

Press Release - DECEMBER 09, 2009

## A.M. Best Upgrades Ratings of The Guarantee Company of North America USA

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### FOR IMMEDIATE RELEASE

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**A.M. Best Co.** has upgraded the financial strength rating (FSR) to A (Excellent) from A- (Excellent) and issuer credit rating (ICR) to "a" from "a-" of **The Guarantee Company of North America USA** (GCNA USA) (Southfield, MI). A.M. Best also has affirmed the FSR of A (Excellent) and ICR of "a" of its parent company, **The Guarantee Company of North America** (GCNA) (Toronto, ON). The outlook for all ratings is stable.

The upgrading of GCNA USA's ratings reflects its excellent capitalization, improved operating performance, strong investment income and favorable leverage position. The ratings also acknowledge the implicit and explicit support GCNA USA receives from GCNA.

GCNA has made significant capital infusions to support the re-organization of GCNA USA and strengthen its capitalization since GCNA purchased the subsidiary in 2003. These capital injections have greatly benefited the overall risk-adjusted capitalization of GCNA USA, improved underwriting leverage measures and strengthened liquidity. GCNA USA has benefited greatly from its parent's commitment of resources to reorganize and streamline its operations. Both GCNA and GCNA USA's objectives and initiatives are in lock step. These initiatives include continued efficiencies and synergies through integrated business systems, such as reinsurance, investments, underwriting guidelines and mirrored claims management practices.

These positive rating factors are partially tempered by GCNA USA's varying operating performance resulting primarily from legacy issues within the book of business, which pre-date current ownership. However, management has committed considerable financial and intellectual resources to improve operations and reserve development.

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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