

**DRAFT WORKING COPY****Armour Secure Insurance S.A. de C.V.****Best's Credit Rating Effective Date**

April 23, 2025

**Additional Rating Types**National Scale Rating for Armour Secure Ins  
S.A. de C.V. (AMB#091459) is aa-.MX**Best's Country Risk Reports  
Utilized**

Mexico - CRT - 3

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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: .**AMB #:** 091459 | **AIIN #:** AA-2730047**Ultimate Parent:** AMB # 052975 - Trebuchet Group Holdings Limited**Best's Credit Ratings****Financial Strength Rating  
(FSR)****B+****Good**Outlook: **Positive**Action: **Affirmed****Issuer Credit Rating  
(ICR)****bbb-****Good**Outlook: **Positive**Action: **Affirmed****Assessment Descriptors**

Balance Sheet Strength	<b>Strong</b>
Operating Performance	<b>Strong</b>
Business Profile	<b>Limited</b>
Enterprise Risk Management	<b>Marginal</b>

## Rating Rationale

### Balance Sheet Strength: **Strong**

- Strongest level of risk-adjusted capitalization, as measured by Best's Capital Adequacy Ratio (BCAR), driven by positive bottom-line results.
- Capital volume of USD \$4 million. Annual dividend payments with pay-out ratio between 20% and 25%.
- Very conservative investment strategy allocated in Mexican fixed-income instruments.

### Operating Performance: **Strong**

- Premium contraction during 2024, driven by stabilization of business after extraordinary results in 2023.
- Increased combined ratio as a result of contraction of gross written premium, but efficiencies in operational expenses translated into positive bottom-line results.
- Investment income has been strengthening, showing better results compared to previous years.

### Business Profile: **Limited**

- Provides title insurance services on real estate and industrial properties in Mexico.
- Holds a market share over 70%. Only one competitor in the local market.
- Title insurance market in Mexico is very small.

### Enterprise Risk Management: **Marginal**

- Solvency II implementation has strengthened the company's risk management practices.
- Sound reinsurance program placed with Lloyd's.
- Deficiencies in communication and governance at Armour's holding company level have improved with respect to previous years.

### Rating Lift/Drag

- Changes in organizational structure have eliminated financial leverage at the holding company level.
- Stable capital and corporate structure at holding company is key for the ratings moving forward.

### Outlook

- The positive outlooks reflect AM Best's expectation that the improvements in the communication between the holding company, Trebuchet Group Holdings Limited, and Armour's management, will continue, in line with more transparency and willingness to provide information to AM Best. It is also expected that Armour will maintain its current balance sheet strength assessment level, which is supported by risk-adjusted capitalization at the strongest level, as measured by BCAR, while it maintains a strong level of operating performance.

### Rating Drivers

- Positive rating actions could take place if, in AM Best's view, Armour and its holding company keep improving communication, demonstrating transparency and efficiency in information and its ERM processes.
- Negative rating actions could take place if the risk-adjusted capitalization of the company weakens due to significant cash withdrawals or excessive premium growth.
- Negative rating actions could also take place if operating performance deteriorates to metrics no longer supportive of its current assessment.

## 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	81.0	73.0	70.0	69.0

Source: Best's Capital Adequacy Ratio Model - Global

Key Financial Indicators	2024 MXN (000)	2023 MXN (000)	2022 MXN (000)	2021 MXN (000)	2020 MXN (000)
Net Premiums Written:					
Non-Life	72,677	130,836	73,361	60,786	49,143
Composite	72,677	130,836	73,361	60,786	49,143
Net Income	10,839	20,889	7,668	6,511	4,536
Total Assets	162,664	176,335	128,018	118,930	115,867
Total Capital and Surplus	81,682	91,230	74,008	74,673	68,162

Source: BestLink® - Best's Financial Suite

Key Financial Indicators & Ratios	2024 MXN (000)	2023 MXN (000)	2022 MXN (000)	2021 MXN (000)	2020 MXN (000)	Weighted 5-Year Average
Profitability:						
Balance on Non-Life Technical Account	1,377	30,907	10,838	3,977	5,568	...
Net Income Return on Revenue (%)	13.3	16.7	10.5	10.8	8.7	12.9
Net Income Return on Capital and Surplus (%)	12.5	25.3	10.3	9.1	6.9	13.2
Non-Life Combined Ratio (%)	98.2	74.3	84.8	93.3	89.2	86.1
Net Investment Yield (%)	3.8	3.5	1.3	0.7	0.7	2.2
Leverage:						
Net Premiums Written to Capital and Surplus (%)	89.0	143.4	99.1	81.4	72.1	...

