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February 21, 2013

David R. White, President
AmFirst Insurance Company
P.O. Box 16708
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Dear Mr. White,

This letter serves as a formal notice of your organization's Best's Rating after an analysis of all current information shared with us. The rating assignments, public financial strength rating rationale, non-public rating commentary and rating release procedures are detailed below. We encourage you to visit our online **Rating Center,** located at http://www.ambest.com/ratings, for the latest Best's Ratings, an overview of our rating process and rating methodologies.

The following public rating assignments will be published and are associated with **AmFirst Insurance Group:**

		Financial Strength Rating		Issuer Credit Rating	
AMB#	**Company Name**	**Rating**	**Outlook/ Implication**	**Rating**	**Outlook/ Implication**
012998	AmFirst Insurance Company	B++	Stable	bbb	Stable
008664	Monitor Life Insurance Co of NY	B++g	Stable	bbb	Stable

Public Financial Strength Rating Rationale

The ratings of the AmFirst Insurance Group reflects its good level of risk-adjusted capitalization, strong premium growth, its' successful business expansion strategy and improved operating results. Offsetting factors include the reliance on strategic partnerships, economic and market pressure on organic premium growth, and its somewhat modest absolute level of capitalization.

AmFirst and its wholly owned subsidiary Monitor Life maintain a good level of risk-adjusted capitalization is support of their current business levels. Additionally, capital and surplus has continued to increase due to consistently favorable operating results. The group's joint marketing arrangement and strategic partnerships have allowed for market and product expansion which has resulted in strong growth in net premiums written. Growth has been strongest in the group's core supplemental medical (medi-gap) business line, but group and association dental have also contributed favorable to the overall growth in premiums. The strategic acquisition of Monitor Life in 2011 has allowed the group to diversify geographically, expanding its product offerings to additional states. Monitor Life assumes reinsured business, as well as writes supplemental medical directly in states where it is licensed. Operating results for the group have improved since the acquisition of Monitor Life as both absolute operating income and operating margins have increased

The AmFirst group has historically used reinsurance partners to supplement its direct premium writings, with assumed business representing the greater portion of its overall gross premiums written. There are challenges and risks associated with the use of joint venture partners for a substantive portion of a carrier's premium production. However, these partnerships have contributed positively to premiums and earnings for the group, as well as allow for greater geographic diversification, allowing AmFirst to write business and in states where it otherwise might not have. Additionally, the portion of gross premiums that is assumed has declined slightly over the last few years.
With the acquisition of Monitor Life and the broadening of the group's geographic licensure, management has broadened its direct premium footprint, while continuing to use a complement of reinsurers. Economic and market pressure may challenge the group to continue to grow its direct as well as assumed business. Pricing pressure may be seen in the market due to economic pressure on employer groups. While employer groups continue to seek cost savings opportunities for their group benefit offerings due to the uncertainty around the health insurance market due to healthcare reform legislature some may drop benefit offerings entirely. Overall, the group had a modest absolute level of capital which could challenge the group as it grows its premium base. A.M. Best expects

that that the group will continue to grow its absolute level of capital through organic retained earnings over the coming years.

A.M. Best believes that positive rating movement could occur if AmFirst reports continued profitable premium growth with an emphasis on organic growth, while maintaining its high level of risk-adjusted capital, report improved operating margins and shows more significant business/geographic diversification. Conversely, downward rating movement could occur if AmFirst reports material deterioration in operating performance especially in its core supplemental medical business, reports a significant decline risk-adjusted capitalization or if its group client base is adversely affected by healthcare reform legislature.

Public Financial Strength Rating Rationale - Monitor Life Insurance Company
The ratings of AmFirst Insurance Company have been extended to Monitor Life Insurance Company of New York due to its strategic importance within AmFirst's established and growing niche markets. Monitor's business model has changed from one designed to sell group term life exclusively, to one selling both group term life and supplemental medical products offered by its parent.

Non-Public Rating Commentary
The rating committee voted to affirm the stand-alone assessment of "bbb" for AmFirst Insurance Company. The stand-alone assessment of "bbb-" was also affirmed for Monitor Life Insurance Company with one notch of lift from its parent, AmFirst Insurance Company to the published rating of "bbb". Both with a stable outlook. Additionally, Monitor Life has a "g" modifier for a group rating with its parent, AmFirst Insurance Company as the business written by Monitor Life is so closely related that of its parent and the fact that Monitor Life plays a prominent role in the groups business and growth strategy.

The rating committee acknowledges the strong premium growth and improved operating results for the group as well as the good level of risk-adjusted capitalization. Going forward the committee would like to see more organic growth at both entities but more so at Monitor Life, improved results for the group term life business and continued favorable trends for operating earnings and capital growth. The committee does note that while geographic diversification has significantly decreased the concentration of premiums in Mississippi and Texas, premiums from these two states are still approximately one-half of overall gross premiums.

Rating Release Procedures
Given your request of a rating from A.M. Best, we will evaluate all relevant risks within your business and financial operations. In conducting this analysis, A.M. Best analyzes all pertinent operating companies, holding companies, and any other financial obligations of the organization, including debt securities issued by such companies. Upon completing the analysis of the organization, A.M. Best reserves the right to publish our opinion of your organization's ability to meet financial obligations issued by insurance-related companies, including the assignment of Financial Strength Ratings, Issuer Credit Ratings, or Debt Ratings.

In closing, we sincerely appreciate the valuable assistance that you and your staff have given us. Should you have any questions concerning this matter, please feel free to contact the analyst responsible for your company's rating, Bridget Maehr, Senior Financial Analyst at 908-439-2200 extension 5321.

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