

A.M. Best Upgrades Ratings of Stonetrust Commercial Insurance Company



CONTACTS:

Charles Meyer
Senior Financial Analyst
(908) 439-2200, ext. 5374
charles.meyer@ambest.com

Rachelle Morrow
Senior Manager, Public Relations
(908) 439-2200, ext. 5378
rachelle.morrow@ambest.com

Michelle Baurkot, ARe, ARM
Assistant Vice President
(908) 439-2200, ext. 5507
michelle.baurkot@ambest.com

Jim Peavy
Assistant Vice President, Public
Relations
(908) 439-2200, ext. 5644
james.peavy@ambest.com

FOR IMMEDIATE RELEASE

OLDWICK, N.J., JUNE 03, 2011

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 **Stonetrust Commercial Insurance Company** (Stonetrust) (Baton Rouge, LA). The outlook has been revised to stable from positive.

The rating upgrades reflect Stonetrust's solid capitalization, profitable earnings achieved through strong underwriting performance and consistent investment income, and management's underwriting experience within its niche workers' compensation marketplace.

Partially offsetting these positive rating factors are the areas of adverse reserve development in Stonetrust's prior accident years, its concentrated market profile operating as a monoline insurer writing predominantly in a single state and the execution risk associated with premium growth in contiguous states while maintaining pricing adequacy. Despite these concerns, the company's rating outlook is reflective of improved capitalization and A.M. Best's expectation that solid operating performance will be sustained over the near term and will contribute to organic surplus growth.

The principal methodology used in determining these ratings is [Best's Credit Rating Methodology - Global Life and Non-Life Insurance Edition](#), which provides a comprehensive explanation of A.M. Best's rating process and highlights the different rating criteria employed. Additional key criteria utilized include: "Risk Management and the Rating Process for Insurance Companies"; "Understanding BCAR for Property/Casualty Insurers"; "The Treatment of Terrorism Risk in the Rating Evaluation"; and "A.M. Best's Ratings & the Treatment of Debt." Methodologies 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.

[View a list of companies](#) related to this press release. The list will include Best's Ratings along with links to additional company specific information including related news and reports.

A.M. Best's credit ratings are independent and objective opinions, not statements of fact. A.M. Best is not an Investment Advisor, does not offer investment advice of any kind, nor does the company or its Ratings Analysts offer any form of structuring or financial advice. A.M. Best's credit opinions are not recommendations to buy, sell or hold securities, or to make any other investment decisions.

A.M. Best receives compensation for interactive rating services provided to organizations that it rates. A.M. Best may also receive compensation from rated entities for non-rating related services or products offered by A.M. Best. A.M. Best does not offer consulting or