

AM Best and the Principles for Sustainable Insurance (PSI)



Principles for Sustainable Insurance (PSI) AM Best Annual Disclosure 2025

In 2021, AM Best became the first credit rating agency to become a signatory to the United Nations Environment Programme's (UNEP) FI Principles for Sustainable Insurance (PSI). As a PSI signatory, AM Best is committed to incorporating the principles into our processes and policies across all areas of our organization, as documented below.

Principle 1

We will embed in our decision-making environmental, social and governance issues relevant to our insurance business.

Best's Credit Rating Process

1. Analytical Staff Training
 - Analytical staff were provided with training on sustainability concepts, highlighting recent sustainability-related regulations in key markets and emphasizing the appropriate selection and clear communication of sustainability factors in press releases. December 2025.
2. ESG Disclosure Steering Group
 - The ESG Disclosure Steering Group is composed of rating analysts (titles ranging from Managing Director to Financial Analyst) as well as members of the criteria team with representatives from the majority of our global offices. The working group assists analysts on matters relating to sustainability in the credit rating process, including how to write sustainability-related commentary in a *Best's Credit Report*, guidance on topics in AM Best reports and briefings, and understanding general sustainability topics and issues.
 - A quarterly back-testing exercise was conducted on April 2, July 23 and October 23, 2025, to ensure that sustainability factors were accurately identified and appropriately communicated in press releases when they were a key driver of the rating action. The disclosures satisfy ESMA regulatory requirements.

AM Best Human Resource Developments

1. Management's commitment to ensuring equal rights, diversity, social responsibility and community involvement:
 - Continue to reinforce policies pertaining to labor and workplace rights, equality and diversity, flexible working (hybrid/in-office), community volunteering and modern slavery/human trafficking.
 - Continue to reinforce policies pertaining to business ethics, anti-bribery and anti-corruption, sanctions, fraud, data privacy, whistleblowing and other related matters.
2. Staff Development and Training: A full suite of training is available to all employees on the subject of diversity, equity and inclusion. On a rolling basis, current staff receive new or updated training on this subject as well as:
 - Preventing Workplace Harassment Fundamentals (Employees and Managers). May 2025.
 - Career Development Opportunities at AM Best: Employees are provided with financial assistance and time off to pursue professional designations and certifications. Paid summer internships, analytical career and associate development programs are also available at our global headquarters.

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AM Best Corporate Social Responsibility

1. Information Security and Data Privacy Training: Safeguarding our clients' information, and the privacy of our customers, employees and business partners, is critical to the continued success of our organization. To ensure our workforce is prepared for cyber threats and aware of its responsibilities for data protection, all AM Best personnel are required to complete Security Awareness Training and Data Protection Training upon hire and at least annually. Role-based training is also provided, as appropriate, for individuals in higher-risk roles, including those that handle sensitive data. AM Best delivers the following training:
 - Security Awareness Training for New Hires
 - Annual Security Awareness Training for All Employees
 - Director Training
 - Incident Response and Reporting
2. Our digital products include an ADA-compliant WCAG accessibility widget with built-in customization options to enhance usability for all users. Accessibility conformance is documented for some products in the Voluntary Product Accessibility Template (VPAT), demonstrating AM Best's ongoing commitment to creating inclusive and compliant digital experiences.

Principle 2

We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions.

