

Best's Credit Ratings: Captives Data Requirements

Sample Information to Be Furnished

1. Annual reports – latest five years, then annually; if the captive has recently been established, loss experience and premiums from previous carriers
2. Audited financial statements for parent and subsidiary companies (annually)
3. Full actuarial reports, when available (annually)
4. Corporate structure/organisational chart and history (initially and as changed)
5. Management structure and key executive committees (initially and as changed)
6. Biographical information on principal officers and board members (initially and as changed)
7. Current insurance structure – net retention and policy limits by line of business, primary and excess layers, aggregates
8. Operating plan/five-year projections (annually as changed)
9. Capital management strategies
10. Risk management programme
11. Investment guidelines/strategies
12. Reinsurance programme/reinsurance contracts
13. Completed Best's Supplemental Rating Questionnaire (completed online annually)
14. Underwriting guidelines
15. Fronting information – copy of fronting policy/contract including:
 - Name of fronting company, length of policy, policy renewal details, limits, terms and conditions, exclusions, what hazards are covered, etc.
 - Collateral or security requirements of the front and how they are being met by the captive
16. Any other information requested by AM Best, including but not limited to:
 - Estimated impact (net and gross) from catastrophe or other unusual event
 - Details of changes in ownership, management, products or operations
 - Revised projection of year-end results
 - Plans to mitigate losses and/or correct an identified problem

The Credit Rating Process

The typical duration from signed contract to ratings dissemination is generally about eight to twelve weeks. Each interactively rated entity is assigned to a rating analyst, who manages the ongoing interaction with company management and conducts the fundamental credit analysis as described in AM Best's rating criteria.

1

Compile Information

The assigned analyst collects public and proprietary financial information and data to develop a tailored meeting agenda.

2

Perform Analysis

AM Best incorporates a host of qualitative and quantitative measures to evaluate the organization's financial health.

3

Determine Best's Credit Rating

The AM Best Rating Committee ensures rating consistency and maintains the integrity of the rating process and methodology.

4

Disseminate Best's Credit Rating

If the initial Best's Credit Rating is accepted, it is distributed via the AM Best website, press releases and a number of print and digital publications.

5

Monitor Best's Credit Rating

AM Best regularly monitors the rating by continually analyzing the organization's creditworthiness.

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