



**DATE:** May 31, 2011  
**FOR IMMEDIATE RELEASE**

**Eastern Insurance Holdings, Inc. Announces Affirmation  
of A (Excellent) A.M. Best Financial Strength Rating for Eastern Alliance Insurance Group**

**Lancaster, PA.** Eastern Insurance Holdings, Inc. (“EIHI”) (NASDAQ: EIHI) today announced that A.M. Best Company has affirmed its A (Excellent) financial strength rating and stable outlook for subsidiary Eastern Alliance Insurance Group (“EAIG”), a domestic casualty insurance group specializing in workers’ compensation.

“A.M. Best’s affirmation of the A (Excellent) rating is indicative of our continued excellent operational and financial results and strong balance sheet during a difficult insurance market and economic cycle,” said Michael Boguski, President and Chief Executive Officer of EIHI. “I was particularly pleased with A.M. Best’s recognition of our outperformance of the workers’ compensation industry as a whole.”

In its news release affirming the A (Excellent) rating, A.M. Best recognized EAIG’s “strong operating results, loyal agency base, excellent capitalization, prudent reserving practices and the financial flexibility afforded by EIHI.” The rating organization said that EAIG’s five-year average combined ratio “outperforms the workers’ compensation composite by a wide margin” and highlights EAIG’s “strong underwriting performance and its ability to close claims more quickly and at a lower average cost than the typical workers’ compensation writer.”

EAIG consists of Eastern Alliance Insurance Company, Allied Eastern Indemnity Company, Eastern Advantage Assurance Company and Employers Security Insurance Company, which operate under an intercompany pooling agreement. EAIG also consists of Employers Alliance, Inc. which provides third party administration services to EAIG, Eastern Re Ltd., S.P.C., an indirect wholly-owned subsidiary of EIHI, and other businesses and self-insured customers. Founded in 1997, EAIG specializes in providing workers’ compensation products and services to businesses and self-insured clients. EAIG distributes its products through independent insurance agencies and has service offices in Pennsylvania, North Carolina, Indiana, Tennessee, and Virginia.

EIHI operates through its subsidiaries a domestic casualty insurance group specializing in workers’ compensation, a third-party claims administration company and a specialty reinsurance company. EIHI’s Web address is [www.eihi.com](http://www.eihi.com). Eastern Alliance’s Web address is [www.eains.com](http://www.eains.com).

**FORWARD LOOKING STATEMENTS**

Some of the statements contained in this press release are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. In some cases, you can identify forward-looking statements by terminology such as “may,” “will,” “should,” “expect,” “project,” “plan,” “intend,” “anticipate,” “believe,” “estimate,” “predict,” “potential” or “continue,” the negative of these terms or other terminology. Forward-looking statements are based on the opinions and estimates of management at the time the statements are made and are subject to certain risks and uncertainties that could cause actual results to differ materially from those anticipated in the forward-looking statements, therefore no assurance can be given that management’s expectations, beliefs or projections will occur or be achieved or accomplished. Factors that could affect the Company’s actual results include, among others, the fact that our loss reserves are based on estimates and may be inadequate to cover our actual losses; the uncertain effects of emerging claim and coverage issues on our business; the geographic concentration of our business; an inability to obtain or collect on our reinsurance protection; a downgrade in the A.M. Best rating of our insurance subsidiaries; the impact of extensive regulation of the insurance industry and legislative and regulatory changes, a failure to realize our investment objectives; the effects of intense competition; the loss of one or more principal employees; the inability to acquire additional capital on favorable terms; a failure of independent insurance brokers to adequately market our products; and the effects of acts of terrorism or war. More information about these and other factors that potentially could affect our financial results is included in our Form S-1 Registration Statement, filed with the U.S. Securities and Exchange Commission and in our other public filings with the U.S. Securities and Exchange Commission. Readers are cautioned not to place undue reliance upon these forward-looking statements, which speak only as of the date of this release. The Company undertakes no obligation to update any forward-looking statements. This press release also does not constitute an offer to sell, or a solicitation of an offer to buy, EIHI securities. Such an offer will be made only by means of a prospectus.

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