AM Best Client- and Industry-Facing Thought Leadership

1. **Best's Research:** AM Best's exclusive research and analysis provide valuable insight into current and historical trends affecting the insurance industry. The following are representative of sustainability-related content in reports we published in 2025:
 - Operating Performance of UAE Insurers Remains Resilient Despite Unprecedented Rains – *Best's Market Segment Report*. April 23, 2025.
 - European Union Action on Natural Catastrophes May Decrease Protection Gap, But Clarity Needed – *Best's Commentary*. May 15, 2025.
 - Initial Loss Estimates for Mexican Insurers from Hurricane Erick Expected To Be Well Below 2023 Hurricane Otis – *Best's Commentary*. June 27, 2025.
 - U.S. Crop Insurance Writers Benefit as Weather Impacts Ease – *Best's Market Segment Report*. July 29, 2025.
 - Improving US Homeowners Results Challenged by January 2025 Wildfires – *Best's Market Segment Report*. August 7, 2025.
 - US Government Shutdown May Create Opening for Private Flood Insurers to Fill the Void Left by Lack of NFIP Coverage – *Best's Market Segment Report*. October 13, 2025.
2. **AM Best's Insurance Market Briefings:** AM Best shares its insurance expertise and insight through its complimentary insurance market briefings, which cover a broad range of topics and trends, from segment updates to in-depth analyses of current market developments. The following briefings addressed sustainability issues:
 - AM Best's Europe Insurance Market & Methodology Briefings – London
 - AM Best's Insurance Market Briefing – Toronto
3. **AM Best Speaking Engagements**
 - AM Best Senior Director presented climate-related slides to DLA Piper on February 12, 2025.
4. **AM Best TV®** hosts and produces informational webinars on prominent industry topics, which connect viewers with influential industry leaders as they share their expertise on the latest market developments.
 - AM Best TV hosted 13 informational webinars on relevant industry topics.

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AM Best Client- and Industry-Facing Thought Leadership (Continued)

5. AM Best's monthly insurance magazine, *Best's Review*®, provides in-depth coverage of a wide range of topics, written by our journalists and backed by AM Best's extensive database and industry experience. Recent sustainability coverage includes:
 - "US Treasury's FIO: Home Insurance Affordability, Availability Undermined by Climate Risk." June 2025.
 - "California Regulators Say Redrawn Wildfire Hazard Maps Will Protect Homes, Communities." June 2025.
 - "Insurance Europe: Additional Sustainability Risk Rules Carry 'Unnecessary Costs.'" June 2025.
6. Sample of Media Requests and Interviews
 - AM Best senior staff provided comments to over 20 media outlets, including *The New York Times*, *The Wall Street Journal* and major news networks, regarding the Los Angeles wildfires. January 8–February 20, 2025.
 - AM Best Senior Director sent written remarks to E&E News on the National Flood Insurance Program. February 10, 2025.
 - AM Best Associate Director spoke with *The Wall Street Journal* on convective storms. February 24, 2025.
 - Jose Berenguer provided comments to *Insurance Day* about Italy's compulsory natural catastrophe coverage. March 4, 2025.
 - AM Best Director provided comments to *Insurance Day* about the Myanmar earthquake. March 31, 2025.
 - AM Best Senior Director spoke with Bloomberg on impacts of legislative reforms on Florida property insurance market. April 30, 2025.
 - AM Best Associate Director and Senior Industry Research Analyst spoke with *The Wall Street Journal* on NFIP. May 2, 2025.
 - AM Best Senior Director and Associate Director provided comments to *Insurance Day* about Texas floods. July 7, 2025.
 - AM Best Senior Director, Director, Associate Director and Senior Financial Analyst spoke with *The Insurer* on climate impacts on Florida and California property insurance markets. September 25, 2025.
 - AM Best Managing Director spoke to *Canadian Underwriter* podcast about Canada's P/C industry, including climate impacts. September 25, 2025.
 - AM Best Senior Director and Director discussed P/C industry trends, including climate and property insurance markets, with *Intelligent Insurer*. October 5, 2025.
 - Two AM Best Senior Directors discussed P/C industry trends, including climate and property insurance markets, with *Intelligent Insurer*. October 6, 2025.
 - AM Best Senior Director discussed parametric coverages and other ways emerging markets can close the insurance protection gap with *Global Finance Magazine*. October 6, 2025.
 - AM Best Associate Director and Senior Industry Research Analyst discussed issues at the National Flood Insurance Program and opportunities for private flood insurers to step in with Law360. October 9, 2025.
7. AM Best Audio®
 - AM Best Audio hosted four sustainability-related podcasts with influential industry leaders.
8. Underwriting and Loss Control Resources
 - AM Best Information Services provides MSCI's ESG Industry Risk Intensity Scores within *Best's Underwriting Reports* and *Best's Loss Control Reports*. Underwriting reports cover hazards for nearly 600 different industries with in-depth and heavily detailed examinations of business operations — including a "heads up" list for specific areas of concern. Loss control reports describe the hazards present in a wide variety of industries and municipal services.

