2014 Ratings Performance Measurement Statistics

NRSRO CLASS: Insurance Companies – Financial Strength Ratings (Tables 1, 2, & 3)

A Best’s Financial Strength Rating (FSR) is an independent opinion of an insurer’s financial strength and ability to meet its ongoing insurance policy and contract obligations. The rating is based on a comprehensive quantitative and qualitative evaluation of a company’s balance sheet strength, operating performance and business profile.

FSRs are not assigned to specific insurance policies or contracts and do not address any other risk, including, but not limited to, an insurer’s claims-payment policies or procedures; the ability of the insurer to dispute or deny claims payment on grounds of misrepresentation or fraud; or any specific liability contractually borne by the policy or contract holder. An FSR is not a recommendation to purchase, hold or terminate any insurance policy, contract or any other financial obligation issued by an insurer, nor does it address the suitability of any particular policy or contract for a specific purpose or purchaser. In arriving at a rating decision, A.M. Best relies on third-party audited financial data and/or other information provided to it. While this information is believed to be reliable, A.M. Best does not independently verify the accuracy or reliability of the information. For additional details, see A.M. Best’s Terms of Use at http://www.ambest.com/terms.html.

Rating Categories

A definition of each FSR category is shown in the table below.

<table>
<thead>
<tr>
<th>Rating</th>
<th>Descriptor</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>A++, A+</td>
<td>Superior</td>
<td>Assigned to companies that have, in our opinion, a superior ability to meet their ongoing insurance obligations.</td>
</tr>
<tr>
<td>A, A-</td>
<td>Excellent</td>
<td>Assigned to companies that have, in our opinion, an excellent ability to meet their ongoing insurance obligations.</td>
</tr>
<tr>
<td>B++, B+</td>
<td>Good</td>
<td>Assigned to companies that have, in our opinion, a good ability to meet their ongoing insurance obligations.</td>
</tr>
<tr>
<td>B, B-</td>
<td>Fair</td>
<td>Assigned to companies that have, in our opinion, a fair ability to meet their ongoing insurance obligations. Financial strength is vulnerable to adverse changes in underwriting and economic conditions.</td>
</tr>
<tr>
<td>C++, C+</td>
<td>Marginal</td>
<td>Assigned to companies that have, in our opinion, a marginal ability to meet their ongoing insurance obligations. Financial strength is vulnerable to adverse changes in underwriting and economic conditions.</td>
</tr>
<tr>
<td>C, C-</td>
<td>Weak</td>
<td>Assigned to companies that have, in our opinion, a weak ability to meet their ongoing insurance obligations. Financial strength is very vulnerable to adverse changes in underwriting and economic conditions.</td>
</tr>
<tr>
<td>D</td>
<td>Poor</td>
<td>Assigned to companies that have, in our opinion, a poor ability to meet their ongoing insurance obligations. Financial strength is extremely vulnerable to adverse changes in underwriting and economic conditions.</td>
</tr>
<tr>
<td>E</td>
<td>Under Regulatory Supervision</td>
<td>Assigned to companies (and possibly their subsidiaries/affiliates) that are publicly placed under a significant form of regulatory supervision, control or restraint - including cease and desist orders, conservatorship or rehabilitation, but not liquidation - that prevents conduct of normal, ongoing insurance operations.</td>
</tr>
<tr>
<td>F</td>
<td>In Liquidation</td>
<td>Assigned to companies that are publicly placed in liquidation by a court of law or by a forced liquidation.</td>
</tr>
<tr>
<td>S</td>
<td>Suspended</td>
<td>Assigned to rated companies when sudden and significant events impact affect operations and rating implications cannot be evaluated due to a lack of timely or adequate information; or in cases where continued maintenance of the previously published rating opinion is in violation of evolving regulatory requirements.</td>
</tr>
</tbody>
</table>
Rating Methodology/Criteria Reports

Best’s Credit Rating Methodology – Global Life & Non-Life Insurance Edition provides a comprehensive explanation of Best’s rating process, including highlights of the rating criteria employed by A.M. Best Company in determining Best’s Credit Ratings, which include Best’s Financial Strength, Issuer Credit and Debt Ratings within the insurance industry. Major criteria reports used to assign this class of credit ratings include, but are not limited to, the following:

- Insurance Holding Company and Debt Ratings
- Understanding BCAR for Property/Casualty Insurers
- Understanding BCAR for U.S. and Canadian Life/Health Insurers
- Analyzing Contingent Capital Facilities
- A.M. Best’s Perspective on Operating Leverage
- Alternative Risk Transfer
- Evaluating Non-Insurance Ultimate Parents
- Rating New Company Formations
- Rating Members of Insurance Groups
- Risk Management and the Rating Process for Insurance Companies
- Evaluating Country Risk
- Catastrophe Analysis in A.M. Best Ratings

The methodology may be found at: http://www.ambest.com/ratings/methodology.asp.

Definition of a Financially Impaired Company

A.M. Best designates an insurer as a Financially Impaired Company (FIC) as of the first action taken by an insurance department or regulatory body, whereby the insurer’s a) ability to conduct normal insurance operations is adversely affected, b) capital and surplus have been deemed inadequate to meet regulatory requirements, or c) general financial condition has triggered regulatory concern. The actions include supervision, rehabilitation, liquidation, receivership, conservatorship, cease-and-desist orders, suspension, license revocation and certain administrative orders. Companies that enter voluntary dissolution and are not under financial duress at that time are not counted as financially impaired. In the performance statistics, A.M. Best provides impairments as a proxy for defaults.

Financial Impairments vs. Defaults

The credit markets broadly deem an issuer default as having occurred when an issuer misses interest or principal payments on its obligations; restructures its debt in a way that is deleterious to investors; or files for bankruptcy. Financial impairment of insurance companies, by contrast, often occurs even if an insurance company has not formally been declared insolvent. For instance, an FIC’s capital and surplus could have been deemed inadequate to meet risk-based capital requirements, or there might have been regulatory concern regarding its general financial condition. Thus, at any given rating level, more insurers would be impaired, according to the A.M. Best definition, than actually would default on insurance policy and contract obligations.

Rating Universe & Performance Statistics Period

The performance measurement statistics provided in this class of credit ratings cover individual U.S. and non-U.S. operating insurance companies with public and private FSRs. The performance statistics cover the 1-year, 3-year and 10-year periods all ended Dec. 31, 2014.
The performance measurement statistics provided for this class of credit ratings can be found in Tables 1, 2 and 3, which display 1-year, 3-year and 10-year ratings transition matrices along with their associated cumulative impairment rates. FSRs at year-end 2013 are compared with those at year-end 2014 to produce a 1-year ratings transition matrix and the 1-year impairment rate for each rating category. FSRs at year-end 2011 are compared with those at year-end 2014 to produce a 3-year ratings transition matrix and a 3-year impairment rate for each rating category. FSRs at year-end 2004 are compared with those at year-end 2014 to produce a 10-year ratings transition matrix and a 10-year impairment rate for each rating category.

Ratings that have been withdrawn are also shown in Tables 1 to 3. Reasons for withdrawing ratings include: insufficiency of data; insufficiency of size or operating experience; inapplicability of the rating procedure; company request; and company not formally followed. It is important to emphasize that the impairment rate statistics for insurers include known impairments that occur long after such insurers have ceased being rated by A.M. Best. For example, if a rated insurer requests that A.M. Best withdraw its rating and subsequently becomes impaired three years later, that impairment is tabulated in the impairment rate, although A.M. Best had not rated the company for three years.

