



Best's Rating Center

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Guide to Best's Financial Strength Ratings

Effective July 02, 2008

A **Best's Financial Strength Rating** is an independent opinion, based on a comprehensive quantitative and qualitative evaluation, of a company's balance sheet strength, operating performance and business profile.

Our rating process incorporates specific methodologies designed to address the [Property/Casualty \(Non-Life\)](#) and [Life/Health/HMO](#) industry segments as well as [Non-U.S.](#) and [U.K.](#) domiciled insurance companies.



Read [Best's Rating Scale and Related Definitions](#) for complete details on Financial Strength Ratings.

Other Rating Guides are available for [Bank Deposit](#), [Issuer Credit](#) and [Debt](#).

A complete list of [Best's Rating Methodologies](#) covering topics such as **Insurance Groups, Issuer Credit and Debt Ratings, BCAR** (Best's Capital Adequacy Ratio) are continually fine-tuned to reflect ever-changing industry, regulatory and legal developments. Please note that Best's Financial Strength Ratings are **not a warranty** of a company's financial strength and ability to meet its obligations to policyholders. View our [entire notice](#) for complete details.

Impairment Study: The U.S. property/casualty industry in the past decade has shown resiliency and improved risk management, and financial impairments are relatively rare, but a diminished operating environment remains a common trigger for such events, according to a landmark [study](#) issued by A.M. Best Co.

Financial Strength Ratings

A Best's Financial Strength Rating (FSR) is an opinion of an insurer's ability to meet its obligations to policyholders. [Rating Modifiers and Affiliation Codes](#) may also be associated with these ratings. The following list outlines our rating scale and associated descriptions.

Secure	Vulnerable
A++, A+ (Superior)	B, B- (Fair)
A, A- (Excellent)	C++, C+ (Marginal)
B++, B+ (Good)	C, C- (Weak)
	D (Poor)
	E (Under Regulatory Supervision)
	F (In Liquidation)
	S (Rating Suspended)

Not Rated Categories (NR) are assigned to companies reported on by A.M. Best, but not assigned a Best's Rating. The five categories and descriptions are listed below.

NR-1: Insufficient Data

NR-2: Insufficient Size and/or Operating Experience

NR-3: Rating Procedure Inapplicable

NR-4: Company Request

NR-5: Not Formally Followed

Rating Modifiers and Affiliation Codes

A rating modifier can be assigned to indicate that a Best's Rating may be subject to near-term change (under review), that a company did not subscribe to Best's interactive rating process ([public data](#)) and that the rating is assigned to a [syndicate](#) operating at Lloyd's. Affiliation codes (g, p, and r) are added to Best's Ratings to identify companies whose

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**Understanding
Best's Ratings**

Business Value &
Consumer Confidence

assigned ratings are based on group, pooling or reinsurance affiliation with other insurers.

Rating Modifiers	Affiliation Codes
u - Under Review	g - Group
s - Syndicate	p - Pooled
pd - Public Data	r - Reinsured

Rating Outlook

Best's interactive Ratings (A++ to D) are assigned a Rating Outlook that indicates the potential direction of a company's rating for an intermediate period, generally defined as the next 12 to 36 months. Rating Outlooks, which appear in the rating rationale section of a company's [AMB Credit Reports - Insurance Professional](#), include Positive, Negative and Stable. View our online [Guide to Best's Financial Strength Ratings](#) for complete definitions on Outlooks.

Financial Size Categories (FSC)

To enhance the usefulness of our ratings, A.M. Best assigns each letter rated (A++ through D) insurance company a Financial Size Category (FSC). The FSC is designed to provide a convenient indicator of the size of a company in terms of its statutory surplus and related accounts.

Many insurance buyers only want to consider buying insurance coverage from companies that they believe have sufficient financial capacity to provide the necessary policy limits to insure their risks. Although companies utilize reinsurance to reduce their net retention on the policy limits they underwrite, many buyers still feel more comfortable buying from companies perceived to have greater financial capacity.

FSC	Adjusted Policyholders' Surplus	FSC	Adjusted Policyholders' Surplus
I	Less than 1	IX	250 to 500
II	1 to 2	X	500 to 750
III	2 to 5	XI	750 to 1,000
IV	5 to 10	XII	1,000 to 1,250
V	10 to 25	XIII	1,250 to 1,500
VI	25 to 50	XIV	1,500 to 2,000
VII	50 to 100	XV	2,000 or greater
VIII	100 to 250		

Note: Ranges are in millions of U.S. dollars

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