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AM Best General Public-Facing Community Outreach

1. AM Best fosters meaningful connections with local communities through various engagement efforts.
 - Charitable Work Day Program: AM Best supports volunteer activities to enhance and serve the communities that our employees live and work in and are passionate about. The program's purpose is to support communities that are impacted by disasters and address issues that impact quality of life. Examples include packing bags of food at the Flemington Food Pantry, harvesting vegetables for the Community Food Bank of NJ and doing construction projects for the New Salem Baptist Church.
 - Adopt-a-Family: AM Best sponsors local families through employee donations to provide Christmas meals and gifts, along with essential items like clothes, household items and cleaning supplies, to underserved families in the local community.
 - Corporate Facilities Services Sustainability Initiatives (Global Headquarters): AM Best has implemented a range of environmentally responsible initiatives across our global office campus, including: usage of eco-friendly janitorial materials; completion of a new HVAC Building Management System (BMS) to optimize building performance; adopting recyclable or compostable products and reducing plastic usage; and maintaining active recycling and waste reduction programs. Our campus landscaping emphasizes resilience and sustainability, featuring drought-tolerant groundcovers that significantly reduce irrigation needs. Additionally, our Cycle-let treatment system recycles on-site wastewater, minimizing groundwater draw and reducing environmental discharge.
2. AM Best's Student Challenge is an insurance solution-based competition that empowers undergraduate and graduate students by taking them beyond the classroom—promoting thought leadership in the field of insurance and risk management and providing exposure to insurance professionals. Student submissions include solutions for managing insurance risks, such as new products, distribution methods, creative ways to increase insurance penetration, incentive programs, digitization models, implementation of private/public partnerships, and alternative risk transfer. The Student Challenge is part of AM Best's ongoing efforts to support the development of new talent in the insurance industry.

Principle 3

We will work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues.

AM Best Governments and Regulators

1. AM Best Senior Financial Analyst, along with two Senior Directors, presented to the NAIC's Cybersecurity Working Group regarding AM Best's Cyber Insurance Questionnaire. July 29, 2025.
2. AM Best Director and Associate Director presented AM Best's views on the overall current economic environment and outlook, with more specific discussion of the overall health and trends within the P/C and L/H insurance sectors, during the NAIC 2025 Insurance Summit. September 15, 2025.
3. AM Best Senior Director and Managing Director presented a high-level overview on the causes of P/C and L/H insurer insolvencies, to the technical drafting group of the NAIC's Risk-Based Capital (RBC) Model Governance Task Force. October 10, 2025.
4. AM Best Chief Ratings Officer presented on the potential impact and risks to insurers of Privately Issued Structured Credit Investments, during NAIC Investment Analysis Office's regulator-only educational seminar. October 29, 2025.

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AM Best Key Industry Stakeholders Collaboration and Leadership

1. AM Best Rating Services EVP and Chief Strategy Officer serves on the Inclusive Insurance Working Group at the Insurance Development Forum (IDF). Its mission is to optimize and extend the use of insurance and its related risk management capabilities to build greater resilience and protection for people, communities, businesses and public institutions that are vulnerable to disasters and their associated economic shocks.
2. In an effort to support the effective implementation of the Principles and the PSI's purpose and vision, AM Best Rating Services EVP and Chief Strategy Officer served on the PSI board through 2025.
3. AM Best Rating Services is a member of the Microinsurance Network (MiN), a non-profit association of organizations and individuals committed to building a world where people of all income levels are more resilient and less vulnerable to daily and catastrophic risks through improved access to effective risk management tools, including insurance services. It was established in 2002 by donors, multilateral agencies, non-governmental organizations, private insurance companies and other interested parties. MiN is the only global multi-stakeholder platform that promotes the development and delivery of effective risk management tools, including insurance services, for underserved people.

Principle 4

We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles.

AM Best PSI Disclosure Working Group

The AM Best PSI Disclosure Working Group is dedicated to developing the company's annual PSI disclosure. It reported on AM Best's progress embedding the principles into its operations and activities in February 2025.