A Note on Revisions

As a result of ongoing research efforts, A.M. Best’s Impairment Database is updated continually to reflect the incorporation of new data or adjustments to existing data. Ongoing historical research occasionally leads to the restatement of certain data, primarily a company’s initial year of impairment or the addition of new impairments. From time to time, A.M. Best discovers that insurers that were under confidential supervision have been released from such supervision and allowed to operate normally. If A.M. Best becomes aware that insurers are under confidential supervision or have been under confidential supervision, the insurers will be added to the impairment list for the purpose of producing performance statistics.
A.M. Best Company, Inc.

NRSRO CLASS: Insurance Companies – Issuer Credit Ratings (Tables 4, 5, & 6)

A Best’s Long-Term Issuer Credit Rating is an independent opinion of an insurer’s financial strength and ability to meet its ongoing senior financial obligations. The rating is based on a comprehensive quantitative and qualitative evaluation of a company’s balance sheet strength, operating performance and business profile.

These credit ratings do not address any other risk, including but not limited to liquidity risk, market value risk or price volatility of rated securities. The rating is not a recommendation to buy, sell or hold any securities, insurance policies, contracts or any other financial obligations, nor does it address the suitability of any particular financial obligation for a specific purpose or purchaser. In arriving at a rating decision, A.M. Best relies on third-party audited financial data and/or other information provided to it. While this information is believed to be reliable, A.M. Best does not independently verify the accuracy or reliability of the information. For additional details, see A.M. Best’s Terms of Use at http://www.ambest.com/terms.html.

Rating Categories

A definition of each Best’s Long-Term Issuer Credit Rating category is shown in the table below.

<table>
<thead>
<tr>
<th>Rating</th>
<th>Descriptor</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>aaa</td>
<td>Exceptional</td>
<td>Assigned to insurance companies that have, in our opinion, an exceptional ability to meet their ongoing senior financial obligations.</td>
</tr>
<tr>
<td>aa</td>
<td>Superior</td>
<td>Assigned to insurance companies that have, in our opinion, a superior ability to meet their ongoing senior financial obligations.</td>
</tr>
<tr>
<td>a</td>
<td>Excellent</td>
<td>Assigned to insurance companies that have, in our opinion, an excellent ability to meet their ongoing senior financial obligations.</td>
</tr>
<tr>
<td>bbb</td>
<td>Good</td>
<td>Assigned to insurance companies that have, in our opinion, a good ability to meet their ongoing senior financial obligations.</td>
</tr>
<tr>
<td>bb</td>
<td>Fair</td>
<td>Assigned to insurance companies that have, in our opinion, a fair ability to meet their ongoing senior financial obligations. Financial strength is vulnerable to adverse changes in underwriting and economic conditions.</td>
</tr>
<tr>
<td>b</td>
<td>Marginal</td>
<td>Assigned to insurance companies that have, in our opinion, a marginal ability to meet their ongoing senior financial obligations. Financial strength is vulnerable to adverse changes in underwriting and economic conditions.</td>
</tr>
<tr>
<td>ccc, cc</td>
<td>Weak</td>
<td>Assigned to insurance companies that have, in our opinion, a weak ability to meet their ongoing senior financial obligations. Financial strength is very vulnerable to adverse changes in underwriting and economic conditions.</td>
</tr>
<tr>
<td>c</td>
<td>Poor</td>
<td>Assigned to insurance companies that have, in our opinion, a poor ability to meet their ongoing senior financial obligations. Financial strength is extremely vulnerable to adverse changes in underwriting and economic conditions.</td>
</tr>
<tr>
<td>rs</td>
<td>Regulatory Supervision/ Liquidation</td>
<td>Assigned to insurers that are publicly placed under a significant form of regulatory supervision, control or restraint - including cease and desist orders, conservatorship or rehabilitation - that prevents conduct of normal, ongoing insurance operations or in liquidation by a court of law or by a forced liquidation.</td>
</tr>
<tr>
<td>s</td>
<td>Suspended</td>
<td>Assigned to rated issues when sudden and significant events impact affect operations and rating implications cannot be evaluated due to a lack of timely or adequate information; or in cases where continued maintenance of the previously published rating opinion is in violation of evolving regulatory requirements.</td>
</tr>
</tbody>
</table>
A.M. Best's Credit Rating Methodology – Global Life & Non-Life Insurance Edition provides a comprehensive explanation of Best’s rating process, including highlights of the rating criteria employed by A.M. Best Company in determining Best’s Credit Ratings, which include Best’s Financial Strength, Issuer Credit and Debt Ratings within the insurance industry. Major criteria reports used to rate this class of credit ratings includes, but is not limited to, the following:

- Insurance Holding Company and Debt Ratings
- Understanding BCAR for Property/Casualty Insurers
- Understanding BCAR for U.S. and Canadian Life/Health Insurers
- Analyzing Contingent Capital Facilities
- A.M. Best’s Perspective on Operating Leverage
- Alternative Risk Transfer
- Evaluating Non-Insurance Ultimate Parents
- Rating New Company Formations
- Rating Members of Insurance Groups
- Risk Management and the Rating Process for Insurance Companies
- Evaluating Country Risk
- Catastrophe Analysis in A.M. Best Ratings

The methodology may be found at: http://www.ambest.com/ratings/methodology.asp.

Definition of a Financially Impaired Company
A.M. Best designates an insurer as a Financially Impaired Company (FIC) as of the first action taken by an insurance department or regulatory body, whereby the insurer’s a) ability to conduct normal insurance operations is adversely affected, b) capital and surplus have been deemed inadequate to meet regulatory requirements, or c) general financial condition has triggered regulatory concern. The actions include supervision, rehabilitation, liquidation, receivership, conservatorship, cease-and-desist orders, suspension, license revocation and certain administrative orders. Companies that enter voluntary dissolution and are not under financial duress at that time are not counted as financially impaired. In the performance statistics, A.M. Best provides impairments as a proxy for defaults.

Financial Impairments vs. Defaults
The credit markets broadly deem an issuer default as having occurred when an issuer misses interest or principal payments on its obligations; restructures its debt in a way that is deleterious to investors; or files for bankruptcy. Financial impairment of insurance companies, by contrast, often occurs even if an insurance company has not formally been declared insolvent. For instance, an FIC’s capital and surplus could have been deemed inadequate to meet risk-based capital requirements, or there might have been regulatory concern regarding its general financial condition. Thus, at any given rating level, more insurers would be impaired, according to the A.M. Best definition, than actually would default on insurance policy and contract obligations.

Rating Universe & Performance Statistics Period
The performance measurement statistics provided in this class of credit ratings cover individual U.S. and non-U.S. operating insurance companies with public and private Long-Term Issuer Credit Ratings. The performance statistics cover the 1-year, 3-year and 10-year periods all ended Dec. 31, 2014.
Ratings Transitions & Treatment of Withdrawals

The performance measurement statistics provided for this class of credit ratings can be found in Tables 4, 5 and 6, which display 1-year, 3-year, and 10-year ratings transition matrices along with their associated cumulative impairment rates. ICRs at year-end 2013 are compared with those at year-end 2014 to produce a 1-year ratings transition matrix and the 1-year impairment rate for each rating category. ICRs at year-end 2011 are compared with those at year-end 2014 to produce a 3-year ratings transition matrix and a 3-year impairment rate for each rating category. ICRs at year-end 2004 are compared with those at year-end 2014 to produce a 10-year ratings transition matrix and a 10-year impairment rate for each rating category.

Ratings that have been withdrawn are also shown in Tables 4 to 6. Reasons for withdrawing ratings include: insufficiency of data; insufficiency of size or operating experience; inapplicability of the rating procedure; company request; and company not formally followed. It is important to emphasize that the impairment rate statistics for insurers include known impairments that occur long after such insurers have ceased being rated by A.M. Best. For example, if a rated insurer requests that A.M. Best withdraw its rating and subsequently becomes impaired three years later, that impairment is tabulated in the impairment rate, although A.M. Best had not rated the company for three years.

