

## The Guarantee Co. of North America Ratings Raised To 'A-' From 'BBB+' On Strong Capitalization

### *Rationale*

On Sept. 11, 2007, Standard & Poor's Ratings Services raised its long-term counterparty credit and financial strength ratings on The Guarantee Co. of North America (GCNA) to 'A-' from 'BBB+'. The outlook is stable.

The ratings on GCNA are based on continued strong underwriting results in the company's core surety and fidelity commercial lines, improved results in personal lines, and its extremely strong capitalization. The ratings also reflect the company's conservative enterprise risk management culture, disciplined underwriting, prudent use of reinsurance to manage its risks, and wide distribution network.

### *Outlook*

The stable outlook reflects Standard & Poor's expectation that GCNA will maintain its overall underwriting profitability and extremely strong capital adequacy position. For 2007 and 2008, the company should achieve a combined ratio of 95% or less and maintain its extremely strong capitalization. By continuing to exercise solid management oversight and underwriting discipline, and remaining focused on its niche markets, the company should continue to improve the quality and consistency of its operating earnings. GCNA's existing asset allocation, investment philosophy, and asset liability management policies likely will remain unchanged. Expansion into the U.S. through its wholly owned subsidiary The Guarantee Co. of North America USA (not rated) should be handled at a manageable pace and will represent a growing part of the business.

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***Ratings List***

***Guarantee Co. of North America***

<b><i>Ratings Raised</i></b>	<b><i>To</i></b>	<b><i>From</i></b>
Counterparty credit rating		
Local currency	A-/Stable/—	BBB+/Positive/—
Financial strength rating		
Local currency	A-/Stable/—	BBB+/Positive/—

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