

BEST'S Credit Ratings

An Overview



ABOUT AM BEST

AM Best is the world's largest credit rating agency specializing in the (re)insurance industry and insurance-linked securities. Best's Credit Ratings are an essential tool for assessing a (re)insurer's financial strength, creditworthiness and ability to honor obligations to policyholders worldwide.

- Established in the US in 1899 and pioneered the concept of financial strength ratings in 1905
- Worldwide headquarters in New Jersey, US; regional centers in London and Amsterdam (serving Europe, Middle East and Africa), Hong Kong and Singapore (serving Asia-Pacific and Oceania) and Mexico City (serving Latin America); Dubai office (serving MENA, South and Central Asia) regulated as a credit rating agency by the DFSA
- Full-service global ratings capabilities
- Nearly 4,000 ratings in more than 100 countries worldwide
- Extensive marketing and publishing capability to promote corporate ratings in local and international markets



THE VALUE OF A BEST'S CREDIT RATING

- AM Best is the only global credit rating agency focused exclusively on insurance.
- We provide an independent, third-party assessment of balance sheet, operating performance, business profile and enterprise risk management.
- Our analysis offers valuable insight into an organization, its management and track record.
- The interactive rating process serves as a roadmap for practicing sound risk management and effective business strategy.
- Our rating process highlights a carrier's credibility, transparency and acceptance for new market/business penetration.
- We rate new formations, startups and companies of all sizes and segments.
- Best's Credit Rating Methodology (BCRM) is publicly shared and transparent.
- Best's Credit Ratings are registered by regulatory authorities around the world. [Click here](#) for the full list.
- We rate risk transfer, single-parent captives, group captives, risk retention groups (RRGs) and cell companies in a number of domiciles.
- Our global view of the insurance industry spans all market segments, jurisdictions and domiciles, giving us insight unavailable anywhere else.

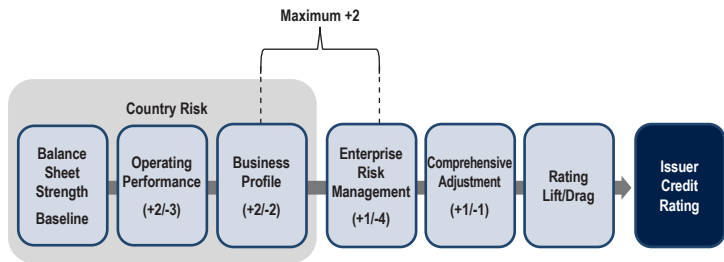


BEST'S CREDIT RATING METHODOLOGY (BCRM)

Best's Credit Rating Process is an in-depth interaction between the rated organization and AM Best analytical teams for a comprehensive analysis of balance sheet, operating performance, business profile and enterprise risk management, including comparisons to peers and industry standards, as well as assessments of an insurer's operating plans, philosophy and management.

The analysis may include the specific nature and details of a security (as appropriate), risk management and the implicit or explicit support of a parent or affiliate.

The foundational building blocks of AM Best's rating approach are outlined below.



AM BEST'S VALUE FOR THE INDUSTRY

- Only international rating agency dedicated exclusively to the insurance industry
- World's leading provider of insurer financial strength ratings by company coverage
- Foremost rating coverage of the global reinsurance segment
- Leading rating agency for alternative risk transfer (ART) vehicles—captives, pools and risk retention groups
- Key rating agency used by global broker security teams
- Data and research covering 16,000 (re)insurance companies worldwide
- Largest and most comprehensive insurance database providing unique insights by segment and line of business
- Published rating methodology on all key insurance industry segments
- Leading position in credit ratings in the international (re)insurance markets—including comprehensive coverage of Lloyd's/London market, Bermuda, Zurich and Singapore
- Leading rating agency for (re)insurance in the emerging markets of MENA and South and Central Asia



MARKET COVERAGE & BEST'S CREDIT RATING USERS

Market Coverage

Major Lines of Business:

- Property/Casualty (Non-life)
- Life & Annuity
- Health
- Reinsurance

Formation Type:

- Startups/New Company Formations
- Mutual Insurers
- Protection & Indemnity (P&I) Clubs
- Stock Companies
- Fraternal Benefit Societies, Reciprocal, Not-for-Profit Insurers, Catastrophe Bond Issuers & Other Insurance-Linked Securitizations

Specialty Lines:

- Alternative Risk Transfer (ART) Vehicles—Captives, Pools & Risk Retention Groups
- Debt—Corporate Debt, Preferred Stock & Hybrid Securities, Commercial Paper, Insurance-Based Liability or Asset-Backed Securitizations, Closed-Block Monetizations
- Title Insurance
- Fronting Companies
- Surety Companies
- Takaful, Retakaful & Cooperative Insurers
- Lloyd's & Its Syndicates

Best's Credit Rating Users

- Insurance Carriers
- Agents
- Brokers
- Policyholders
- Financial Institutions
- Investors & Investment Professionals
- Employee Benefits Managers
- Debt & Equity Research Analysts
- Corporate Risk Managers
- Consultants
- Reinsurers
- Captive/Alternative Risk Managers
- Boards of Directors
- Consumers
- Government Agencies (Fannie/Freddie/ HUD/FHFA)
- Regulators
- Academics



BEST'S CREDIT RATING DEFINITIONS

Best's Credit Rating Scale

Translation of Best's Issuer Credit Ratings to Best's 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 Best's Issuer Credit Rating (ICR) using a transition chart

The rating symbols A++, A+, A, A-, B++, B+ are registered certification marks of A.M. Best Rating Services, Inc.



BEST'S CREDIT RATING PROCESS

The duration from signed contract to ratings announcement is about eight to twelve weeks.

Rating
Engagement
and Contract

Meet with
Company
Management

Compile
Information
and Perform
Analysis

Determine
Best's Credit
Rating

Disseminate
Best's Credit
Rating

Monitor
Best's Credit
Rating

1

Rating Engagement and Contract

Once a contract is signed and returned and the fee paid, the company is assigned a rating analyst, and the interactive rating process commences.

2

Meet with Company Management

The analytical team develops a tailored meeting [agenda](#) and meets with company management to discuss the organization's operations, strategy, risk management and financial condition, incorporating a host of quantitative and qualitative measures to evaluate financial strength.

3

Compile Information and Perform Analysis

The assigned analytical team collects public and proprietary financial information and data to develop a rating recommendation for the rating committee.

4

Determine Best's Credit Rating

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

5

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 publications. The company can choose to keep the rating private. Private BCRs are disseminated to the rated entity only.

6

Monitor Best's Credit Rating

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



LEVERAGE YOUR BEST'S CREDIT RATING

With today's complex market challenges, financial strength is critical. AM Best offers a complimentary service to all rated (re)insurance companies and their business partners that showcases the carrier's Best's Financial Strength Rating and/or Best's National Scale Rating to the marketplace.

The BestMark for Financial Strength Ratings is a visual indicator of AM Best's independent opinion of an insurer's global financial strength and ability to meet its ongoing insurance policy and contract obligations.



The BestMark for National Scale Ratings displays AM Best's relative opinion of an insurance company's financial strength within a single country, currently available in Algeria, Brazil, Egypt, India, Indonesia, Mexico, the Philippines, Thailand and Vietnam.



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