A Note on Revisions

As a result of ongoing research efforts, A.M. Best’s Impairment Database is updated continually to reflect the incorporation of new data or adjustments to existing data. Ongoing historical research occasionally leads to the restatement of certain data, primarily a company’s initial year of impairment or the addition of new impairments. From time to time, A.M. Best discovers that insurers that were under confidential supervision have been released from such supervision and allowed to operate normally. If A.M. Best becomes aware that insurers are under confidential supervision or have been under confidential supervision, the insurers will be added to the impairment list for the purpose of producing performance statistics.
A Best’s Long-Term Debt Rating, assigned to specific issues such as debt and preferred stock, is an independent opinion of an issuer’s ability to meet its ongoing financial obligations to security holders when due. When applied to certain asset-backed securities, the rating generally considers the probability of default of the securities derived from stochastic simulations of the transactions (where possible) and/or deterministic scenarios designed to test the robustness of the transaction and adequacy of the support levels provided by equity or unrated tranches. In arriving at a rating decision, A.M. Best relies on third-party audited financial data and/or other information provided by organizations such as actuarial consultants. While this information is believed to be reliable, A.M. Best does not independently verify the accuracy or reliability of the information. For additional details, see A.M. Best’s Terms of Use at http://www.ambest.com/terms.html.

These credit ratings do not address any other risk, including but not limited to liquidity risk, market value risk or price volatility of rated securities. The rating is not a recommendation to buy, sell or hold any securities or any other financial obligations, nor does it address the suitability of any particular financial obligation for a specific purpose or purchaser.

Rating Categories

A definition of each Best’s Long-Term Debt Rating category is shown in the table below.

<table>
<thead>
<tr>
<th>Rating</th>
<th>Descriptor</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>aaa</td>
<td>Exceptional</td>
<td>Assigned to issues where, in our opinion, the issuer has an exceptional ability to meet the terms of the obligation.</td>
</tr>
<tr>
<td>aa</td>
<td>Very Strong</td>
<td>Assigned to issues where, in our opinion, the issuer has a very strong ability to meet the terms of the obligation.</td>
</tr>
<tr>
<td>a</td>
<td>Strong</td>
<td>Assigned to issues where, in our opinion, the issuer has a strong ability to meet the terms of the obligation.</td>
</tr>
<tr>
<td>bbb</td>
<td>Adequate</td>
<td>Assigned to issues where, in our opinion, the issuer has an adequate ability to meet the terms of the obligation; however, the issue is more susceptible to changes in economic or other conditions.</td>
</tr>
<tr>
<td>bb</td>
<td>Speculative</td>
<td>Assigned to issues where, in our opinion, the issuer has speculative credit characteristics, generally due to a moderate margin of principal and interest payment protection and vulnerability to economic changes.</td>
</tr>
<tr>
<td>b</td>
<td>Very Speculative</td>
<td>Assigned to issues where, in our opinion, the issuer has very speculative credit characteristics, generally due to a modest margin of principal and interest payment protection and extreme vulnerability to economic changes.</td>
</tr>
<tr>
<td>ccc, cc, c</td>
<td>Extremely Speculative</td>
<td>Assigned to issues where, in our opinion, the issuer has extremely speculative credit characteristics, generally due to a minimal margin of principal and interest payment protection and/or limited ability to withstand adverse changes in economic or other conditions.</td>
</tr>
<tr>
<td>d</td>
<td>In Default</td>
<td>Assigned to issues in default on payment of principal, interest or other terms and conditions, or when a bankruptcy petition or similar action has been filed.</td>
</tr>
<tr>
<td>s</td>
<td>Suspended</td>
<td>Assigned to rated issues when sudden and significant events have affected the issuer’s operations and rating implications cannot be evaluated due to a lack of timely or adequate information; or in cases where continued maintenance of the previously published rating opinion is in violation of evolving regulatory requirements.</td>
</tr>
</tbody>
</table>
Rating Methodology/Criteria Reports

Best’s Credit Rating Methodology – Global Life & Non-Life Insurance Edition provides a comprehensive explanation of Best’s rating process, including highlights of the rating criteria employed by A.M. Best Company in determining Best’s Credit Ratings, which include Best’s Financial Strength, Issuer Credit and Debt Ratings within the insurance industry. In cases where A.M. Best and/or third parties perform stochastic modeling of the transaction and the probability of timely payment of interest and principal are calculated, A.M. Best gives consideration to the ratings published in the special report, Best’s Idealized Default Matrix. The matrix correlates the stochastically generated default probabilities to debt ratings before incorporating other considerations that may affect the ultimate ratings of the asset-backed securities. Major criteria reports, special reports and studies used to rate this class of credit ratings includes, but is not limited to, the following:

- Securitization of Period-Certain and Life-Contingent Structured Settlements
- Rating Surplus Note and Insurance Trust-Preferred CDOs
- Life Settlement Securitization
- Securitization of Annuities
- Securitization of Reinsurance Recoverables
- Best’s Impairment Rate and Rating Transition Study
- Best’s Idealized Default Matrix
- Rating Natural Catastrophe Bonds
- Rating Sidecars
- Rating Closed-Block Monetizations
- Rating Life-Related Premium Financing Loan Securitizations
- Insurance-Linked Fund Ratings
- Rating Reinsurance/Insurance Transformer Vehicles

The methodology may be found at: http://www.ambest.com/ratings/methodology.asp.

Definition & Treatment of Default

The credit markets broadly deem an issuer default as having occurred when an issuer misses interest or principal payments on its obligations; restructures its debt in a way that is deleterious to investors; or files for bankruptcy. There are currently no defaults associated with this class of credit ratings. As defaults arise in the future, A.M. Best will designate asset-backed securities as defaulted based upon the same criteria as the credit markets noted above.

For the performance measurement statistics associated with asset-backed securities, A.M. Best will include, as defaults arise, the following non-insurance entities in the default category:

- Asset-backed securities assigned a “d” Best’s Long-Term Issuer Credit Rating to indicate that the issuer is “in default on payment of principal, interest or other terms and conditions, or when a bankruptcy petition or similar action has been filed.”

Rating Universe & Performance Statistics Period

The performance measurement statistics provided in this class of credit ratings cover each tranche of asset-backed securities associated with both publicly and privately rated transactions. The performance statistics cover the 1-year, 3-year and 10-year periods all ended Dec. 31, 2014. The securities in the performance statistics for this class of credit ratings generally are collateralized by insurance debt or contractual obligations such as trust-preferred securities, surplus notes, death benefits and annuity payments.
The performance measurement statistics provided for this class of credit ratings can be found in Tables 7, 8, and 9, which display 1-year, 3-year and 10-year ratings transition matrices along with their associated cumulative default rates. Long-Term Debt Ratings at year-end 2013 are compared with those at year-end 2014 to produce a 1-year ratings transition matrix and the 1-year default rate for each rating category. Long-Term Debt Ratings at year-end 2011 are compared with those at year-end 2014 to produce a 3-year ratings transition matrix and a 3-year default rate for each rating category. Long-Term Debt Ratings at year-end 2004 are compared with those at year-end 2014 to produce a 10-year ratings transition matrix and a 10-year default rate for each rating category.

Ratings that have been withdrawn are also shown in Tables 7 to 9. Reasons for withdrawing ratings include: insufficiency of data; inapplicability of the rating procedure; issuer request; and issuer not formally followed. It is important to emphasize that the default rate statistics for asset-backed securities includes known defaults that occur long after securities have ceased being rated by A.M. Best. At the time of this writing, A.M. Best has not withdrawn any ratings on asset-backed securities that later defaulted.

