and its effect on brand strength; increased vulnerability due to credit concentrations	Company Profile; Investment & Asset Risk; Financial Performance & Earnings; Reinsurance, Risk Mitigation & Catastrophe Risk	1

Governance (G) Relevance Scores

General Issues	G Score	Sector-Specific Issues	Reference	G Relevance
Management Strategy	3	Operational implementation of strategy	Company Profile	5
Governance Structure	3	Board independence and effectiveness; ownership concentration; protection of creditor/stakeholder rights; legal /compliance risks; business continuity; key person risk; related party transactions	Company Profile	4
Group Structure	3	Organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership	Company Profile; Ownership	3
Financial Transparency	3	Quality and timing of financial reporting and auditing processes	Company Profile	2
				1

How to Read This Page
ESG relevance scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant.
The Environmental (E), Social (S) and Governance (G) tables break out the ESG general issues and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit-relevance of the sector-specific issues to the issuer's overall credit rating. The Criteria Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The vertical color bars are visualizations of the frequency of occurrence of the highest constituent relevance scores. They do not represent an aggregate of the relevance scores or aggregate ESG credit relevance.
The Credit-Relevant ESG Derivation table's far right column is a visualization of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The three columns to the left of ESG Relevance to Credit Rating summarize rating relevance and impact to credit from ESG issues. The box on the far left identifies any ESG Relevance Sub-factor issues that are drivers or potential drivers of the issuer's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the relevance score. All scores of '4' and '5' are assumed to result in a negative impact unless indicated with a '+' sign for positive impact.
Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI), the Sustainability Accounting Standards Board (SASB), and the World Bank.

CREDIT-RELEVANT ESG SCALE
How relevant are E, S and G issues to the overall credit rating?

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

ESG Considerations

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit https://www.fitchratings.com/topics/esg/products#esg-relevance-scores.

SOLICITATION & PARTICIPATION STATUS

For information on the solicitation status of the ratings included within this report, please refer to the solicitation status shown in the relevant entity's summary page of the Fitch Ratings website.

For information on the participation status in the rating process of an issuer listed in this report, please refer to the most recent rating action commentary for the relevant issuer, available on the Fitch Ratings website.

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