



# NEWS RELEASE

A.M. BEST COMPANY, INC., OLDWICK, NJ • A.M. BEST EUROPE, LTD., LONDON  
A.M. BEST ASIA-PACIFIC, LTD., HONG KONG

## FOR IMMEDIATE RELEASE

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### **A.M. Best Revises Outlook to Positive for Philadelphia Insurance Companies and Its Members**

**OLDWICK, N.J., July 9, 2010**—A.M. Best Co. has revised the outlook to positive from stable and affirmed the financial strength rating (FSR) of A+ (Superior) and issuer credit ratings (ICR) of “aa” of **Philadelphia Insurance Companies** (Philadelphia) (Bala Cynwyd, PA) and its members.

Concurrently, A.M. Best has affirmed the FSR of A- (Excellent) and ICRs of “a-” of **Liberty American Insurance Group** (Liberty American) (Pinellas Park, FL) and its members. The outlook for these ratings is stable. All companies are subsidiaries of **Tokio Marine & Nichido Fire Insurance Co., Ltd.**, a subsidiary of **Tokio Marine Holdings, Inc.** (Tokio Marine) (both of Tokyo, Japan). (See below for a detailed listing of the companies and ratings.)

The ratings of Philadelphia recognize its continuing generation of superior operating results, maintenance of strong capitalization and its excellent market presence as a writer of specialty commercial business. The ratings also acknowledge the group’s excellent operating cash flow, solid liquidity measures and well-developed enterprise risk management (ERM) platform.

The ratings of Philadelphia also reflect the strategic importance of the group to Tokio Marine. A.M. Best expects Philadelphia to continue playing an important, expanding strategic role in supporting Tokio Marine’s global expansion strategy. The revised outlook not only

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reflects the expectation that Philadelphia will continue to reap the operational benefits of a very strong core book of business, but it also is expected to benefit from additional distribution avenues made available through Tokio Marine. This will likely enable Philadelphia to make its insurance products available to a wider breadth of potential insureds. The multi-layered, highly integrated ERM system greatly enhances the information gathering and review processes of the group, which in turn helps inform and drive the ultimate decision-making processes throughout the organization.

These positive rating factors are partially tempered by the execution risk involved in growing top line written premiums under competitive market conditions, which Philadelphia has done in recent years. The group is, again, projected to grow gross written premiums slightly in 2010. A.M. Best will closely monitor the development of the original accident year loss and combined ratios to help determine whether overall underwriting profitability has been positively or negatively impacted by the new business written over the last few years.

The ratings of Liberty American acknowledge its strong capitalization and adequate liquidity in support of the current run-off of the group's personal lines business, including the transfer of the National Flood Insurance Program to **Philadelphia Indemnity Insurance Company**, Philadelphia's lead operating company. As of July 23, 2009, the group had no in-force policies, and only a modest, net loss reserve base of approximately \$3.2 million remained on its balance sheet as of March 31, 2010.

The FSR of A+ (Superior) and ICRs of "aa" have been affirmed for **Philadelphia Insurance Companies** and its following members:

- **Philadelphia Indemnity Insurance Company**
- **Philadelphia Insurance Company**

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The FSR of A- (Excellent) and ICRs of “a-” have been affirmed for **Liberty American Insurance Group** and its following members:

- **Liberty American Insurance Company**
- **Liberty American Select Insurance Company**

For Best’s Credit Ratings, an overview of the rating process and rating methodologies, please visit [www.ambest.com/ratings](http://www.ambest.com/ratings).

The principal methodologies used in determining these ratings, including any additional methodologies and factors that may have been considered, can be found at [www.ambest.com/ratings/methodology](http://www.ambest.com/ratings/methodology).

**Founded in 1899, A.M. Best Company is a global full-service credit rating organization dedicated to serving the financial and health care service industries, including insurance companies, banks, hospitals and health care system providers. For more information, visit [www.ambest.com](http://www.ambest.com).**

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