The paid-off columns in Tables 7 to 9 represent the percent of asset-backed securities that were either redeemed or that matured in the applicable ratings transition periods.
A Best’s Long-Term Issuer Credit Rating is an independent opinion of an issuer’s ability to meet its ongoing senior financial obligations. A Best’s Long-Term Issuer Credit Rating is based on a comprehensive quantitative and qualitative evaluation of an issuer’s balance sheet strength, operating performance and business profile and, where appropriate, the specific nature and details of a rated debt security.

A Best’s Long-Term Issuer Credit Rating is an opinion regarding the relative future credit risk of an entity, a credit commitment or a debt or debt-like security. Credit risk is the risk that an entity may not meet its contractual, financial obligations as they come due. These credit ratings do not address any other risk, including but not limited to liquidity risk, market value risk or price volatility of rated securities. The rating is not a recommendation to buy, sell or hold any securities, insurance policies, contracts or any other financial obligations, nor does it address the suitability of any particular financial obligation for a specific purpose or purchaser. In arriving at a rating decision, A.M. Best relies on third-party audited financial data and/or other information provided by organizations such as professional peril modelers and/or actuarial consultants. While this information is believed to be reliable, A.M. Best does not independently verify the accuracy or reliability of the information. For additional details, see A.M. Best’s Terms of Use at http://www.ambest.com/terms.html.

The holding companies with Best’s Long-Term Issuer Credit Ratings in this class of credit ratings may not have issued debt. In some cases, where there are simple holding company/insurance operating company structures, the Long-Term Issuer Credit Ratings of such holding companies are derived from the ratings of insurance operating subsidiaries using A.M. Best’s notching algorithms described in the criteria report Insurance Holding Company and Debt Ratings. In other cases, where there are more elaborate holding company/insurance operating company structures, A.M. Best incorporates the credit quality of the various operating subsidiaries of the holding companies in deriving an Issuer Credit Rating for the holding companies. Furthermore, the notching algorithm in the aforementioned criteria report also is used to determine the Long-Term Issuer Credit Ratings of some holding companies that have not issued senior debt but have issued subordinated debt or preferred securities.
### Rating Categories

A definition of each Best’s Long-Term Issuer Credit Rating category is shown in the table below.

<table>
<thead>
<tr>
<th>Rating</th>
<th>Descriptor</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>aaa</td>
<td>Exceptional</td>
<td>Assigned to issues where, in our opinion, the issuer has an exceptional ability to meet the terms of the obligation.</td>
</tr>
<tr>
<td>aa</td>
<td>Very Strong</td>
<td>Assigned to issues where, in our opinion, the issuer has a very strong ability to meet the terms of the obligation.</td>
</tr>
<tr>
<td>a</td>
<td>Strong</td>
<td>Assigned to issues where, in our opinion, the issuer has a strong ability to meet the terms of the obligation.</td>
</tr>
<tr>
<td>bbb</td>
<td>Adequate</td>
<td>Assigned to issues where, in our opinion, the issuer has an adequate ability to meet the terms of the obligation; however, the issue is more susceptible to changes in economic or other conditions.</td>
</tr>
<tr>
<td>bb</td>
<td>Speculative</td>
<td>Assigned to issues where, in our opinion, the issuer has speculative credit characteristics, generally due to a moderate margin of principal and interest payment protection and vulnerability to economic changes.</td>
</tr>
<tr>
<td>b</td>
<td>Very Speculative</td>
<td>Assigned to issues where, in our opinion, the issuer has very speculative credit characteristics, generally due to a modest margin of principal and interest payment protection and extreme vulnerability to economic changes.</td>
</tr>
<tr>
<td>ccc, cc, c</td>
<td>Extremely Speculative</td>
<td>Assigned to issues where, in our opinion, the issuer has extremely speculative credit characteristics, generally due to a minimal margin of principal and interest payment protection and/or limited ability to withstand adverse changes in economic or other conditions.</td>
</tr>
<tr>
<td>d</td>
<td>In Default</td>
<td>Assigned to issues in default on payment of principal, interest or other terms and conditions, or when a bankruptcy petition or similar action has been filed.</td>
</tr>
<tr>
<td>s</td>
<td>Suspended</td>
<td>Assigned to rated issues when sudden and significant events have affected the issuer’s operations and rating implications cannot be evaluated due to a lack of timely or adequate information; or in cases where continued maintenance of the previously published rating opinion is in violation of evolving regulatory requirements.</td>
</tr>
</tbody>
</table>

### Rating Methodology / Criteria Reports

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- Insurance Holding Company and Debt Ratings
- Understanding BCAR for Property/Casualty Insurers
- Understanding BCAR for U.S. and Canadian Life/Health Insurers
- Analyzing Contingent Capital Facilities
- A.M. Best’s Perspective on Operating Leverage
- Alternative Risk Transfer
- Evaluating Non-Insurance Ultimate Parents
- Rating New Company Formations
- Rating Members of Insurance Groups
- Risk Management and the Rating Process for Insurance Companies
Definition & Treatment of Default

The credit markets broadly deem an issuer default as having occurred when an issuer misses interest or principal payments on its obligations; restructures its debt in a way that is deleterious to investors; or files for bankruptcy. For the performance measurement statistics associated with the class of credit ratings, A.M. Best will include, as defaults arise, the following in the default category:

- Holding companies assigned a “d” Best’s Long-Term Issuer Credit Rating to indicate that the issuer is “in default on payment of principal, interest or other terms and conditions, or when a bankruptcy petition or similar action has been filed.”
- Debt issuances assigned a “d” Best’s Long-Term Issuer Credit Rating to indicate that the issuer is “in default on payment of principal, interest or other terms and conditions, or when a bankruptcy petition or similar action has been filed.”

Rating Universe & Performance Statistics Period

The performance measurement statistics provided in this class of credit ratings cover publicly and privately rated U.S. and non-U.S. non-insurance holding companies. Also included in the performance statistics for this class of credit ratings are insurance-linked securities that provide reinsurance coverage and capital relief to their sponsors. The performance statistics cover the 1-year, 3-year and 10-year periods all ended Dec. 31, 2014.

Rating Transitions & Treatment of Withdrawals or Payoffs

The performance measurement statistics provided for this class of credit ratings can be found in Tables 10, 11 and 12, which display 1-year, 3-year and 10-year ratings transition matrices along with their associated cumulative default rates. ICRs at year-end 2013 are compared with those at year-end 2014 to produce a 1-year ratings transition matrix and the 1-year default rate for each rating category. ICRs at year-end 2011 are compared with those at year-end 2014 to produce a 3-year ratings transition matrix and the 3-year default rate for each rating category. ICRs at year-end 2004 are compared with those at year-end 2014 to produce a 10-year ratings transition matrix and the 10-year default rate for each rating category.

Ratings that have been withdrawn are also shown in Tables 10 to 12. Reasons for withdrawing ratings include: insufficiency of data; inapplicability of the rating procedure; issuer request; and issuer not formally followed. It is important to emphasize that the default rate statistics for corporate issuers includes known defaults that occur long after such issuers have ceased being rated by A.M. Best. At the time of this writing, A.M. Best has not withdrawn any ratings on corporate issuers that later defaulted.

