

A.M. Best Upgrades Ratings of North Country Insurance Company

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A.M. Best Co. has upgraded the financial strength rating to A- (Excellent) from B++ (Good) and issuer credit rating to “a-” from “bbb+” of **North Country Insurance Company** (North Country) (Watertown, NY). The outlook for both ratings has been revised to stable from positive.

The rating upgrades reflect North Country’s continued favorable operating performance, improved underwriting leverage and long-standing local market presence. North Country’s solid capital position has been derived from surplus growth in each of the past five years. Over the most recent five-year period, North Country has recorded double-digit pre-tax returns on revenues primarily driven by profitable underwriting results supplemented by generally consistent levels of net investments and other income. Contributing to the company’s profitability has been management’s re-underwriting efforts in earlier years, strict adherence to underwriting principles and pricing discipline.

Partially offsetting these positive rating factors is North Country’s geographic risk concentration in New York, which exposes its operating performance to weather-related events, as well as changes in regulatory and competitive market conditions. Also, the company’s underwriting expense ratio is above the personal property composite average, primarily driven by an elevated commission structure and loss adjustment expenses. However, this ratio has been reduced in the most recent years.

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. Key criteria utilized include: “Risk Management and the Rating Process for Insurance Companies”; “Understanding BCAR for Property/Casualty Insurers”; and “Catastrophe Analysis in A.M. Best Ratings.” 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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