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A.M. Best Affirms Ratings of Harbor Point Limited and Its Subsidiaries

OLDWICK, NEW JERSEY, U.S.A., Dec. 1, 2009—A.M. Best Co. has affirmed the financial strength rating of A (Excellent) and issuer credit ratings (ICR) of “a” of **Harbor Point Re Limited** (Harbor Point) (Bermuda) and its wholly owned subsidiary, **Harbor Point Reinsurance U.S., Inc.** (HPRUS) (Greenwich, CT). Concurrently, A.M. Best has affirmed the ICR of “bbb” of the parent holding company, **Harbor Point Limited** (Bermuda). The outlook for all ratings is stable.

The ratings reflect Harbor Point’s strong level of risk-adjusted capitalization, diversified business profile, experienced management team and acceptable performance since inception. The ratings recognize the successful transition from its origin as part of **The Chubb Corporation** (Chubb) (Warren, NJ) and the franchise value embedded within the organization.

Harbor Point’s underwriting performance has been solid and in line with its peers on a calendar year basis despite the unavailability of favorable prior year loss reserve development, which boosted the results of many peers. Furthermore, investment performance over the most recent three-year period was impacted by the volatility in overall economic conditions during 2008, but the company has benefitted from its concentration in short duration and high quality fixed income securities and cash. However, overall return measures have lagged those of its peer group due to a very strong capital position, a disciplined approach to the softening underwriting

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cycle and non-recurring expenses associated with Harbor Point's formation.

Formed in 2005, Harbor Point was a spin-off of the reinsurance operations of Chubb Re, a subsidiary of Chubb. While the book of business under the Chubb ownership was predominantly long-tailed casualty reinsurance, management took advantage of attractive rates and demand for reinsurance in catastrophe-exposed property lines. This has enhanced Harbor Point's business profile and diversified the premium base. The property segment has generated very profitable results since inception despite the losses incurred from Hurricanes Ike and Gustav during 2008.

Harbor Point's strengths are partially offset by the volatility in investment markets and prospective low yields, softening rates in the property/casualty industry and the company's exposure to high severity low frequency events. However, despite these challenges, the stable outlook reflects A.M. Best's expectation of future performance and risk-adjusted capitalization based in part on management's disciplined operating philosophy, solid enterprise-wide risk management framework and strong risk-adjusted capitalization.

For Best's Credit Ratings, an overview of the rating process and rating methodologies, please visit www.ambest.com/ratings.

The principal methodologies used in determining these ratings, including any additional methodologies and factors that may have been considered, can be found at www.ambest.com/ratings/methodology.

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