The paid-off columns in Tables 10 to 12 relate only to maturities or redemptions of insurance-linked securities that provide reinsurance coverage and capital relief to their sponsors.
## Table 1
### Insurance Companies (Financial Strength Ratings) – 1-Year Transition and Impairment Rates
(December 31, 2013 through December 31, 2014)

<table>
<thead>
<tr>
<th>Credit Rating Scale</th>
<th>Number of Ratings Outstanding as of 12/31/2013</th>
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<th>A+</th>
<th>A</th>
<th>A-</th>
<th>B++</th>
<th>B+</th>
<th>B-</th>
<th>C++</th>
<th>C+</th>
<th>C-</th>
<th>D</th>
<th>Impaired</th>
<th>Paid Off*</th>
<th>Withdrawn (Other)</th>
</tr>
</thead>
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<td>A++</td>
<td>121</td>
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<td>3.3%</td>
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<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A+</td>
<td>605</td>
<td>11.7%</td>
<td>84.6%</td>
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<td>0.2%</td>
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<td></td>
<td></td>
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<td></td>
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<tr>
<td>B-</td>
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<td>D</td>
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</tr>
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</table>

*Category Not Applicable to Insurance Companies

## Table 2
### Insurance Companies (Financial Strength Ratings) – 3-Year Transition and Impairment Rates
(December 31, 2011 through December 31, 2014)

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<th>Credit Rating Scale</th>
<th>Number of Ratings Outstanding as of 12/31/2011</th>
<th>A++</th>
<th>A+</th>
<th>A</th>
<th>A-</th>
<th>B++</th>
<th>B+</th>
<th>B-</th>
<th>C++</th>
<th>C+</th>
<th>C-</th>
<th>D</th>
<th>Impaired</th>
<th>Paid Off*</th>
<th>Withdrawn (Other)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A++</td>
<td>118</td>
<td>93.2%</td>
<td>1.7%</td>
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<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>A+</td>
<td>547</td>
<td>12.4%</td>
<td>79.0%</td>
<td>3.8%</td>
<td>0.7%</td>
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<td></td>
<td></td>
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<td></td>
<td></td>
<td>4.0%</td>
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<td></td>
</tr>
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<td>8.2%</td>
<td></td>
<td></td>
</tr>
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<td>0.2%</td>
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</tr>
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<td>0.3%</td>
<td>12.2%</td>
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</tr>
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<td>22.7%</td>
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</tr>
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<td>B-</td>
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<td>3.1%</td>
<td>9.4%</td>
<td>28.1%</td>
<td>31.3%</td>
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<td>18.8%</td>
</tr>
<tr>
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<td>20.0%</td>
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<td></td>
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<tr>
<td>C-</td>
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</tr>
<tr>
<td>D</td>
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<td></td>
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</tr>
<tr>
<td>Total</td>
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</tr>
</tbody>
</table>

*Category Not Applicable to Insurance Companies
Table 3  
Insurance Companies (Financial Strength Ratings) – 10-Year Transition and Impairment Rates  
(December 31, 2004 through December 31, 2014)

<table>
<thead>
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<th>Credit Rating Scale</th>
<th>Number of Ratings Outstanding as of 12/31/2004</th>
<th>A++</th>
<th>A+</th>
<th>A-</th>
<th>B++</th>
<th>B+</th>
<th>B-</th>
<th>C++</th>
<th>C+</th>
<th>C-</th>
<th>D</th>
<th>Impaired</th>
<th>Paid Off</th>
<th>Withdrawn (Other)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A++</td>
<td>188</td>
<td>47.9%</td>
<td>10.6%</td>
<td>19.1%</td>
<td>1.6%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>20.7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A+</td>
<td>597</td>
<td>7.4%</td>
<td>49.2%</td>
<td>19.3%</td>
<td>3.0%</td>
<td>0.3%</td>
<td>0.3%</td>
<td>0.2%</td>
<td></td>
<td></td>
<td></td>
<td>0.2%</td>
<td>20.1%</td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>1026</td>
<td>3.6%</td>
<td>12.6%</td>
<td>49.3%</td>
<td>10.3%</td>
<td>2.9%</td>
<td>0.2%</td>
<td>0.4%</td>
<td></td>
<td></td>
<td></td>
<td>0.1%</td>
<td>20.6%</td>
<td></td>
</tr>
<tr>
<td>A-</td>
<td>909</td>
<td>0.4%</td>
<td>3.7%</td>
<td>30.1%</td>
<td>29.5%</td>
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<td>0.2%</td>
<td></td>
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<td>0.9%</td>
<td>28.1%</td>
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</tr>
<tr>
<td>B++</td>
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<td>5.2%</td>
<td>0.7%</td>
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<td></td>
<td></td>
<td>1.2%</td>
<td>37.9%</td>
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</tr>
<tr>
<td>B+</td>
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<td>11.1%</td>
<td>10.5%</td>
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<td>4.9%</td>
<td>6.6%</td>
<td>10.9%</td>
<td>8.2%</td>
<td>0.5%</td>
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<td>0.5%</td>
<td>8.2%</td>
<td>56.3%</td>
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<td>B-</td>
<td>80</td>
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<td>12.5%</td>
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<td>6.3%</td>
<td>6.3%</td>
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<td></td>
<td>1.3%</td>
<td>10.0%</td>
</tr>
<tr>
<td>C++</td>
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<td>6.2%</td>
<td>3.1%</td>
<td>1.5%</td>
<td>1.5%</td>
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<td>57.1%</td>
<td>42.9%</td>
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<td>16.7%</td>
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</tr>
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</table>

*Category Not Applicable to Insurance Companies

Table 4  
Insurance Companies (Issuer Credit Ratings) – 1-Year Transition and Impairment Rates  
(December 31, 2013 through December 31, 2014)

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<th>Credit Rating Scale</th>
<th>Number of Ratings Outstanding as of 12/31/2013</th>
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<th>aa*</th>
<th>aa</th>
<th>a+</th>
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<th>a-</th>
<th>bbb+</th>
<th>bbb</th>
<th>bbb-</th>
<th>bb+</th>
<th>bb</th>
<th>bb-</th>
<th>b+</th>
<th>b</th>
<th>cc+</th>
<th>cc</th>
<th>cc-</th>
<th>c</th>
<th>c</th>
<th>Impaired</th>
<th>Paid Off</th>
<th>Withdrawn (Other)</th>
</tr>
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<td></td>
<td></td>
</tr>
<tr>
<td>aa*</td>
<td>91</td>
<td>96.8%</td>
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<td></td>
<td></td>
<td></td>
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*Category Not Applicable to Insurance Companies
Table 5  
Insurance Companies (Issuer Credit Ratings) – 3-Year Transition and Impairment Rates  
(December 31, 2011 through December 31, 2014)

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*Category Not Applicable to Insurance Companies

Table 6  
Insurance Companies (Issuer Credit Ratings) – 10-Year Transition and Impairment Rates  
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<th>b</th>
<th>ccc+</th>
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<th>Paid Off</th>
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*Category Not Applicable to Insurance Companies
## Table 7
### Asset-Backed Securities – 1-Year Transition and Default Rates
(December 31, 2013 through December 31, 2014)

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<tr>
<th>Credit Rating Scale</th>
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<th>Paid Off</th>
<th>Withdrawn (Other)</th>
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<td>73.3%</td>
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<td>25.0%</td>
</tr>
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</tr>
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## Table 8
### Asset-Backed Securities – 3-Year Transition and Default Rates
(December 31, 2011 through December 31, 2014)

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<th>Withdrawn (Other)</th>
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**Asset-Backed Securities – 10-Year Transition and Default Rates**

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<th>bb+-</th>
<th>bbb</th>
<th>bb-</th>
<th>bb+</th>
<th>b+</th>
<th>b-</th>
<th>ccc+</th>
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<th>ccc-</th>
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<th>c</th>
<th>d</th>
<th>Paid Off</th>
<th>Withdrawn (Other)</th>
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### Table 10

**Corporate Issuers – 1-Year Transition and Default Rates**

(December 31, 2013 through December 31, 2014)

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<th>bb+</th>
<th>bbb</th>
<th>bb-</th>
<th>bb+</th>
<th>b+</th>
<th>b-</th>
<th>ccc+</th>
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<th>Withdrawn (Other)</th>
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*Category Applicable to Insurance-Linked Securities*
### Table 11

**Corporate Issuers – 3-Year Transition and Default Rates**  
(December 31, 2011 through December 31, 2014)

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<th>b+</th>
<th>b</th>
<th>b-</th>
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<th>ccc-</th>
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*Category Applicable to Insurance-Linked Securities

### Table 12

**Corporate Issuers – 10-Year Transition and Default Rates**  
(December 31, 2004 through December 31, 2014)

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<th>b</th>
<th>b-</th>
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*Category Applicable to Insurance-Linked Securities
General Description of the Policies and Procedures Used to Determine Credit Ratings

Initiation of Credit Ratings and Unsolicited Ratings:

A.M. Best Company’s primary rating services business is the issuance of insurer financial strength ratings. The company also issues ratings to parent holding companies, debt ratings on securities issued by these organizations, and certain insurance-linked transactions and performs other credit rating services, including rating evaluation and assessment services. Ratings may be issued on a public or private basis.

