

MARSH

The Market Information Group
Insurer Financial Analysis

Minimum Financial Guidelines for Insurers

Minimum Guidelines for Property-Casualty and Life-Health Insurers Domiciled in the U.S. and Foreign Insurers Covering U.S. Risks

The minimum financial guidelines for U.S. domiciled property-casualty and life-health insurers are an interactive A.M. Best Rating of A- and unencumbered policyholders' surplus of \$50 million, which may correspond to an A.M. Best financial size category of VII (\$50 million to \$100 million).

Foreign insurance companies should have at least US\$50 million in unencumbered policyholders' surplus in addition to a BBB interactive rating from Standard & Poor's (S&P) to meet our guidelines for U.S. risks. In the absence of an interactive S&P rating, an interactive A- rating from AM Best and US\$50 million in unencumbered surplus will suffice. In the absence of either rating, a public information (pi) rating from S&P and US\$50 million in unencumbered surplus will suffice. We define U.S. risks as risks which are either physically located in the U.S. or the international marine, aviation and space risks of clients headquartered in the U.S. The above guidelines would not apply to a foreign client with multinational risks that include U.S. exposures unless there is a separate policy issued in the U.S.

Minimum Guidelines for Property-Casualty and Life-Health Insurers Domiciled in Canada and Foreign Insurers Covering Canadian Risks

The minimum financial guidelines for Canadian domiciled property-casualty and life-health insurers are an interactive A.M. Best Rating of A- and unencumbered policyholders' surplus of C\$37.5 million. In the absence of an A.M. Best rating, companies with an S&P rating of BBB or higher and policyholders' surplus of C\$37.5 million will meet our minimum financial guidelines.

Minimum Guidelines for Property-Casualty and Life-Health Insurers Domiciled in the U.K. and Bermuda and Foreign Insurers Covering UK and Bermudian Risks

The minimum financial guidelines for U.K. and Bermudan domiciled insurance companies are an interactive S&P rating of BBB or higher and the local currency equivalent of US\$50 million in unencumbered policyholders' surplus. In the absence of an interactive S&P rating, companies with an interactive A.M. Best rating of A- or higher and the local currency equivalent of US\$50 million in unencumbered policyholders' surplus meet our minimum financial guidelines. In the absence of either rating, companies with an S&P public information (pi) rating and the local currency equivalent of US\$50 million in unencumbered policyholders' surplus meet our minimum financial guidelines.

Foreign (non-U.S., UK and Bermudian) insurance companies should have at least US\$50 million in unencumbered policyholders' surplus in addition to a BBB interactive rating from Standard & Poor's (S&P) to meet our guidelines for UK and Bermudian risks. In the absence of an interactive S&P rating, an interactive A- rating from AM Best and US\$50 million in unencumbered surplus will suffice. In the absence of either rating, a public information (pi) rating from S&P and US\$50 million in unencumbered surplus will suffice. We define UK and Bermudian risks as risks which are either physically located in the UK or Bermuda or the international marine, aviation and space risks of clients headquartered in the UK or Bermuda. The above guidelines would not apply to a foreign client with multinational risks that include UK or Bermudian exposures unless there is a separate policy issued in the UK or Bermuda.

Minimum Guidelines for Property-Casualty and Life-Health Insurers Domiciled in All Other Countries (Except Developing Insurance Markets)

The minimum financial guidelines for all other insurance companies (except those domiciled in developing insurance markets) are an interactive S&P rating of BBB or higher and the local currency equivalent of US\$25 million in unencumbered policyholders' surplus. In the absence of an interactive S&P rating, companies with an interactive A.M. Best rating of A- or higher and the local currency equivalent of US\$25 million in unencumbered policyholders' surplus meet our minimum guidelines. In the absence of either rating, companies with an S&P public information (pi) rating of BBB or higher and the local currency equivalent of US\$25 million in unencumbered policyholders' surplus meet our minimum guidelines.

Marsh's Minimum Financial Guidelines

For unrated companies, Marsh's minimum financial guidelines are unencumbered policyholders' surplus of US\$50 million and a satisfactory analysis of the insurer's financial condition by the MIG. The status of insurers in these regions is available through the Worldwide Insurer Monitor, the MIG or your local Market Information Coordinator. We define "All Other Countries" risks as risks which are not physically located in the UK, Bermuda, US or Developing Countries or the international marine, aviation and space risks of clients not headquartered in the UK, Bermuda, US or Developing Markets.

Minimum Guidelines for Property-Casualty and Life-Health Insurers Domiciled in Developing Insurance Markets

The minimum financial guidelines for insurance companies domiciled in developing markets are assigned on a country by country basis. Companies that meet local guidelines are approved for unlimited use within the country of domicile. Local guidelines do apply to foreign insurers covering risks within the local developing insurance market.

Start-Up Insurance Companies

The minimum guidelines for unrated start-up insurance companies are US\$100 million in liquid capital and surplus to be verified by the MIG. This applies to U.S. and non-U.S. insurance companies alike.