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FOR IMMEDIATE RELEASE

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A.M. Best Assigns Ratings to West Virginia Mutual Insurance Company

OLDWICK, N.J., December 22, 2011—A.M. Best Co. has assigned a financial strength rating of A- (Excellent) and an issuer credit rating of “a-” to **West Virginia Mutual Insurance Company** (Charleston, WV). The outlook assigned to both ratings is stable.

The ratings reflect West Virginia Mutual Insurance Company’s excellent capitalization, profitable underwriting and overall operating performance, as well as its strong market position in West Virginia as the leading writer of medical professional liability insurance to physicians in the state.

These positive rating factors primarily are derived from the company’s strict underwriting discipline, conservative loss reserve position and knowledge of West Virginia, its core state. Sizeable loss reserve redundancies have been taken into income, which has enhanced underwriting gains since inception. The company’s profitability also is a by-product of the state’s favorable tort reform environment (including caps on non-economic damages) and the mature book it assumed through the novation from the West Virginia Board of Risk and Insurance Management (BRIM) when the company was first formed.

Partially offsetting these positive factors are West Virginia Mutual Insurance Company’s concentration of risk both geographically and by product, which makes it susceptible to the potential for market fluctuations caused by the cyclical nature inherent in the professional liability line of business and the fact that the company has not been tested in a down cycle.

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West Virginia Mutual Insurance Company enjoys the endorsement from the West Virginia Medical Association and the Family Medicine Association. It insures approximately two-thirds of the physicians in the state and maintains a high level of retention among its members through its strong ties to the health care community and excellent customer service. Further contributing to the company's stable results are its conservative investment position, a management team that is highly experienced in its niche market, as well as its focus on education, risk management and service to its member insureds. The outlook considers the company's maintenance of adequate rates and loss reserves, prudent cycle management and the anticipation of continued favorable operating results going forward.

The ratings/outlook of the company could be downgraded as a result of adverse underwriting performance due to significant claims and inadequate loss reserves, potentially due to changes in tort reform legislation.

While the outlook is stable, positive rating action could result from long-term favorable performance on both an underwriting and operating basis, and the consistent generation of surplus and maintenance of strong capitalization and market share.

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" and "Understanding BCAR for Property/Casualty Insurers." Methodologies can be found at 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.

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