Source: BestLink® - Best's Financial Suite

## Credit Analysis

### Balance Sheet Strength

Balance sheet strength assessment of Armour is strong. The company has widened its capital base through reinvestment of earnings. Armour follows a very conservative investment strategy, and its reserves are constituted adequately to fulfill policyholder and company's obligations.

### Capitalization

Armour's risk-adjusted capitalization, as measured by BCAR, stood at the strongest level in 2023 and 2024, supported by the positive bottom-line results, despite significant dividend payments.

Capital Generation Analysis	2024 MXN (000)	2023 MXN (000)	2022 MXN (000)	2021 MXN (000)	2020 MXN (000)
Beginning Capital and Surplus	91,227	74,008	74,673	68,162	63,626
Net Income	10,839	20,889	7,668	6,511	4,536
Change in Equalisation and Other Reserves	-4,000	-2,500	...	...	...
Net Change in Paid-In Capital and Surplus	4,000	2,500	...	...	...
Stockholder Dividends	-20,384	-3,667	-8,333	...	...
Net Change in Capital and Surplus	-9,545	17,222	-665	6,511	4,536
Ending Capital and Surplus	81,682	91,230	74,008	74,673	68,162
Net Change in Capital and Surplus (%)	-10.5	23.3	-0.9	9.6	7.1

Source: BestLink® - Best's Financial Suite

## Balance Sheet Strength (Continued...)

Liquidity Analysis (%)	2024	2023	2022	2021	2020
Liquid Assets to Total Liabilities	179.2	187.0	212.7	237.5	219.6
Total Investments to Total Liabilities	179.2	187.0	212.7	237.5	219.6

Source: BestLink® - Best's Financial Suite

## Asset Liability Management - Investments

Armour follows a very conservative investment strategy in which most of the portfolio is allocated in fixed income securities.

Composition of Cash and Invested Assets	2024 MXN (000)	2023 MXN (000)	2022 MXN (000)	2021 MXN (000)	2020 MXN (000)
Total Cash and Invested Assets	145,134	159,153	114,859	105,115	104,751
Cash (%)	11.1	35.4	28.8	21.7	23.9
Bonds (%)	88.9	64.6	71.3	78.3	76.1
Total Cash and Unaffiliated Invested Assets (%)	100.0	100.0	100.0	100.0	100.0
Total Cash and Invested Assets (%)	100.0	100.0	100.0	100.0	100.0

Source: BestLink® - Best's Financial Suite

## Reserve Adequacy

Balance sheet strength is susceptible to underwriting and reserve risk. Nevertheless, reserves are constituted adequately to fulfill policyholder and company's obligations as required by CNSF guidelines and certified by actuarial reports.

## Operating Performance

Armour's operating performance assessment is considered strong. Positive bottom-line results have been achieved through technical results, which in recent years has been reinforced by positive investment income, driven by the high interest rate environment.

As of December 2024, Armour presented a contraction in gross premiums written, as the business volume is stabilizing; nevertheless, the company still reported positive bottom-line results for the period.

Armour has historically maintained premium sufficiency, with combined ratios below the 100% threshold. Previous organizational structure changes and good expense management practices have aided the company's results over the years.

Financial Performance Summary	2024 MXN (000)	2023 MXN (000)	2022 MXN (000)	2021 MXN (000)	2020 MXN (000)
Pre-Tax Income	16,564	27,656	8,467	5,188	5,502
Net Income after Non-Controlling Interests	10,839	20,889	7,668	6,511	4,536

Source: BestLink® - Best's Financial Suite

Operating and Performance Ratios (%)	2024	2023	2022	2021	2020
Overall Performance:					
Return on Assets	6.4	13.7	6.2	5.5	3.9
Return on Capital and Surplus	12.5	25.3	10.3	9.1	6.9
Non-Life Performance:					
Loss and LAE Ratio	-2.6	3.3	2.9	2.4	-15.2
Expense Ratio	100.8	71.0	81.9	90.9	104.4
Non-Life Combined Ratio	98.2	74.3	84.8	93.3	89.2

Source: BestLink® - Best's Financial Suite

**Business Profile**

Armour Secure Insurance, S.A. de C.V. (Armour) is a Mexican company providing title insurance on real estate properties in Mexico, backed up by Lloyd's of London reinsurance syndicates.

The company initiated operations as Fidelity National Title de Mexico, S.A. de C.V in 2007 and has introduced an essential part of a Real Estate transaction known as the escrow.

Armour's senior team has a solid background in management of insurance companies as well as structured and reinsurance deals. Armour has an excellent reputation, both through the transactional process and in the ongoing management of assumed portfolios and insurance operations. Armour is still the market leader of the title insurance sector, with over 70% market share as of December 2024.

