

GUIDE TO UNDERSTANDING BEST'S HAZARD INDEX

Best's Hazard Index is an independent opinion of the relative degree of risk exposure for each line of insurance coverage in a specific type of business, industry or municipal service. The assigned Best's Hazard Index numbers are based on a careful review of research for the given business, industry or municipal service and its related exposure by line of insurance. The severity and frequency of the exposures by line of insurance are critical in assigning a Best's Hazard Index value.

Best's Hazard Index Value	Best's Hazard Index Description	Best's Hazard Index Definition
1 2 3	Low	Values between 1 and 3 represent negligible to slight levels of risk exposure. Based on the type of hazard and its severity and frequency, its chances of occurring are not of great concern.
4 5 6	Medium	Values between 4 and 6 represent minor to significant levels of risk exposure. There is a greater chance of loss based on the frequency and severity of a given hazard.
7 8 9	High	Values between 7 and 9 represent substantial to extensive levels of risk exposure. Chances of loss are quite high, meaning a potential hazard's severity and frequency should be closely scrutinized.
10	Very High	The value of 10 represents the most severe level of risk exposure. The greatest chance of loss exists, meaning dangerous hazards will be present, exposing the insured to considerable loss.

Best's Hazard Index is a component of *Best's Underwriting Reports* and *Best's Loss Control Reports*. These reports are available for approximately 600 different businesses, industries and municipal services and cover the following insurance lines: Automobile Liability, Automobile Physical Damage, General Liability: Premises and Operations, Product Liability and Completed Operations, Professional Liability, Environmental Impairment Liability, Workers' Compensation, Crime, Property, Business Interruption, Inland Marine, Equipment Breakdown, Cyber Insurance, and others. Not every line of insurance is relevant to all industries.

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