

# BEST'S

## Credit Ratings for Captives

An Overview

Financial Strength Single-Parent Captives Alternative Risk Transfer Captives  
Risk Management Operating Performance Best's Credit Ratings Protected Cell Captives  
Underwriting Industry Insight Credit Analysis Market Intelligence  
Group Captives Briefings Thought Leadership Risk Retention Groups  
Insurance Balance Sheet Strength Research Start-Ups Analytical Resources



## ABOUT AM BEST

Founded in 1899, AM Best is the world's first, largest and only global credit rating agency specializing in insurance. Best's Credit Ratings are a forward looking, independent and objective opinion regarding an insurer's, issuer's or financial obligation's relative creditworthiness.

We provide ratings on 3,600 companies of all sizes in more than 100 countries, including over 200 alternative risk transfer entities.

We are a leader in rating alternative risk transfer entities, covering single-parent, pure and group captives, risk retention groups, self-insurance funds, and protected cell companies globally. We provide captive owners/managers with an independent, third-party assessment of balance sheet strength, operating performance, business profile and enterprise risk management.

Headquartered in the United States, we have regional offices in Amsterdam, Dubai, Hong Kong, London, Mexico City and Singapore.



## THE VALUE OF AN AM BEST CREDIT RATING

- We rate single-parent, pure and group captives, risk retention groups, self-insurance funds, and protected cell companies globally.
- We rate startups and companies of all sizes.
- We recognize single-parent captives as a critical component of its parent's risk management program.
- Our interactive rating process offers valuable insight into a captive's organization, its management, governance and track record.
- A Best's Credit Rating (BCR) establishes a captive's acceptability and credibility with third parties, including regulators, reinsurers and other counterparties, and may further the ability to attract and retain member insureds.



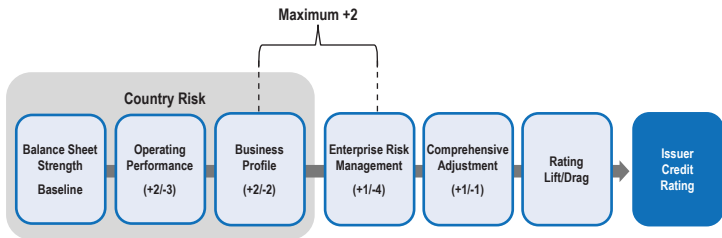
# BEST'S CREDIT RATING PROCESS

Our interactive credit rating process is a transparent, in-depth interaction between the rated organization and AM Best analytic teams.

BCRs are determined and updated through a rating committee process. This approach ensures rating consistency and maintains the integrity of the rating process.

The process includes a comprehensive analysis of the rated companies' balance sheet strength, operating performance, business profile and enterprise risk management.

The foundational building blocks of Best's Credit Rating Methodology (BCRM) rating approach are outlined below.



# BEST'S CREDIT RATING PROCESS

The initial Best Credit Rating timeline from signed contract to ratings completion is typically about eight to twelve weeks.

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 strength.

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**

Once accepted, the Best's Credit Rating is distributed via the AM Best website, press releases and print/digital publications. Private BCRs are disseminated to the rated entity only.

5

## **Monitor Best's Credit Rating**

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



# AM BEST CREDIT RATING DEFINITIONS

## Best's Credit Rating Scales

Translation of Issuer Credit Ratings to Financial Strength Ratings

LONG-TERM ICR	FSR
aaa, aa+	A++
aa, aa-	A+
a+, a	A
a-	A-
bbb+, bbb	B++
bbb-	B+
bb+, bb	B
bb-	B-
b+, b	C++
b-	C+
ccc+, ccc	C
ccc-, cc	C-
c	D

- **Best's Issuer Credit Rating (ICR):**  
An independent opinion of an entity's ability to meet its ongoing financial obligations, issued on either a long- or short-term basis
- **Best's Financial Strength Rating (FSR):**  
An independent opinion of an insurer's financial strength and ability to meet its ongoing insurance policy and contract obligations
- **Best's Issue Credit Rating (IR):**  
An independent opinion of credit quality assigned to issues that gauges the ability to meet the terms of the obligation, issued on a long- or short-term basis
- **Best's National Scale Rating (NSR):**  
A relative measure of creditworthiness in a specific local jurisdiction that is issued on a long-term basis and derived exclusively by mapping the NSR from a corresponding global Issuer Credit Rating (ICR) using a transition chart

# LEVERAGE YOUR BEST'S CREDIT RATING

- The BestMark for Rated Insurers icon demonstrates to agents, brokers, customers, prospects and the financial services industry that the company has undergone AM Best's rigorous rating process.
- A BestMark can be featured in promotional materials, such as websites, print ads, brochures, web banner ads, social media, email signatures, business cards, and conference and events materials.
- It is available in black, blue, white and gold to complement any style of marketing materials. Rated insurers also can grant permission to their business partners to use the icon by sending details to [bestmarkinsurers@ambest.com](mailto:bestmarkinsurers@ambest.com).

## Samples of BestMark Usage



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