

September 28, 2022

TOWER HILL SPECIALTY MARKET UPDATE

As we approach the fourth quarter, Tower Hill Specialty remains committed to continued growth through our range of products and coverage options available in 16 states. However, Tower Hill Insurance has made the difficult business decision to withdraw the A.M. Best Financial Strength Rating® for Tower Hill Prime Insurance Company at this time due to the continued deterioration of the Florida personal lines portfolio. The decision was based on the potential of further negative action from A.M. Best.

Tower Hill Prime Insurance Company has a strong balance sheet and remains very well capitalized with surplus of \$69.5 million as of June 30, 2022. In June 2022, reinsurance coverage beyond the 270-year Probable Maximum Loss (PML) for multiple events was secured. Tower Hill Prime holds a Demotech, Inc. Financial Stability Rating® of A (Exceptional) which was reaffirmed in August and a KBRA Insurance Financial Strength Rating® of A- which was reaffirmed in June. These ratings meet or exceed the requirements of Fannie Mae and/or Freddie Mac for mortgaged business.

Although we are disappointed this business decision was necessary, Tower Hill continues to execute strategies to improve Tower Hill Prime's overall results with the ultimate goal of returning to an A.M. Best Financial Strength Rating of A- (Excellent) or better.

CUSTOMER-FOCUSED APPROACH

Tower Hill actively conducts customer outreach when a geographical area is threatened — text messages, emails, social media updates. Outreach text messages and emails include a personalized link customers can use to report storm damage and initiate a claim, directly from their mobile device. Using our secure Customer Portal, customers have the option to upload photos of damage and supporting documentation online. *We also have the option to offer virtual home inspections for Tower Hill customers, as needed.*

DIGITAL CLAIMS PAYMENTS

Just in time for Hurricane Ian, we launched ClaimsPay® to provide claim payments digitally for convenience. With ClaimsPay, we can close claims faster and customers can access their claim payment sooner. Now most policyholders can opt to receive their claim payment by direct deposit (ACH bank transfer), push to debit, PayPal or Venmo, within one to two days of selecting a payment method.

CASTLECARE EMERGENCY REPAIRS

Available at no cost and exclusively for Tower Hill customers, **CastleCare** is a credentialed contractor network program for assisting customers when emergency services (i.e., water extraction, tarping roofs, window board-up), repairs or rebuilding are necessary. Customers can contact CastleCare 24/7 at **844.TOWER.11** (844.869.3711) for emergency repairs and assistance with mitigating further damage.

Please contact your Sales Representative with any questions.



Tower Hill Prime Insurance Company

Tower Hill Prime

June 2022

Established	2003
Surplus <i>(as of 06/30/2022)</i>	\$69.5 million
RBC* Score	608%
Demotech <i>Financial Stability Rating</i>	A (Exceptional)
KBRA <i>Insurance Financial Strength Rating</i>	A-
Products	Homeowners; Manufactured Homeowners; Condominium Owners; Rental Property
NAIC	11027

* Risk-Based Capital (RBC) is the annual NAIC regulatory formula designed to measure the amount of statutory capital and surplus an insurer needs, giving consideration to the various risks associated with its operations. Based on results as of December 2021.

Reinsurance Information

In June 2022, Tower Hill Prime Insurance Company secured reinsurance coverage beyond its 270-year Probable Maximum Loss (PML) for multiple events. Tower Hill Prime purchased a \$200 million reinsurance limit, which includes demand surge. All limits purchased include a prepaid reinstatement.

A partial list of Tower Hill's reinsurers is included below, along with their Financial Strength Rating (FSR)[®] from A.M. Best Company (ambest.com) as of June 2022.

Reinsurer	A.M. Best FSR
<i>Chubb Tempest</i>	A++ (Superior)
<i>Odyssey Re</i>	A++ (Superior)
<i>RenaissanceRe</i>	A+ (Superior)
<i>Munich Re</i>	A+ (Superior)

About Tower Hill

Founded in 1972, Tower Hill Insurance, is a leader among residential and commercial property insurers in the Southeast. Financial strength, product expertise, a comprehensive reinsurance program and exceptional claims service are core business strategies of our organization. Through our affiliate Tower Hill Specialty, we offer insurance coverage regionally, throughout the Southeast, Midwest and

Southwest. Tower Hill Insurance includes these carriers: Tower Hill Prime, Tower Hill Preferred, Tower Hill Signature, and Tower Hill Insurance Exchange. As of June 30, 2022, the combined surplus of the insurance carriers totaled \$334.4 million. For residential property market share, Tower Hill ranked 30th nationally at yearend 2021 based on direct premiums written.

About Tower Hill Specialty

Tower Hill Specialty, LLC is a subsidiary of Tower Hill Insurance Group, LLC. Tower Hill Specialty offers a unique blend of industry expertise and broad Underwriting appetite for niche markets often underserved by national insurers. Our specialty homeowner, rental property, manufactured home and condominium products provide key coverages and policy options at competitive prices.



Tower Hill
Specialty

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