

Best's Credit Ratings: Captives and Other Alternative Risk Transfer Entities – Sample Meeting Agenda

To make your rating meeting as complete and comprehensive as possible, AM Best's analytical team has prepared a sample meeting agenda, detailing the areas that will be discussed in the initial interactive rating meeting.

Organizational Overview

- Review of corporate structure
 - Ownership/membership structure
 - Management structure and board of directors
- Executive overview
- Group strategic objectives and expectations
- Mission statement
- Management's perspective on key risks
- Rating discussion

Balance Sheet Strength

- Capital management, capital adequacy and BCAR discussion
- Stress tests
- Quality of capital
 - Composition of capital structure
 - Financial leverage and interest coverage
 - Financial guarantees
- Liquidity
 - Sources and uses of liquidity
- Investments
 - Investment strategy and portfolio composition
 - Management of credit risk: potential bond default
 - Management of capital market risk: equities/interest rates
 - Investment manager(s)
 - Approach to asset liability management (ALM)
- Reserve discussion
 - Severity and frequency trends
 - Claims administration (internal/third party)
 - New potential claim emergence
 - Loss reserves (actuarial report): carried vs. indicated
- Management's perspective of reserve adequacy
- Asbestos and environmental reserve analysis (if applicable)
- Reinsurance program review
 - Overview of reinsurance structure (all classes)
 - Inter-company reinsurance/pooling agreements
 - Credit risk management
- Catastrophe management
 - Natural and man-made catastrophe exposure analysis and management
 - Probable maximum loss (PML)/tail risk analysis/catastrophe model(s) used
 - Risk aggregation/mapping/geocoding
- Holding company discussion (parental analysis)
 - Financial leverage and interest coverage
 - Liquidity plan
- Operating leverage
 - Intangibles/quality of consolidated capital
 - Non-insurance operations
- Country risk impact

Operating Performance

- Underwriting performance
- Investment performance
- Total operating earnings
- Financial forecasts
- Country risk impact

Business Profile

- Market conditions and degree of competition
- Market position and expansion initiatives
- Business strategies (short- and long-term) and targets
- Growth strategies and targets
- Product offering(s) (including limits offered) and geographic footprint
- Management of product/geographic concentration/diversification
- Management of product risk
- Distribution strategy
- Pricing sophistication and data quality; pricing environment
- Regulatory, event and market risks
- Country risk impact
- Innovation initiatives

Enterprise Risk Management (ERM)*

- Framework evaluation
 - Risk identification and reporting
 - Risk appetite and tolerance
 - Stress testing
 - Risk management and controls
 - Governance and risk culture
 - Environmental, social and governance (ESG) considerations
- Discussion of risk management capabilities relative to risk profile
 - Product/underwriting
 - Reserving
 - Concentration
 - Reinsurance
 - Liquidity and capital management
 - Investments
 - Legislative/regulatory/judicial/economic
 - Operational



Find out more about getting a Best's Credit Rating.

*AM Best's expectation of a company's ERM capabilities will vary depending upon an insurer's scope of operations, size and risk complexity. In some cases, a separate ERM meeting may be required.