

Press Release - FEBRUARY 28, 2013

A.M. Best Affirms Ratings of Philadelphia Insurance Companies Members

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FOR IMMEDIATE RELEASE

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A.M. Best Co. has affirmed the financial strength rating (FSR) of A++ (Superior) and issuer credit ratings (ICR) of "aa+" of **Philadelphia Indemnity Insurance Company (PIIC)** and its affiliate, **Tokio Marine Specialty Insurance Company** (both headquartered in Bala Cynwyd, PA), which operate under a pooling agreement, collectively referred to as **Philadelphia Insurance Companies (Philadelphia)**. The outlook for these ratings is stable.

Concurrently, A.M. Best has affirmed the FSR of A- (Excellent) and ICR of "a-" of **Liberty American Insurance Company** and **Liberty American Select Insurance Company** (both domiciled in Altamonte, FL), which operate under a pooling agreement, collectively referred to as **Liberty American Insurance Group (Liberty American)**. The outlook for all ratings is stable.

All companies are subsidiaries of Tokio Marine North America Inc., which is an insurance holding company subsidiary of **Tokio Marine & Nichido Fire Insurance Co., Ltd. (TMNF)**, a subsidiary of **Tokio Marine Holdings, Inc. (TMHD)** (both domiciled in Tokyo, Japan).

The ratings of Philadelphia reflect its superior operating performance, strong level of capitalization, solid liquidity and excellent market presence within the specialty commercial marketplace. The ratings also acknowledge the group's excellent operating cash flow, solid liquidity measures, well-developed enterprise risk management (ERM) platform and strong management team, which takes into consideration the leadership change earlier this month with the appointment of Mr. Robert D. O'Leary as President and CEO, who has been with the organization since 1982. The ratings also recognize the strategic importance of the group to TMHD, as the group plays an important and strategic role in supporting TMHD's global expansion strategy.

A.M. Best believes that Philadelphia is well positioned at the current ratings. Looking forward, negative rating action could occur if capitalization and/or operating performance fall markedly short of A.M. Best's expectations primarily as a result of any material increase in frequency and severity of catastrophe losses. The ratings can also be negatively impacted by any negative rating actions on TMNF and/or a change in support from or relationship with TMHD.

The ratings of Liberty American recognize its modest underwriting leverage and adequate liquidity, which more than support the current run off of the group's personal lines business and the pass-through business written on behalf of the National Flood Insurance Program, a program that is being transferred to PIIC.

Potential upward movement in Liberty American's ratings could result from a more defined role as a subsidiary of TMHD. Possible downward movement in the ratings could result from a significant decline in operating performance and capitalization, any negative rating actions taken on TMHD's subsidiaries and/or any lessening of support provided by TMHD and its subsidiaries.

The methodology used in determining these ratings is Best's Credit Rating Methodology, which provides a comprehensive explanation of A.M. Best's rating process and contains the different rating criteria employed in the rating process. Best's Credit Rating Methodology can be found at www.ambest.com/ratings/methodology.

Founded in 1899, A.M. Best Company is the world's oldest and most authoritative insurance rating and information source.

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