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A.M. Best Upgrades Ratings of Optimum General Companies' Members

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FOR IMMEDIATE RELEASE

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A.M. Best Co. has upgraded the financial strength ratings to A- (Excellent) from B++ (Good) and the issuer credit ratings to "a-" from "bbb+" for the members of the **Optimum General Companies (OGC)**, which include **Optimum Insurance Company Inc. (OIC)**, **Optimum Farm Insurance Company Inc.** and **Optimum West Insurance Company (OWIC)** (British Columbia, Canada). The outlook for all ratings is stable. All companies are domiciled in Quebec, Canada, unless otherwise specified.

The rating upgrades reflect the OGC members' consistently solid operating results, favorable reserve development on both an accident and calendar year basis, historically steady investment stream as well as a seasoned management team. Partially offsetting these positive rating factors are the competitive pricing pressures, particularly in commercial lines, affecting rate adequacy in the market, as well as the organization's susceptibility to catastrophic events in the territories it does business.

Management continues to monitor and improve performance, underwriting guidelines and rate adequacy. Indications are favorable as its book of business provides better balance with improved performance in several key financial measures including operating earnings, net investment income and reserve development. Management continues to demonstrate its ability to effectively operate through insurance cycles and within a rapidly changing investment market.

Although the OGC members have experienced substantial improvement during the latest 10-year period, going forward, it may be challenging for them to balance profitability and leverage with projected future growth. The OGC members remain somewhat behind the industry average for surplus appreciation, even though surplus growth has been steady and consistent at an average of over 7% per year for the past 10 years, and OIC and OWIC have been simultaneously paying dividends to their holding company, Optimum General, Inc.

Although A.M. Best does not expect to downgrade the OGC members' ratings and/or revise the outlook to negative in the near to midterm, such actions would ensue if the group were to incur material losses in its capitalization; have a severe reduction in the profitability of its core book of business; be unable to contain its exposure to catastrophic events within its underwriting footprint with the current set of preventative measures or have substantial adverse reserve development relative to its peers, as well as the industry's averages.

The methodology used in determining these ratings is Best's Credit Rating Methodology, which provides a comprehensive explanation of A.M. Best's rating process and contains the different rating criteria employed in the rating process. Best's Credit Rating Methodology can be found at www.ambest.com/ratings/methodology.

A.M. Best Company is the world's oldest and most authoritative insurance rating and information source.

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