Rating relationships are typically initiated when an unrated organization/issuer requests a rating from A.M. Best. Generally, A.M. Best enters into a rating services agreement with the entity whereby obligations of the entity and A.M. Best are enumerated, and the rating fee(s) established.

A.M. Best does not currently assign “public data” (unsolicited ratings).

Information Sources:

Information relied on in the rating process typically includes official annual and quarterly (if available) financial statements as filed with the regulator of the state, province or country in which the company is domiciled. These statements are supplemented by other publicly available documents, such as Securities and Exchange Commission (SEC) filings in the United States, or International Accounting Standards (IAS) financial statements.

Additional sources of information may include: business plans provided by companies/issuers, audit reports prepared by certified public accountants, reports prepared by professional actuarial organizations, other information provided by the issuer, agents of the issuer (such as its legal counsel or other experts that are considered reliable) or third party vendors, and other publicly available information regarding the rated entity. A.M. Best expects all information submitted by rated entities (or their agents) and third party vendors to be accurate and complete. This includes information requested by A.M. Best, as well as information that has not been publicly disclosed or specifically requested. In addition, A.M. Best expects that any information relevant to the rating process will be submitted on a timely basis, including any significant changes in the rated entity’s/issue’s financial condition.

A.M. Best does not perform, nor is it obligated to perform, independent verification of information used in the rating process. In addition, A.M. Best does not perform audits or inspections, and as noted above, may rely on issuers and/or their agents for the accuracy, completeness and timeliness of such information. As such, a Best’s Credit Rating should not be viewed as providing any type of assurance as to the accuracy, completeness or timeliness of information used as the basis of its communications, publications or the formulation of the rating opinion itself.

Interaction with Management of a Rated Obligor or Issuer of Rated Securities:

Meetings with the management teams of rated entities/issuers are an integral and critical part of A.M. Best’s interactive rating process. Typically, two A.M. Best analysts, the primary analyst and or a more senior reviewing analyst, or a team leader, meet with management of rated entities/issuers on an annual basis. These meetings are sometimes supplemented with additional interaction between A.M. Best analysts and rated entities/issuers.
management throughout the year as required. As previously noted, business plans provided by rated entities/issuers are an extremely valuable source of information for the rating process. These detailed plans may include nonpublic information regarding the firm’s strategic and financial planning, as well as more granular analysis of a given entities’ financial performance. In addition to providing our analysts with additional insight regarding the underlying quantitative operating fundamentals of an obligor/issuer, these meetings also provide our analysts with the opportunity to better develop a qualitative assessment of the rated entities’/issuers’ management team, which is an important component of our rating process.

Structure and Voting Process of Rating Committees:

Ratings analysts and rating committees are required to meet the standards and requirements of, and conduct themselves in accordance with the criteria set forth in A.M. Best’s Code of Conduct and other policies and procedures that are designed to support fairness and the integrity of the rating process.

Once sufficient information has been gathered and analyzed in accordance with the relevant criteria for the type of rating to be assigned, the primary analyst and team leader present the credit rating recommendation to a rating committee.

The assignment of a credit rating by a rating committee, and not by any specific analyst, is essential in promoting and maintaining the integrity, consistency and fairness of the rating process. A rating committee is comprised primarily of senior analysts who have the appropriate knowledge and experience regarding the type of rating to be determined.

Procedures for Informing Rated Obligors/Issuers of Rated Securities of Credit Rating Decisions:

Following a committee’s rating decision, obligors/issuers, or their authorized representatives, are contacted by A.M. Best analysts as soon as practicable thereafter and informed of the committee’s rating decision and the critical information and considerations upon which the committee based its decision. Where feasible, and in accordance with A.M. Best’s Dissemination policy, A.M. Best may forward to the obligor/issuer a draft copy of the press release announcing its rating decision to allow the obligor/issuer the opportunity to review the information. A.M. Best forwards such information to the obligor/issuer to allow it the opportunity to ensure that no confidential information is contained therein. For smaller non-public insurers that do not have rated debt securities outstanding, A.M. Best may inform the company by letter of its rating decision. This letter includes the critical information and considerations upon which the committee based its rating decision.

While the obligor/issuer is in possession of such confidential information, A.M. Best expects it will be treated as such. With the exception of ratings issued where the lead analyst is employed by A.M. Best Europe – Rating Services Limited, should A.M. Best believe that the confidential information has been misused in any way, or has become known to outsiders for any reason, A.M. Best reserves the right to immediately release its rating decision. European law currently prohibits, under any circumstance, a credit rating agency from publishing a credit rating opinion until a fixed period of time has elapsed from the time that the rated entity was informed of the credit rating decision. This period of time is currently one working day.

Procedures for Appealing Rating Decisions:

Where feasible and appropriate, rated obligors/issuers are afforded a brief period of time to appeal a rating decision. In order to be eligible for an appeal, rated obligors/issuers are required to provide clarification regarding the principal considerations on which the rating is based, or material new information that could reasonably be expected to influence a rating committee’s decision. In rare instances in which A.M. Best believes it may take a considerable amount of time to resolve an appeal, the rating may be placed “Under Review.”
Procedures for Monitoring, Reviewing and Updating Credit Ratings:

Following the assignment of a rating, A.M. Best monitors its credit opinion on a regular and as needed basis in accordance with A.M. Best’s Monitoring policy. Generally, a credit opinion is formally reviewed at least annually. In addition to the annual credit review process, A.M. Best analysts monitor industry conditions and/or obligor/issuer specific events that could be expected to have an impact on an obligor’s/issue’s creditworthiness on an interim basis. A.M. Best may modify or affirm ratings following these reviews.

A.M. Best disseminates credit rating actions (on public ratings) as soon as practicable (after the obligor/issuer has been informed of its rating decision) on a non-selective basis and free of charge on our publicly accessible web site. These ratings may also be released simultaneously through press releases and through electronic subscription services. Ratings actions will subsequently appear in other A.M. Best printed publications.

Procedures for Withdrawing a Rating:

As a publisher, A.M. Best reserves the right to withdraw a rating at any time. For example, A.M. Best reserves the right to suspend or withdrawal a rating if it believes that the information provided to us is inadequate to continue rating an obligor/issuer/issue. The withdrawal of a rating is generally subject to the rating committee process. In instances where A.M. Best suspends or withdraws a rating, we issue a press release that includes a final rating update and an explanation as to why the rating was suspended or withdrawn. A rating committee or press release is not required in instances where a rating is withdrawn because a debt or debt-like instrument matures and is no longer outstanding.

