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A.M. Best Places Credit Ratings of Mountain States Insurance Group Members Under Review With Positive Implications

OLDWICK, N.J., December XX, 2016—A.M. Best has placed under review with positive implications the Financial Strength Rating of B++ (Good) and the Long-Term Issuer Credit Ratings of “bbb+” of the members of **Mountain States Insurance Group** (Mountain States), which is led by **Mountain States Mutual Casualty Company** (Albuquerque, NM). (See below for detailed list.) The under review status follows the announcement that Mountain States has entered into a definitive agreement and Plan of Merger with **Donegal Mutual Insurance Company** (Donegal), subject to regulatory approval and final closing conditions. This transaction is expected to close in the first half of 2017.

Upon completion of the transaction, Mountain States Mutual Casualty Company will merge into Donegal and cease to exist. The company’s subsidiaries, will become wholly owned subsidiaries of Donegal and protected by quota share reinsurance. The under review with positive implications status reflects the expected financial strength and operational benefits that the surviving members of the group will derive from being affiliated with Donegal. Senior management will remain after the closing to support the group’s brand and partner operationally with Donegal. For the members of the group, this affiliation also provides an opportunity to improve underwriting results by eliminating a fronting arrangement, and enhancing its business profile and governance as a part of larger organization with complementary commercial lines of business and no geographic overlap.

A.M. Best will continue to monitor the progress of the transaction and ongoing performance of each rating unit and evaluate any developments and implications for impact to the Credit Ratings (ratings).



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The ratings were placed under review with positive implications for the following members of the

Mountain States Insurance Group:

- Mountain States Mutual Casualty Company
- Mountain States Indemnity Company
- Mountain States Commercial Insurance Company

This press release relates to Credit Ratings that have been published on A.M. Best's website. For all rating information relating to the release and pertinent disclosures, including details of the office responsible for issuing each of the individual ratings referenced in this release, please see A.M. Best's [Recent Rating Activity](#) web page. For additional information regarding the use and limitations of Credit Rating opinions, please view [Understanding Best's Credit Ratings](#).

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