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FOR IMMEDIATE RELEASE

**Eastern Alliance Insurance Group Announces ParallelPay® Program
Reaches \$20 Million Premium Milestone**

Lancaster, PA. Eastern Alliance Insurance Group (EAIG), a subsidiary of Eastern Insurance Holdings, Inc. (NASDAQ: EIHI), announced today that the ParallelPay® program, EAIG's "pay-as-you-go" premium plan, has exceeded twenty million dollars in direct written premium for calendar year 2011, less than three years after the program's introduction.

EAIG introduced ParallelPay on April 7, 2009 as a program permitting EAIG policyholders to pay their workers' compensation premium one payroll period at a time, with no downpayments or installment fees. Unlike other "pay-as-you-go" programs, EAIG's ParallelPay program offers policyholders flexibility in reporting their payroll census information. Policyholders report census information through one of EAIG's payroll partners, their current payroll system provider, or by self-reporting via the web-based ParallelPay portal.

"We are extremely pleased with the tremendous growth of the ParallelPay program," said Michael Boguski, President and Chief Executive Officer of EIHI. "The program continues to be a unique selling point to employers of all sizes looking for innovative cash flow solutions in a challenging economy. We are very proud that ParallelPay was recently selected for inclusion in *Best's Review's* Innovators Showcase, as innovation is one of EIHI's core values.

The ParallelPay program was recognized in the Innovators Showcase published in the January 2012 edition of *Best's Review* magazine. A panel of insurance industry experts assessed the relative merits of nearly 70 submissions and selected 15 as examples of forward-thinking, successful business concepts among insurance organizations. In its article on the ParallelPay program, an insurance company executive described ParallelPay as "creative customer thinking on how to pay premiums."

Businesses can visit www.ParallelPay.com to learn more about the ParallelPay program and find an independent insurance agent representing EAIG. Founded in 1997, EAIG specializes in providing workers' compensation products and services to businesses and self-insured clients. EAIG is a member of the publicly-held Eastern Insurance Holdings, Inc. family of companies, with offices in Lancaster and Wexford, Pennsylvania, Charlotte, North Carolina, Carmel, Indiana, Franklin, Tennessee, and Richmond, Virginia. EAIG's Web address is 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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