



# NEWS RELEASE

A.M. BEST COMPANY, INC., OLDWICK, NJ • A.M. BEST EUROPE, LTD., LONDON  
A.M. BEST ASIA-PACIFIC, LTD., HONG KONG

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### **A.M. Best Affirms Ratings of Ecclesiastical Insurance Office plc**

**OLDWICK, NEW JERSEY, U.S.A., Dec. 21, 2009**—A.M. Best Co. has affirmed the financial strength rating (FSR) of A (Excellent) and the issuer credit rating (ICR) of “a” of **Ecclesiastical Insurance Office plc** (EIO) (United Kingdom). At the same time, A.M. Best has affirmed the rating of “bbb” on the GBP 66,450,000, 8.625% non-cumulative irredeemable preference shares issued by EIO. The outlook for all ratings remains stable.

EIO maintains excellent consolidated risk-adjusted capitalisation, which A.M. Best believes incorporates a sufficient margin to withstand potential earnings volatility due to the company’s relatively high exposure to equity investments (25% of total investments held for non-life business at 30 June 2009). Following a decline in 2008, shareholders’ funds are expected to increase by approximately 10% at year-end 2009.

A.M. Best expects EIO to produce a strong consolidated pre-tax profit in 2009, compared to the loss of GBP 22.5 million reported in the previous year, when earnings were impacted by large investment losses, principally emanating from the equity portfolio. The consolidated combined ratio is expected to improve to approximately 90% (2008: 104.0%) due to lower incidence of large single risk losses and a reduction in claims relating to the theft of metal from churches and large institutional buildings. Further ahead, EIO’s operating performance is likely to be affected by volatile investment returns and ongoing competitive conditions in the company’s

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core markets.

EIO maintains a robust business profile in the niche not-for-profit segment of the market. The company benefits from its expertise and long-standing relationships with clients, allowing it to maintain a lead position as an insurer of Anglican churches, independent schools and historical buildings in the UK. EIO underwrites a portfolio of commercial property and liability risks and a smaller book of financial products provided to individuals working in its core markets.

Prospective growth is expected to emanate largely from the company's charity and heritage niches, supported by the expansion of its intermediary distribution channels.

For Best's Credit Ratings, an overview of the rating process and rating methodologies, please visit [www.ambest.com/ratings](http://www.ambest.com/ratings).

Press release wording: The principal methodologies used in determining these ratings, including any additional methodologies and factors that may have been considered, can be found at [www.ambest.com/ratings/methodology](http://www.ambest.com/ratings/methodology).

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