

Press Release - MAY 21, 2010

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

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### FOR IMMEDIATE RELEASE

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

The ratings and outlook reflect North Country's improved underwriting leverage, favorable operating performance and long-standing local market presence. North Country's improved capital position has been derived from surplus advances in each of the past five years, which are attributable to management's emphasis on improved operating margins and strengthened balance sheet. Over the most recent five-year period, pre-tax earnings have been driven primarily by profitable underwriting results due to management's re-underwriting efforts in prior years and strict adherence to underwriting and pricing discipline in recent years. In addition, North Country's conservative investment portfolio has generated consistent net investment income.

These positive rating attributes are partially offset by the company's business concentration and property predominant exposure in New York State. As a result, North Country's operating performance remains susceptible to weather-related events as well as changes in regulatory and competitive market conditions. Also, the company maintains an expense disadvantage, driven primarily by its elevated commission and loss adjustment expenses.

Despite this, North Country's underlying book of business has outperformed industry averages, as reflected by its extremely favorable five-year average pure loss ratio.

For Best's Credit Ratings, an overview of the rating process and rating methodologies, please visit [Best's Ratings & Analysis](#).

The principal methodologies used in determining these ratings, including any additional methodologies and factors that may have been considered, can be found at [Best's Credit Rating Methodology](#).

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