The very small size of the title insurance market in Mexico, coupled with the hardened conditions of the real estate market due to the general slowdown of the economy limit Armour's business profile.

**Enterprise Risk Management**

Armour follows regulatory guidelines for the management of financial risks and has an enterprise risk management framework in place.

Armour's risk committee meets on a monthly basis in order to assess risk exposure, reports risk metrics every three months to the executive board and informs all business units regarding risk management status. Most business areas within the company are responsible for identifying potential risks that might affect the current financial situation of the company.

Solvency II implementation has strengthened the company's risk management practices.

**Reinsurance Summary**

The company holds a facultative reinsurance program with highly-rated reinsurer Lloyd's of London.

Armour and Lloyd's business relationship is unique in the Mexican title insurance market, thus leveraging the company's position among its main competitors.

**Environmental, Social & Governance**

AM Best considers Armour's exposure to material environmental, social and corporate governance (ESG) risks to be low.

**Rating Lift/Drag**

Armour's ultimate parent is Trebuchet Group Holdings Limited. As of December 2023, the holding company does not have debt of any kind.

## Financial Statements

	12/31/2024		12/31/2024
<b>Balance Sheet</b>	<b>MXN (000)</b>	<b>%</b>	<b>USD (000)</b>
Cash and Short Term Investments	16,066	9.9	786
Bonds	129,068	79.3	6,311
<b>Total Cash and Invested Assets</b>	<b>145,134</b>	<b>89.2</b>	<b>7,097</b>
Debtors / Amounts Receivable	6,549	4.0	320
Other Assets	10,981	6.8	537
<b>Total Assets</b>	<b>162,664</b>	<b>100.0</b>	<b>7,954</b>
Unearned Premiums	52,981	32.6	2,591
Insurance Contract Liabilities, Net of Assets:			
Total Gross Technical Reserves	52,981	32.6	2,591
Other Liabilities	28,001	17.2	1,369
<b>Total Liabilities</b>	<b>80,982</b>	<b>49.8</b>	<b>3,960</b>
Capital Stock	44,744	27.5	2,188
Retained Earnings	36,938	22.7	1,806
<b>Total Capital and Surplus</b>	<b>81,682</b>	<b>50.2</b>	<b>3,994</b>
<b>Total Liabilities and Surplus</b>	<b>162,664</b>	<b>100.0</b>	<b>7,954</b>

Source: BestLink® - Best's Financial Suite

	Non-Life	Life	Other	12/31/2024	12/31/2024
<b>Income Statement</b>	<b>MXN (000)</b>	<b>MXN (000)</b>	<b>MXN (000)</b>	<b>Total MXN (000)</b>	<b>Total USD (000)</b>
Gross Premiums Written	92,916	...	...	92,916	4,544
Net Premiums Earned	75,943	...	...	75,943	3,714
Net Investment Income	...	...	5,855	5,855	286
Total Revenue	75,943	...	5,855	81,798	4,000
Benefits And Claims	-1,955	...	...	-1,955	-96
Net Operating And Other Expenses	76,521	...	-9,332	67,189	3,286
Total Benefits, Claims And Expenses	74,566	...	-9,332	65,234	3,190
<b>Pre-Tax Income</b>	<b>1,377</b>	<b>...</b>	<b>15,187</b>	<b>16,564</b>	<b>810</b>
Income Taxes Incurred	...	...	...	5,725	280
<b>Net Income before Non-Controlling Interests</b>	<b>...</b>	<b>...</b>	<b>...</b>	<b>10,839</b>	<b>530</b>

Source: BestLink® - Best's Financial Suite

## Related Methodology and Criteria

Best's National Scale Ratings, 05/16/2024

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 Title Insurance Companies, 09/12/2024

Scoring and Assessing Innovation, 02/20/2025

Understanding Global BCAR, 08/01/2024

## Additional Rating Types

National Scale Rating for Armour Secure Ins S.A. de C.V. (AMB#091459) is aa-.MX

A Best's Financial Strength Rating opinion addresses the relative ability of an insurer to meet its ongoing insurance obligations. The ratings are not assigned to specific insurance policies or contracts and do not address any other risk, including, but not limited to, an insurer's claims-payment policies or procedures; the ability of the insurer to dispute or deny claims payment on grounds of misrepresentation or fraud; or any specific liability contractually borne by the policy or contract holder. A Financial Strength Rating is not a recommendation to purchase, hold or terminate any insurance policy, contract or any other financial obligation issued by an insurer, nor does it address the suitability of any particular policy or contract for a specific purpose or purchaser.

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