

A.M. Best downgrades Atlantic Mutual

Copyright. InsuranceTimes TM © 2003 by M&S Communications, Inc. All rights reserved. October 14, 2003

A.M. Best Co. has downgraded the financial strength rating of The Atlantic Mutual Companies of New York to B++ (Very Good) from A- (Excellent).

This action follows Best's review of The Atlantic's capital enhancement initiatives during the past several months, including the sale of select marine business renewal rights and capital gains generated from the sale of common equities and fixed income securities.

A.M. Best said the rating downgrades reflect the variance between the expected and actual levels of new capital raised by The Atlantic, the resulting level of capitalization relative to the ratings and the company's limited financial flexibility. These rating actions also consider A.M. Best also believes asbestos and environmental reserves are not fully funded.

Atlantic Mutual issued a press release asserting its financial strength -- citing \$470 million in surplus and \$800 million in loss reserves-- and expressing disappointment with A.M. Best's action. Officials vowed to move forward with their capital raising plans. □