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Best's Credit Ratings

An Overview



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About AM Best

Founded in 1899, AM Best is the world's largest credit rating agency specializing in the insurance industry and insurance-linked securities. Best's Credit Ratings are an assessment of an insurer's financial strength, creditworthiness and their ability to honor obligations to policyholders.

AM Best's insurance data, market intelligence, and analytical resources provide a critical perspective to help insurers, financial professionals and consumers make informed decisions. Our analysts' diverse financial, operational, claims, underwriting and actuarial backgrounds equip them to deliver insight that helps support and guide the insurance industry.

We provide 3,600 ratings on companies of all sizes in more than 95 countries, including over 200 alternative risk transfer entities and 300 mutual companies. Headquartered in the United States, the company does business in over 100 countries with regional offices in London, Amsterdam, Dubai, Hong Kong, Singapore and Mexico City.

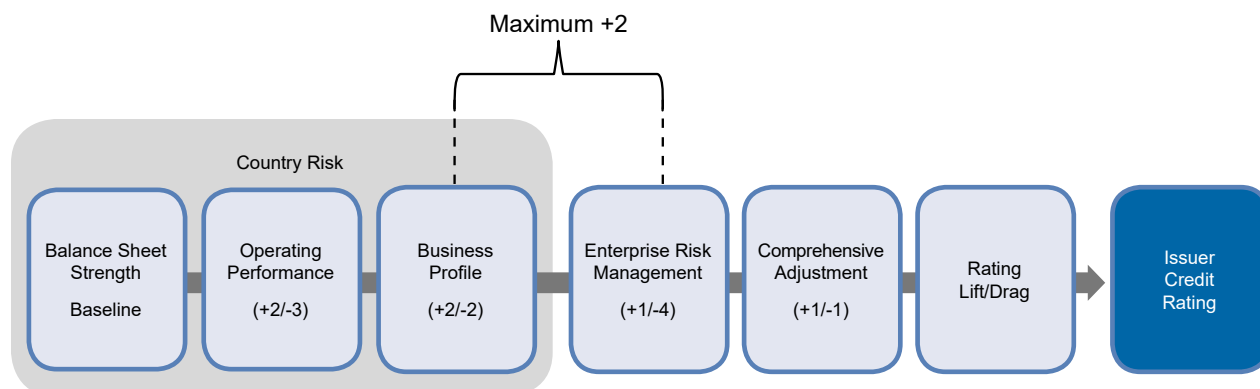
The Value of an AM Best Credit Rating

- AM Best is the only Nationally Recognized Statistical Rating Organization (NRSRO) focused solely on insurance.
- We rate risk transfer, single-parent captives, group captives, risk retention groups (RRGs) and protected cells in a number of domiciles.
- We rate new formations, startups and companies of all sizes.
- We provide an independent, third-party assessment of business profile, operating performance, business profile and enterprise risk management.
- Our analysis offers valuable insight into an organization, its management and track record, and the interactive rating process serves as a roadmap for practicing sound risk management and effective business strategy.
- Our rating process promotes credibility, transparency and acceptance for new market/business penetration.
- Best's Credit Rating Methodology (BCRM) is publicly shared and transparent.
- Best's Credit Ratings are registered by regulatory authorities in Australia, Brazil, Dubai, European Union (EU), Hong Kong, Mexico, New Zealand, Singapore and the United States.
- We have unmatched access to insurance data and market intelligence, covering thousands of companies worldwide through analytical resources and news coverage that provide a critical perspective.

Risk Transfer, Single-Parent Captives, Group Captives, Risk Retention Groups and Protected Cells

AM Best has been rating captives for decades, covering U.S.-domiciled group captives, risk retention groups (RRGs) and single-parent captives in a number of domiciles. AM Best currently rates approximately 200 captives and alternative market entities in over 20 global jurisdictions, and in more than 30 U.S. states.

Best's Credit Rating Methodology



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Value for the Industry

- Only international rating agency dedicated exclusively to the insurance industry
- World's leading provider of insurer Financial Strength Ratings (FSRs) by company coverage
- Foremost rating coverage of the global reinsurance segment
- Leading rating agency for ART (captives) coverage
- 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 international reinsurance hubs—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

- Property/Casualty (Non-life)
- Life and Annuity
- Health
- Reinsurance
- Mutual Insurers
- Startup Reinsurers
- Alternative Risk Transfer (ART) Vehicles—Captives, Pools and Risk Retention Groups
- Protection & Indemnity (P&I) Clubs
- Debt—Corporate Debt, Preferred Stock and Hybrid Securities, Commercial Paper, Insurance-based Liability or Asset-backed Securitizations, Closed-block Monetizations
- Fronting Companies
- Title Insurance
- Surety Companies
- Takaful, Retakaful and Co-operative Insurers
- Lloyd's and its Syndicates

Best's Credit Rating Users

- Insurance Companies
- Agents
- Brokers
- Policyholders
- Financial Institutions
- Investors & Investment Professionals
- Employee Benefits Managers
- Debt and Equity Research Analysts
- Corporate Risk Managers
- Reinsurers
- Captive/Alternative Risk Managers
- CFOs and Boards of Directors
- Consumers
- Government Agencies
- Regulators
- Academics

Best's Credit Rating Scale

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

AM Best Credit Rating Definitions

- **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

AM Best assigns three types of Best's Credit Ratings for insurance companies. All are independent opinions based on a comprehensive quantitative and qualitative evaluation of a company's balance sheet strength, operating performance, business profile, enterprise risk management and, where appropriate, the specific nature and details of a rated debt security. They are not a warranty of a company's financial strength and ability to meet its obligations to policyholders or other financial obligations.

Best's Credit Ratings – An Overview

Credit Rating Process

AM Best's interactive credit rating process is an in-depth interaction between the rated organization and AM Best analytic 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 typical duration from signed contract to ratings announcement is about three to four months.

Information and Data Required for a Best's Credit Rating

- Company documents compiled for regulators and auditors
- Back-year financial statements

For a full list of documents and information required, please visit www.ambest.com/ratings/obtainarating.asp.

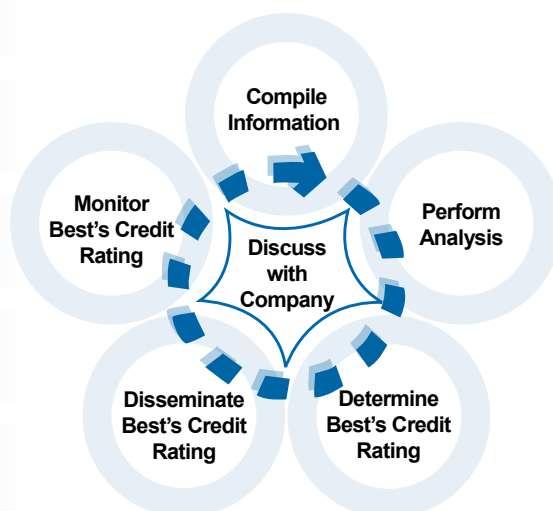
AM Best Credit Rating Steps

Initial and annual rating fees are based on the following:

- Size: Gross and written premiums or assets
- Type(s) of business written
- The structure and complexity of the organization, including holding companies, affiliates, subsidiaries, etc.

- 1 Compile Information**
The assigned analyst/team works with the rated organization to collect public and proprietary financial information and data.
- 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**
Best's Credit Ratings are 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.

Credit Rating Process



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