When a rated entity or issuer requests the withdrawal of an outstanding rating a final rating committee and update will be completed and a press release will be issued that includes the outcome of the final rating update and the subsequent withdrawal of the rating.

For more detailed information on our policies and procedures, please visit http://www.ambest.com/nrsro/index.html.

Rating Methodology:

The following are general descriptions of the methodology/criteria used in determining ratings for the categories that A.M. Best is currently registered as a nationally recognized statistical rating organization. In any given rating action, a rating committee will determine what specific aspects of the overall methodology/criteria are relevant to that particular action.

More detailed information on rating methodology/criteria for the various types of ratings issued by A.M. Best are available on our public web site at http://www.ambest.com/ratings/methodology.asp

Insurance Companies

A.M. Best Company’s primary rating services business is the issuance of insurer financial strength ratings. The primary objective of Best’s Credit Ratings within the insurance segment is to provide an opinion as to the rated entity’s ability to meet its senior financial obligations, which for an operating insurance company are its ongoing insurance policy and contract obligations. The assignment of an interactive rating is derived from an in-depth evaluation of a company’s balance sheet strength, operating performance and business profile, as compared with A.M. Best’s quantitative and qualitative standards.
In determining a company’s ability to meet its current and ongoing obligations, the most important area to evaluate is its balance sheet strength, since it is the foundation for financial security. Balance sheet strength measures the exposure of a company’s equity or surplus to volatility based on its operating and financial practices. One of the rating tools used in the evaluation of balance sheet strength for an insurer is Best’s Capital Adequacy Ratio (BCAR), which provides a quantitative measure of the risks inherent in a company’s investment and insurance profile, relative to its adjusted capital. A.M. Best’s analysis of the balance sheet also encompasses a thorough review of various financial tests and ratios, typically over a five-year period. The same models are used for initial ratings and for the ongoing monitoring of ratings. Significant changes made to the models and criteria changes are applied to existing ratings during subsequent rating reviews and in accordance with A.M. Best’s Monitoring and Dissemination policies.

The assessment of balance sheet strength includes an analysis of an organization’s regulatory filings at both the operating insurance company and consolidated level. To understand the strength and flexibility of an insurer’s balance sheet, a variety of tests and measures are reviewed which include an assessment of the corporate capital structure, financial leverage, fixed charge coverage, liquidity, and historical sources and uses of capital.

While balance sheet strength is the foundation of the rating process, the balance sheet provides only an assessment of capital adequacy at a point in time. A.M. Best views operating performance and business profile as leading indicators when measuring future balance sheet strength and financial security.

The term “future” is key, since ratings are prospective and go well beyond a “static” balance sheet view. Profitability is the engine that ultimately drives capitalization, and looking out into the future enables the analyst to gauge a company’s ability to preserve and/or generate new capital over time. In many respects, what determines the relative strength or weakness of a company’s operating performance is a combination of its business profile and the ability of a company to effectively execute its business strategy.

A company that is a strong performer, over time, will generate earnings sufficient to maintain a prudent level of risk-adjusted capital and optimize stakeholder value. Strong performers are those companies whose earnings are relatively consistent and deemed to be sustainable. Because of their track record and better-than-average earnings power, these companies typically benefit from higher ratings and/or lower capital guidelines relative to their peers.

On the other hand, companies that have demonstrated weaknesses in their earnings, either through consistent losses or volatility, are more likely to struggle to maintain or improve capital in the future. For these reasons, these companies typically are rated lower than their counterparts that are strong performers, and/or usually are held to higher capital guidelines in order to minimize the chance of being downgraded if current trends continue.

A.M. Best believes that risk management is the common thread that links balance sheet strength, operating performance and business profile. Risk management fundamentals can be found in: the strategic decision-making process used by a company to define its business profile, in the various financial management practices and operating elements of an insurer that dictate the sustainability of its operating performance, and, ultimately, its exposure to capital volatility. As such, if a company is practicing sound risk management and executing its strategy effectively, it will preserve and build its balance sheet strength and perform successfully over the long term – common objectives of both A.M. Best ratings and risk management.

Corporate Issuers

Insurance holding company structures provide a means to facilitate public ownership of insurers, which are regulated entities, and also provide greater flexibility in accessing the capital markets. A.M. Best assigns Issuer Credit Ratings to these holding companies. The financial strength rating of the operating insurers is an integral component of the assessment of the parent holding company’s ability to repay its financial obligations, and is fundamentally an extension of the review of the operating company that takes into consideration the risks inherent in the holding company’s operations. Since a holding company’s operations are generally limited in nature and primarily exist to fund the operations of subsidiaries, a variety of tests and measures are reviewed. These include an
assessment of the corporate capital structure, financial leverage, fixed charge coverage, liquidity, and historical sources and uses of capital.

We include insurance-linked securities issuers that provide reinsurance coverage and capital relief to their sponsors in the Corporate Issuers class of credit ratings. In some cases where third parties provide peril modeling attachment probabilities associated with such insurance-linked securities, A.M. Best gives consideration to the ratings published in the special report, “Best’s Idealized Default Matrix.” The matrix correlates the stochastically generated attachment probabilities to debt ratings before incorporating other considerations that may affect the ultimate ratings of the securities.

The same models are used for initial ratings and for the ongoing monitoring of ratings. Significant changes made to the models and criteria changes are applied to existing ratings during subsequent rating reviews and in accordance with A.M. Best’s Monitoring and Dissemination policies.

**Issuers of Asset-Backed Securities**

To date, all of the company’s ratings in this category relate to securities overwhelmingly backed by insurance related collateral. Such collateral consists of trust preferred securities, surplus notes, insurance policies or annuities – all direct obligations of insurers. The Insurance-Linked Securities group relies on the insurer financial strength ratings issued by A.M. Best for modeling transactions collateralized by such insurance obligations. In limited instances, A.M. Best may use ratings issued by certain other nationally recognized statistical rating organizations (NRSROs) for obligors not rated by A.M. Best in its modeling of specific transactions. In these instances A.M. Best uses the ratings as issued by other NRSROs without modification.

In determining the credit ratings of asset-backed securities, A.M. Best may consider the following quantitative factors: the structure of the transaction, including priority of payments; the credit quality of the collateral pool; recoveries in the event of credit defaults; size and number of note tranches being rated; overcollateralization levels; size of the equity tranche; interest rates paid to note-holders; hedges such as swaps, interest rate floors and caps, and other hedging mechanisms; liquidity facility and associated terms/conditions; reserve amount; credit enhancements such as guarantees by rated entities; and other structural features included in the transaction.

The qualitative factors that may be considered by A.M. Best in the rating process for asset-backed securities include: the source/quality of the collateral as defined in origination agreements; the strength of legal opinions associated with the enforceability of payment obligations by carriers; the integrity of the legal structure; the extent to which the issuer can demonstrate bankruptcy remoteness from the originator or sponsor; the quality of the various service providers in the transaction; the existence of back-up servicer providers; the existence of certain representations and warranties associated with the collateral origination; the track record of the parties involved in the transaction; and other factors that give an indication of the soundness of the transaction.

The Insurance-Linked Securities Group uses the same models for initial ratings and for the surveillance of transactions. Significant changes made to the model and criteria changes are applied to existing ratings during subsequent rating reviews and in accordance with A.M. Best’s Monitoring and Dissemination policies.
Confidentiality, Firewall, Conflicts of Interest, and Securities Trading and Reporting Policy (Policy C-5)

Issued by: Compliance Department

Applicable to: A.M. Best Company, Inc., A.M. Best Europe – Ratings Services Limited, A.M. Best Europe – Information Services, A.M. Best – Asia Pacific Limited, A.M. Best America Latina, A.M. Best Asia-Pacific (Singapore) Pte. Ltd. and their Employees and Directors

Effective date: 05/04/1967


Definitions


“Brokerage Account”: Accounts through which investment orders are placed and transactions executed on the investor's behalf. For purposes of A.M. Best Policy, Brokerage Accounts are owned (or controlled) by an employee, either individually or jointly, or owned by an Immediate Family Member of the employee, (including where the employee is able to trade Securities on behalf of the Immediate Family Member), or where the Immediate Family Member is able to trade Securities on his/her own behalf.

