

PRESS RELEASE

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A.M. Best Comments on NYMAGIC, INC.'s Proposed Acquisition by ProSight Specialty Insurance Holdings, Inc.



OLDWICK, N.J., Jul 15, 2010 (BUSINESS WIRE) -- A.M. Best Co. has commented that the financial strength rating (FSR) of A (Excellent) and issuer credit ratings (ICR) of "a" of New York Marine Group (NY Marine) and its members and the ICR of "bbb" of its ultimate holding company, NYMAGIC, INC. (NYMAGIC) (NYM 25.33, +4.48, +21.49%) , are unchanged following the announcement of NYMAGIC's proposed acquisition by ProSight Specialty Insurance Holdings, Inc. (ProSight Specialty Insurance). The members of NY Marine include New York Marine And General Insurance Company and Gotham Insurance Company.

In addition, A.M. Best has commented that the FSR of A- (Excellent) and ICR of "a-" of NY Marine's affiliate, Southwest Marine And General Insurance Company (Southwest Marine) (Phoenix, AZ), and the debt rating of "bbb" on \$100 million 6.5% senior unsecured bonds due March 2014 of NYMAGIC are all unchanged. The outlook for all ratings is stable. All companies are domiciled in New York, NY, unless otherwise specified.

Pursuant to a definitive agreement entered into with ProSight Specialty Insurance, NYMAGIC will be merged with PSI Merger Sub Inc., a wholly owned subsidiary of ProSight Specialty Insurance formed for purposes of the transaction. NYMAGIC will survive the merger as a wholly owned subsidiary of ProSight Specialty Insurance.

ProSight Specialty Insurance was founded by Chief Executive Officer (CEO), Joseph Beneducci and a group of senior executives from the property/casualty industry and is backed with 100% equity funding by investment funds managed by TPG Capital, L.P. (TPG) and GS Capital Partners VI (GSCP). TPG

and GSCP will be equal investors in the transaction. Both TPG and GSCP are private investment firms.

The acquisition is not expected to change the group's debt or underwriting leverage. Although Mr. Beneducci will assume the role of CEO when the transaction closes and some new key managers will assume various positions, NYMAGIC's core underwriting and claim management team will remain largely in place following the acquisition. While a modest volume of new specialty business is expected to be written, there are no plans to alter significantly the group's current product mix. Ultimately, the expectation is that the group's operations will not be significantly altered as a result of this transaction.

NY Marine's ratings were affirmed on June 9, 2010, reflecting its solid capitalization, history of strong operating earnings, reduction in catastrophe exposures and strong market niche in its core marine business line.

Partially offsetting these positive rating factors are NY Marine's dependence on reinsurance, its limited surplus growth due (in part) to dividend payments to its parent and its large portfolio of Alt-A mortgage-backed securities representing approximately 25% of surplus through the end of the first quarter of 2010.

Southwest Marine's ratings also were affirmed on June 9, 2010 and reflect the company's strong stand-alone capitalization, favorable operating experience over the past two years as writings reached scale and the historical support from NY Marine. Offsetting these positive rating factors is the execution risk associated with building a profitable book of business over the long term and modest return measures to date.

NY Marine is primarily a casualty underwriter with nearly 80% of gross premiums attributable to marine liability, excess workers compensation, professional liability, casualty and commercial auto liability. Although its product mix may change somewhat as a result of NYMAGIC's acquisition, its core lines are expected to remain unchanged.

The transaction is expected to close in the fourth quarter of 2010, subject to shareholder and regulatory approval.

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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SOURCE: A.M. Best Co.

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