



## **A.M. Best Upgrades Credit Ratings of Some Subsidiaries of ProAssurance Corporation**

August 23, 2017 12:13 PM Eastern Daylight Time

OLDWICK, N.J.--(BUSINESS WIRE)--**A.M. Best** has upgraded the Financial Strength Rating (FSR) to A+ (Superior) from A (Excellent) and the Long-Term Issuer Credit Ratings (Long-Term ICR) to "aa-" from "a" for **Medmarc Casualty Insurance Company** (Medmarc), **Noetic Specialty Insurance Company** (Noetic) and **Podiatry Insurance Company of America** (PICA). The outlook for the Long-Term ICR has been revised to stable from positive while the outlook for the FSR remains stable. Medmarc and Noetic are headquartered in Chantilly, VA, while PICA is headquartered in Franklin, TN.

In addition, A.M. Best has affirmed the FSR of A+ (Superior) and the Long-Term ICRs of "aa-" of **ProAssurance Casualty Company, ProAssurance Indemnity Company, Inc., ProAssurance Specialty Insurance Company, Incorporated** and **ProAssurance American Mutual, A Risk Retention Group**. The outlook for these Credit Ratings (ratings) remains stable. These companies are headquartered in Birmingham, AL. All of the above companies are collectively referred to as the **ProAssurance Group** or the group.

Furthermore, A.M. Best has affirmed the FSR of A- (Excellent) and the Long-Term ICR of "a-" of **PACO Assurance Company, Inc.** (PACO) (headquartered in Franklin, TN). The outlook for these ratings remains stable.

A.M. Best also has affirmed the FSR of A (Excellent) and the Long-Term ICRs of "a+" of **Eastern Alliance Insurance Company, Allied Eastern Indemnity Company** and **Eastern Advantage Assurance Company** (collectively referred to as the **Eastern Alliance Insurance Group** [EAIG]), as well as **Eastern Re Ltd., SPC** (Eastern Re) (Grand Cayman, Cayman Islands). The outlook for each of these ratings is stable. These companies are domiciled in Lancaster, PA, unless otherwise noted.

All companies are indirect subsidiaries of **ProAssurance Corporation** (PRA) (NYSE:PRA).

Concurrently, A.M. Best has affirmed the Long-Term ICR of “a-” of PRA, including the “a-” Long-Term Issue Credit Rating (Long-Term IR) of PRA’s \$250.0 million 5.30% 10-year senior unsecured notes, due 2023. A.M. Best also has affirmed the indicative Long-Term IRs under the shelf registration of “a-” on the senior unsecured debt, “bbb+” on the senior subordinated debt and “bbb” on the preferred stock of PRA. The outlook of these ratings is stable.

The rating affirmations of the group’s members reflect their strong risk-adjusted capitalization, favorable operating performance and strong business profile, primarily in the medical professional liability (MPL) insurance sector. The group’s ongoing underwriting success is credited to management’s conservative reserving practices, disciplined underwriting standards and proactive legal defense and claims-handling philosophy. The ratings also consider the group’s market position across multiple jurisdictions and diversification across multiple disciplines within the MPL space.

These ratings also acknowledge the depth and breadth of the ProAssurance Group’s enterprise risk management programs and policies. In addressing challenges in a prolonged, soft MPL market, management has leveraged its talent, knowledge base and market position to introduce innovative alternatives.

The rating upgrades of Medmarc and Noetic reflect their strategic importance to the group, which adds medical device product liability capabilities, full integration and significant earnings contributions. The ratings also recognize the companies’ excellent capital positions, ongoing strong operational results and market-leading positions in their field.

The rating upgrades of PICA reflect its strategic importance to the group, which broadens PRA’s MPL line of business to include podiatrists, a niche medical specialty with favorable loss parameters, full integration and significant earnings contribution, as well as its excellent capital position and ongoing profitability.

The rating affirmations of PACO reflect its supportive capital positions and generally improved operating performance since being acquired by PRA in 2010. PACO broadens PRA’s MPL lines of business to include chiropractors and acupuncturists, another niche medical specialty with favorable loss parameters. The company’s underwriting has been modestly profitable, benefiting from favorable industry trends in claims and losses in a lower-risk line of business during a softening market.

EAIG members’ and Eastern Re’s rating affirmations reflect their respective balance sheet strength, strong underwriting and overall operating performance, in addition to well-defined business profiles and an experienced, shared management team. The members of EAIG, which operate under an intercompany pooling reinsurance agreement, have been able to write new business by further expanding its programs in the eastern half of the United States after being concentrated in Pennsylvania. In addition, Eastern Re added one new protected cell to its predominately workers’ compensation-segregated portfolio platform in 2016, which focuses on MPL coverage.

As PRA is a publicly traded organization on the New York Stock Exchange, these ratings also reflect the financial flexibility afforded to all of PRA’s subsidiaries. PRA’s financial leverage is very conservative, interest coverage is strong, and it holds significant levels of cash and short-term investments outside of the insurance operating companies that are available for use without regulatory approval. Additional factors supporting the rating affirmations include the extensive operational support and industry expertise available across the organization.

This press release relates to Credit Ratings that have been published on A.M. Best's website. For all rating information relating to the release and pertinent disclosures, including details of the office responsible for issuing each of the individual ratings referenced in this release, please see A.M. Best's [Recent Rating Activity](#) web page. For additional information regarding the use and limitations of Credit Rating opinions, please view [Understanding Best's Credit Ratings](#). For information on the proper media use of Best's Credit Ratings and A.M. Best press releases, please view [Guide for Media - Proper Use of Best's Credit Ratings and A.M. Best Rating Action Press Releases](#).

A.M. Best is the world's oldest and most authoritative insurance rating and information source. For more information, visit [www.ambest.com](http://www.ambest.com).

Copyright © 2017 by A.M. Best Rating Services, Inc. and/or its subsidiaries. ALL RIGHTS RESERVED.

## Contacts

### **A.M. Best**

**Jieqiu Fan, +1-908-439-2200, ext. 5372**

**Senior Financial Analyst**

[jieqiu.fan@ambest.com](mailto:jieqiu.fan@ambest.com)

or

**Charles M. Huber, +1-908-439-2200, ext. 5122**

**Director**

[charles.huber@ambest.com](mailto:charles.huber@ambest.com)

or

**Christopher Sharkey, +1-908-439-2200, ext. 5159**

**Manager, Public Relations**

[christopher.sharkey@ambest.com](mailto:christopher.sharkey@ambest.com)

or

**Jim Peavy, +1-908-439-2200, ext. 5644**

**Director, Public Relations**

[james.peavy@ambest.com](mailto:james.peavy@ambest.com)