



Tower Hill Insurance Group Rating Withdrawal FOR IMMEDIATE RELEASE:

GAINESVILLE, FL, August 27, 2009

Tower Hill Insurance Group is disappointed by the recent downgrade action from A.M. Best Company. The Tower Hill affiliates included in the rating downgrade, and at our request a subsequent rating withdrawal, are Tower Hill Preferred, Tower Hill Prime and Omega Insurance Companies. Since Tower Hill's founding in 1972, our commitment to Floridians has remained steadfast. We helped our customers quickly rebuild after Hurricane Andrew in 1992 and more recently after the devastating 2004 and 2005 storm seasons.

Our commitment and dedication has not changed; the Tower Hill companies remain well positioned to grow and continue to protect Florida's homeowners in the near- and long-term. However, as you have likely seen in the news, Florida's homeowners insurance market has experienced significant changes in the last five years. Accordingly, the standards imposed by international rating firms on Florida-only insurance carriers have increased considerably.

We anticipated A.M. Best's rating action when we completed our recent reinsurance purchase. Entering the 2009 hurricane season, the Florida Hurricane Catastrophe Fund (FHCF) had a potential liability of \$27.5 billion and subsequently acknowledged in May that their current maximum reimbursement capability for the 2009 hurricane season is \$15.8 billion. After careful consideration, Tower Hill made the difficult decision to not purchase any of the voluntary, and currently unfunded, reinsurance coverage offered by the FHCF and instead replaced this coverage with reinsurance from the more dependable, albeit more expensive, private reinsurance market. The net impact of this decision is that Tower Hill and its policyholders are now more secure than ever in the event of a catastrophic loss.

Tower Hill policyholders can be assured their hurricane claims will be paid in a timely manner and will not have to wait for a bailout, if any, from the federal government before their claim is paid. This decision also reduces the potential assessment impact to all Floridians in a post-hurricane environment. An unfortunate by-product of our decision is that Tower Hill did not meet the heightened A.M. Best threshold that requires insurers to purchase reinsurance—insurance for insurance companies—to be able to survive what they term as two 100-year hurricanes during the same hurricane season. The probability of such a series of events is one in 10,000, or a .01% probability of occurrence. There has not been such an event in recorded history.

Despite this perceived shortfall, for the 2009 hurricane season Tower Hill purchased \$850 million of reinsurance coverage. This reinsurance coverage affords Tower Hill not only enough protection to survive a hurricane more devastating than a 140-year hurricane in a first event (the Florida OIR minimum requirement is a 100-year hurricane), but also a 60-year hurricane in a subsequent second event. All of the Florida land falling hurricanes since 1992, including Andrew, Charlie, Frances, Ivan, Jeanne, Katrina, Rita and Wilma, have been far less damaging than a projected 60-year hurricane.

All Tower Hill homeowners companies hold a Demotech, Inc. financial stability (FSR) of 'A' Exceptional. For additional information about the Demotech ratings, please visit their website at www.demotech.com.

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