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FOR IMMEDIATE RELEASE

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A.M. Best Revises Outlook to Negative for Indemnity Insurance Corporation, RRG

OLDWICK, N.J., December 8, 2011—A.M. Best Co. has revised the outlook to negative from stable and affirmed the financial strength rating of A- (Excellent) and issuer credit rating of “a-” of **Indemnity Insurance Corporation, RRG** (Indemnity) (Georgetown, DE).

The rating affirmations reflect Indemnity’s strong underwriting performance garnered from its long-standing expertise as a provider of insurance solutions for the entertainment industry, which predates the formation of the company in 2004. The ratings also acknowledge Indemnity’s strengthened capital position following its adjusted third quarter 2011 financial statements and a reworking of the company’s reinsurance structure.

Offsetting these positive rating factors was the refiling of Indemnity’s year-end 2010 statement, which reflected a decline in surplus caused by the non-admitting of an asset that previously had been considered part of Indemnity’s capital. This accounting change caused risk-adjusted capitalization to temporarily fall below the amount required by the company for its rating level. Management has completed a capital enhancement strategy, which includes a revision in Indemnity’s reinsurance structure, as well as a recording of capital growth through three quarters of solid earnings in 2011.

While operating performance continues to be strong, compliance issues are the key drivers for the negative outlook. The change in accounting treatment, which A.M. Best had not anticipated, points to continued

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issues concerning management and its transparency in the analytical process and compliance expectations. The outlook will remain negative until Indemnity demonstrates consistent adherence to the standards of A.M. Best's rating process.

Negative rating action may occur if capital levels do not continue to support the ratings and if the company's compliance does not improve.

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.

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. Methodologies can be found at www.ambest.com/ratings/methodology.

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