

## **A.M. Best Places Ratings of Lexon Insurance Company and Bond Safeguard Insurance Company Under Review with Positive Implications**

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### **FOR IMMEDIATE RELEASE**

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**A.M. Best** has placed under review with positive implications the financial strength rating (FSR) of B++ (Good) and the issuer credit ratings of “bbb” of **Lexon Insurance Company** (Lexon) (Austin, TX) and its affiliate, **Bond Safeguard Insurance Company** (Bond Safeguard) (Sioux Falls, SD). Lexon and Bond Safeguard are wholly owned operating subsidiaries of Lexon Surety Group, LLC (LSG).

The rating actions follow the announcement that **Ironshore Inc.** (Ironshore) has entered into a definitive agreement to acquire the remaining 80% interest in LSG and its affiliated surety agency operations that it does not already own in an all-cash transaction. Ironshore’s initial 9.9% purchase of LSG in April 2013 was followed by the purchase of an additional 10.1% equity interest in June 2014.

The under review with positive implications status of Lexon and Bond Safeguard is reflective of the financial and operational benefits that both companies should derive from being acquired by a larger, higher-rated organization. The subsidiaries of Ironshore maintain an FSR of A (Excellent) and the ICRs of “a”, which are currently under review with negative implications.

Lexon and Bond Safeguard have an existing quota share reinsurance agreement and fronting arrangement with **Ironshore Indemnity Inc.** and **Ironshore Specialty Insurance Company**, effective Jan. 1, 2013. Under the quota share, Lexon and Bond Safeguard cede 20% of their net business to these Ironshore subsidiaries. A variable quota share for surety bonds with limits in excess of \$7.5 million was implemented in 2014.

The ratings of Lexon and Bond Safeguard will remain under review until the close of the transaction, which is expected by the end of 2016, and a review by A.M. Best of the post-transaction details. The transaction is subject to regulatory approvals.

This press release relates to rating(s) that have been published on A.M. 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 A.M. Best's [Recent Rating Activity](#) web page.

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