

Press Release - JULY 01, 2008

A.M. Best Assigns Ratings to MS Frontier Reinsurance Ltd

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FOR IMMEDIATE RELEASE

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A.M. Best Co. has assigned a financial strength rating of A (Excellent) and an issuer credit rating of "a+" to **MS Frontier Reinsurance Ltd** (MS Frontier) (Hamilton, Bermuda). The outlook assigned to both ratings is stable.

MS Frontier is a wholly owned subsidiary of **Mitsui Sumitomo Insurance Company, Limited** (MSI), which is the main trading subsidiary of **Mitsui Sumitomo Insurance Group Holdings, Inc.** (MSIG) (both of Tokyo, Japan) [TSE: 8725]. MS Frontier serves as one of MSIG's strategic insurance vehicles designed to achieve the group's geographical portfolio optimization and risk diversification. MS Frontier is one of MSIG's largest equity investments outside of Japan. MS Frontier maintains a conservative business model and uses the global recognition and the balance sheet strength of its parent for competitive advantage.

The ratings assigned to MS Frontier reflect the significant financial support and the reinsurance cover (subject to certain conditions) it receives from MSI, as well as its excellent level of risk-adjusted capitalization. Under a credit support agreement, MSI agrees to own and hold all of MS Frontier's outstanding shares, maintain a positive tangible net worth and unconditionally and irrevocably guarantee all of its obligations. Furthermore, both companies have a facultative obligatory reinsurance facility under which MSI agrees to reinsure all new exposures when MS Frontier's annual aggregate probable maximum loss amount, with a specified non-exceedance probability, exceeds a specific level of total adjusted stockholders' equity.

Partially offsetting rating factors include MS Frontier being challenged by increased competition from both established and start-up companies seeking to enter the Bermuda property catastrophe industry market, the highly volatile nature of catastrophe risks and current soft pricing condition in the industry. Accordingly, A.M. Best will closely monitor the performance of MS Frontier against its stated operating plan, and any material negative deviations in terms of earnings, capitalization or risk profile could result in downward pressure on its ratings.

For current Best's Ratings, independent data and analysis on more than 330 reinsurance companies, please visit [Best's Reinsurance Center](#).

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