



A.M. Best Affirms Ratings of MS Frontier Reinsurance Ltd

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CONTACTS:

Analyst(s)
Neal Enriquez
(908) 439-2200, ext. 5323
neal.enriquez@ambest.com

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

Robert DeRose
(908) 439-2200, ext. 5453
robert.derose@ambest.com

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

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

MS Frontier is a wholly owned subsidiary of Mitsui Sumitomo Insurance Company, Limited (MSI) (Tokyo, Japan), which is the main trading subsidiary of Mitsui Sumitomo Insurance Group Holdings, Inc. (MSIG) (Tokyo, Japan) [TSE: 8725].

MS Frontier's risk-adjusted capitalization, as measured by Best's Capital Adequacy Ratio, remains strong. The ratings reflect MS Frontier's continued excellent underwriting performance. The company's losses from Hurricane Ike in 2008 were well managed and below market average.

MS Frontier uses the global recognition and balance sheet strength of MSI for competitive advantage. MS Frontier's ratings further reflect the significant financial support and reinsurance commitment provided by MSI. Under a credit support agreement, MSI agrees to own and hold all of MS Frontier's outstanding shares of stock, maintain a positive tangible net worth and unconditionally and irrevocably guarantee all of MS Frontier's 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 retained loss amount, with a specified non-exceedance probability, exceeds a specific level of total adjusted stockholders' equity. This reinsurance facility has been unutilized since 2006.

MS Frontier continues to be one of MSIG's strategic insurance vehicles designed to achieve the group's geographical portfolio optimization, risk diversification and overseas business expansion. In 2009, MS Frontier set up a branch office in Zurich to promote closer relationships with its clients in Europe and explore developing markets in Eastern Europe, Middle East and Africa. In 2008, the company set up a wholly owned subsidiary in Singapore to provide peril modeling technical support and market research to all members of MSIG.

Partially offsetting rating factors include potential increased exposure to losses after MS Frontier revised its minimum loss attachment on property catastrophe excess of loss business to a 1-in-20 year loss event (5% annual probability) from a 1-in-50 year loss event (2% annual probability). The company's normal maximum limit of liability in any one program and underwriting guidelines remain unchanged.

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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