



# NEWS RELEASE

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A.M. BEST EUROPE – INFORMATION SERVICES LIMITED, LONDON • A.M. BEST ASIA-PACIFIC, LTD., HONG KONG

## FOR IMMEDIATE RELEASE

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### **A.M. Best Withdraws Ratings of Hatherley Insurance Ltd. Due to Its Transfer Into Park Assurance Company**

**OLDWICK, N.J., October 11, 2011**—A.M. Best Co. has withdrawn the financial strength rating (FSR) of A (Excellent) and issuer credit rating (ICR) of “a” of **Hatherley Insurance Ltd.** (Hatherley) (Bermuda) due to its business being transferred into **Park Assurance Company** (Park) (Burlington, VT). Concurrently, A.M. Best has affirmed the FSR of A (Excellent) and ICR of “a” of Park. The outlook for both ratings is stable.

Hatherley’s book of business consists of mainly liability coverages, including high deductible reimbursement policies issued to **JPMorgan Chase & Co.** (JPMorgan Chase), a leading global financial services group, which covers workers’ compensation, auto liability and general liability. These have been novated and transferred to Park. Hatherley has applied to the Bermuda Monetary Authority (BMA) to surrender its license, and the BMA has issued an order cancelling Hatherley’s registration.

The ratings of Park reflect its strong balance sheet, excellent liquidity and conservative operating strategy. The ratings also recognize the company’s favorable operating results and its role as a single parent captive of JPMorgan Chase.

Partially offsetting these positive rating factors are Park’s large gross underwriting exposures as it offers very high insurance limits and insures some properties with substantial insured values. Park is very dependent on reinsurance in order to offer its various property programs and high limits.

Park provides JPMorgan Chase with global property coverages, including coverages against terrorism

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losses and going forward, high deductible reimbursement policies covering workers' compensation, auto liability and general liability. Therefore, it is a key component of JPMorgan Chase's risk management strategy and benefits from the group's significant financial resources. Park also benefits from the group's extensive risk mitigation and safety programs. As the company cedes most of its global property program, its exposure to underwriting losses is minimal, barring significant losses from terrorism. Park uses only highly rated reinsurers, and its surplus base is more than adequate to support its asset and credit risk exposures. However, as the company offers very high limits, its resulting gross underwriting exposures on its largest properties also are very high. Park's dependence on reinsurance is therefore substantial, creating considerable credit risk in the event of exceptionally large losses.

In addition, the company is dependent on the protection afforded by the Terrorism Risk Insurance Program Reauthorization Act of 2007 (TRIPRA). While the TRIPRA program offers significant protection from terrorism losses, the net impact on Park could still be burdensome considering the high coverage limits offered. Nevertheless, A.M. Best recognizes the low probability of such extreme events and the support available to the company as part of JPMorgan Chase.

A.M. Best remains the leading rating agency of alternative risk transfer entities, with more than 200 such vehicles rated in the United States and throughout the world.

For current Best's Credit Ratings and independent data on the captive and alternative insurance market, please visit [www.ambest.com/captive](http://www.ambest.com/captive).

The principal methodology used in determining these ratings is [Best's Credit Rating Methodology -- Global Life and Non-Life Insurance Edition](#), which provides a comprehensive explanation of A.M. Best's rating process and highlights the different rating criteria employed. Additional key criteria utilized include: "Risk Management and the Rating Process for Insurance Companies"; "Understanding BCAR for Property/Casualty

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Insurers”; “Rating Members of Insurance Groups”; and “A.M. Best’s Rating Methodology for Captive Insurance Companies.” Methodologies can be found at [www.ambest.com/ratings/methodology](http://www.ambest.com/ratings/methodology).

**Founded in 1899, A.M. Best Company is the world's oldest and most authoritative insurance rating and information source. For more information, visit [www.ambest.com](http://www.ambest.com).**

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