

AM Best Affirms Ratings of Frankenmuth Insurance

AM Best Company has affirmed the ratings of Frankenmuth Insurance. The financial strength rating (FSR) of A (Excellent) has been affirmed with a stable outlook. The issuer credit rating (ICR) has been affirmed as "a+" (Strong) while the outlook has been revised from stable to negative. The affirmation of both ratings reflects the strong capitalization of our company and our ability to meet our commitments and obligations to policyholders.

AM Best's ratings represent their assessment of Frankenmuth Mutual Insurance Company and its property and casualty insurance subsidiaries: Ansur America Insurance Company, Patriot Insurance Company, ASure Worldwide Insurance Company and Fortuity Insurance Company.

The ratings of Patriot Life Insurance Company have also been affirmed with an FSR rating of A (Excellent) and ICR rating of "a" (Strong). Both have been affirmed with a stable outlook.

The rating decision by AM Best was not a surprise. In fact, their rating affirmations and outlooks on both the FSR and ICR are exactly what we expected.

Of the two ratings, the Financial Strength Rating (FSR) is the most recognized and relied upon rating from AM Best. It reflects their opinion of an insurance carrier's ability to pay claims and protect their policyholders.

The Issuer Credit Rating (ICR) is a more recently introduced rating and is Best's opinion of an insurer's creditworthiness and ability to meet senior financial obligations. Although Frankenmuth has no senior financial obligations, we are still rated.

The revised outlook in the ICR is due to underwriting losses over the past five years that trail our commercial casualty peer comparison. Primarily, increased storm related losses in 2008 and 2011, as well as Personal Auto losses in Michigan's Personal Injury Protection (PIP) coverage and deteriorating performance in Workers' Compensation have impacted overall results.

We are confident our plans for 2012 will yield positive results that will support continued strong FSR and ICR ratings from AM Best. As a mutual company, our primary focus is providing the highest level of protection and security for policyholders. Working together with our independent agent partners, we are well prepared to continue providing peace of mind and assurance, exceeding all stakeholders' expectations.

Our commitment to successfully accomplishing our stated objectives would not be possible without the support of our valued, loyal independent agency partners and dedicated employees.

We wish to thank you all for your contribution to our past success as well as the bright future that lies ahead.