

TOPA INSURANCE COMPANY

A.M. BEST RATING – 2005



A- (Excellent) VII

for Topa Insurance Company

Rating Category (Excellent): Assigned to companies which have, on balance, excellent financial strength, operating performance and market profile when compared to the standards established by the A.M. Best Company. These companies, in our opinion, have a strong ability to meet their ongoing obligations to policyholders. – AM BEST

A.M. BEST has completed its evaluation of Topa Insurance Company and affirmed a rating of A- (Excellent) with a stable outlook. Topa Insurance Company's financial size rating is class VII.

In arriving at this conclusion A.M. BEST states:

Topa Insurance Group:

The rating reflects the Topa Insurance Group's solid capitalization, prudent loss reserving practices and diversified product offerings. These positive rating factors are partially offset by the group's modest operating results and geographic concentration within one state.

The group's positive rating factors are derived from management expertise in taking advantage of market dislocations, moderate underwriting leverage and catastrophe mitigation strategies that insulate earnings and surplus from shock loss volatility. The rating also reflects the close monitoring of aggregate property exposures and controlled distribution platform. In addition, management has implemented a number of strategic initiatives in recent years to improve profitability that have included rate adjustments, tightened underwriting guidelines, reduced expense levels, new technology systems, and the discontinuance of unprofitable agencies and lines of business. The group's parent, Topa Equities, Ltd., also provides operational and financial support through its various operating subsidiaries and multiple revenue streams.

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We could not have sustained our rating without the total teamwork, professionalism and dedication of you, our valued producers, our entire staff, as well as the very tangible commitment and support of our parent, Topa Equities, Ltd.

Thank you for all your efforts.

Noshirwan Marfatia-President & CEO