

Press Release - JULY 16, 2007

A.M. Best Assigns Ratings to United Re (Europe) S.A.

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FOR IMMEDIATE RELEASE

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A.M. Best Co. has assigned a financial strength rating of A- (Excellent) and an issuer credit rating of "a-" to **United Re (Europe) S.A.** (Luxembourg). The outlook for both ratings is stable.

The ratings reflect United Re (Europe) S.A.'s adequate capitalization, explicit support provided by its parent company and its experienced management team and sound business plan.

United Insurance Company, a Cayman Island-domiciled insurer/reinsurer established in 1975, purchased an existing Luxembourg domiciled insurance company on December 14, 2005 and re-named it United Re (Europe) S.A and assumed USD 20 million of its equalization reserves. The purchase agreement specified that neither case nor incurred but not reported (IBNR) reserves from the prior company would have recourse to United Insurance Company Ltd. or its Luxembourg subsidiary. The equalization reserves do not represent any claims from third parties against United Re (Europe) S.A. Initial capitalization of United Re (Europe) S.A. was USD 22.7 million. United Insurance Company will be further supporting United Re (Europe) S.A. through a reinsurance agreement that specifies that 95% of the business written by United Re (Europe) S.A. will be reinsured by United Insurance Company.

The ratings are supported by an amount of capital that has met A.M. Best's stringent requirements for newly formed companies. United Re (Europe) S.A. will operate as a Luxembourg-based reinsurer, writing a combination of global property, casualty and marine reinsurance business for captives of multinational corporations.

These rating strengths are partially offset by the untested start-up nature of the company and increased competition as the commercial market softens. These concerns are partially mitigated by the proven performance of United Insurance Company's similar business plan that has operated successfully for over a 30-year period.

In addition to the risks presented by a start-up entity, A.M. Best anticipates that the management of United Re (Europe) S.A. will be challenged by competition from established reinsurers, as well as a softening commercial primary market. A.M. Best will closely monitor United Re (Europe) S.A.'s progress against the business plan used to assess its assigned ratings. Material, adverse deviation from this plan would likely result in downward pressure on the ratings.

For current Best's Ratings and independent data on the captive and alternative insurance market, please visit [Best's Captive Center](#).

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