



# NEWS RELEASE

A.M. BEST COMPANY, INC., OLDWICK, NJ • A.M. BEST EUROPE – RATING SERVICES LIMITED, LONDON  
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## FOR IMMEDIATE RELEASE

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### **A.M. Best Affirms Ratings of Queen City Assurance, Inc.**

**OLDWICK, N.J., January 26, 2012**—A.M. Best Co. has affirmed the financial strength rating of A (Excellent) and issuer credit rating of “a” of **Queen City Assurance Inc.** (Queen City) (Burlington, VT). The outlook for both ratings is stable.

The ratings are based on Queen City’s profile as a single parent captive of The Kroger Co. (Kroger), its strong risk-adjusted capitalization, strong net income and substantial underwriting profitability, a growing capital base, conservative investments and a strong adherence to Kroger’s risk controls and the overall risk culture of Kroger. Also, return measures for Queen City show consistent and robust positive levels, which are reflective of its prudent pricing and deployment of capital.

These significant strengths are partially offset by Queen City’s risk concentration, which is the result of being a single parent captive of Kroger coupled with a substantial aggregate limit retained by the captive.

Key rating triggers that could result in a downgrading of Queen City’s ratings include a precipitous decline in its risk-adjusted capital strength. Key rating triggers that could result in an upgrading of Queen City’s ratings include consistent profitable operating performance and a substantial increase in risk-adjusted capitalization.

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.

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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 Universal BCAR”; and “Alternative Risk Transfer (ART).” Methodologies can be found at [www.ambest.com/ratings/methodology](http://www.ambest.com/ratings/methodology).

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