“Confidential Information”: Refers to information possessed by A.M. Best that is not generally known by the public, except for information that: (a) is contained in (i) public disclosure documents, (ii) a press release issued by the issuer, or (iii) a publication or newspaper of general circulation; or (b) the issuer has informed A.M. Best that such information is public information.


“Credit Rating”: Independent opinions regarding the creditworthiness of an obligor, issuer or debt obligation.

“Employee”: All full and part time employees and directors of A.M. Best.

“Non-Brokerage Account”: Pensions and other tax-qualified/efficient accounts are deemed to be Non-Brokerage Accounts. Although subject to different definitions based on jurisdiction, these plans/funds are taken to include longer term commitments made by employees and their family to provision for their eventual retirement or other specified goals, such as an education savings plan. The guiding principle is that the savings plan consists of a number of well-diversified mutual funds and that the individual investor does not have control over issuer specific Securities within the plan and can only make general
requests as to the fund make-up applicable to their plan. Examples include 401(k), 403(b), 457, and 529 plans (and any foreign equivalents).

“Rating Action”: Refers to the determination and dissemination of an initial Credit Rating; any change, affirmation, suspension or withdrawal of an existing Credit Rating; any change in a rating outlook; the placement of an existing Credit Rating under review; and, the publication of an expected or preliminary Credit Rating assigned to an obligor, security, or money market instrument before the publication of an initial Credit Rating.

“Ratings Analyst” (also referred to as “Credit Analyst”): Employees of A.M. Best that participate in determining, monitoring or approving Credit Ratings.

“Restricted Company”: Any company that has been issued or is applying for a Best Financial Strength Rating, a Best Issuer Credit Rating and/or a Best Debt Rating and all subsidiaries of such entities. In general, parent companies that derive a significant portion of revenues (GAAP revenue includes premium and insurance policy deposit activity) from Restricted Company subsidiaries (approximately 20%) are also deemed to beRestricted Companies and therefore securities issued by such parent and/or its subsidiaries, although not rated by A.M. Best, fall under the guidelines of this Policy. Conversely, a large corporate entity that owns a small internal captive insurer that is rated by A.M. Best would not be considered a Restricted Company.

“Restricted Security”: Means any and all stocks, bonds, notes, and similar securities (whether or not listed or publicly traded) issued by a Restricted Company and also include all options, warrants, and other derivatives thereof and Insurance Sector Funds.

“Immediate Family” and “Immediate Family Member”: An employee’s spouse, siblings, step-siblings, parents, step-parents, children, step-children, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law sharing the same residence or having a dependent relationship with the employee.

“Insurance Sector Fund” means any mutual fund, Exchange Traded Fund (ETF) or other collective investment scheme that invests primarily in the securities of insurance companies and other insurance related entities.

“Material Non Public Information (MNPI)”: Means Confidential Information that a reasonable investor would consider important in making a decision to buy, sell or hold a security, including but not limited to, Confidential Information related to acquisitions, mergers, divestitures, capital structure transactions, and projected financial results.

**INTRODUCTION**

Next to its employees, A.M. Best’s greatest asset is its reputation for producing quality ratings. The quality of our ratings depends on our integrity and independence from conflicts of interest. Any compromise to our integrity, or even the appearance of a compromise, conflict of interest, or other impropriety, could severely damage our reputation and, as a result, diminish the value of our ratings and our business. A.M. Best understands, and it is vital that each Employee understands, the importance of A.M. Best’s role in the insurance, financial services, health care, securities, and other markets and the
responsibility this creates. A.M. Best is committed to providing ratings that are objective, independent, timely, and forward-looking to fulfill its responsibilities to the markets it serves.

A.M. Best has issued this Confidentiality, Firewall, Conflicts of Interest, and Securities Trading and Reporting Policy (this “Policy” or “Policy C-5”) to protect our reputation against actual and perceived conflicts of interest or other compromises of our honesty and integrity. We have earned our reputation over more than 100 years, and we must continue to earn it every day going forward. This A.M. Best goodwill is entrusted to each of our Employees in their day-to-day work.

An area of particular concern is the proper treatment, use, and protection of confidential information possessed by A.M. Best. All information provided to A.M. Best (even information that is not confidential information) must be treated with respect and due care.

As outlined below, Employees are prohibited from disclosing any Confidential Information to any third parties (and, to a certain extent, other Employees) and are additionally required to take active steps to protect the confidentiality of MNPI. Handling Confidential Information in a highly professional manner (in accordance with this Policy) will help protect A.M. Best’s reputation for honesty and integrity and our relationships with the companies we rate, our other customers and clients, our regulators, market participants, and the general public.

Another key to preserving A.M. Best’s reputation is preventing even the appearance of a conflict of interest. To this end, this Policy contains restrictions on Employee’s securities transactions and on their securities holdings.

This Policy applies to A.M. Best and all Employees. All Employees are required to be familiar with and to comply with this Policy and all of A.M. Best’s other policies and codes of conduct (collectively, the “Best Policies”), including our Code of Conduct. In addition, all Employees should be aware that they may be civilly and/or criminally liable, under state, federal, and/or other applicable laws, for improper disclosure or use of Confidential Information (including trading of securities of an issuer while in possession of, or based upon, MNPI. All Employees are expected to be familiar with and understand the legal and regulatory structure applicable to A.M. Best. To the extent that any Employee participates in the securities or other markets in their individual capacity, A.M. Best expects such individual to be familiar with the legal and regulatory requirements applicable to such participation.

Violations of this Policy (including failure to comply with the reporting requirements of this Policy and failure to comply with this Policy’s requirements in a timely manner) may lead to disciplinary action by A.M. Best, up to and including termination of employment.

This Policy may be amended or replaced at any time.
Section 1

Confidential Information

1.1 Confidential Information.

Confidential Information is not limited to information received by A.M. Best that is marked as confidential or proprietary. In general, you should take a broad and conservative view towards what might be deemed Confidential Information. Information maintained on companies that is not included in public documents, including material that has been specifically requested by A.M. Best, should be treated as Confidential Information. If you have any doubt as to whether information is Confidential Information (or whether it is sensitive and should be treated with special care even if not strictly confidential), you should presume that such information is Confidential Information. If you have a question as to whether or not certain information should be treated as Confidential Information, contact your supervisor, department head, or the Compliance Officer for guidance.

1.2 Use of Confidential Information and MNPI.

Strict compliance with this Policy is required of all Employees with respect to the handling, use, management, disclosure, and protection of all Confidential Information, including MNPI.

(a) Permitted Use of Confidential Information.

A.M. Best and all Employees shall use material Confidential Information only for purposes related to A.M. Best’s business activities. Any other use by any Employee is strictly prohibited (including, but not limited to, any use for any direct or indirect personal gain or the gain of others, and whether through trading of securities or otherwise). A.M. Best and all Employees shall actively protect and safeguard all material Confidential Information from disclosure to any third parties or, except as otherwise expressly permitted by this Policy (including the Firewall Policy set forth in Section 1.4 below), to any other Employees that are not involved in the related business activity.

MNPI may be shared and discussed only with the entity (or its authorized agents) that provided such information to A.M. Best and with Employees who have a “need to know” (as defined in Section 1.4(b) below) such information, as more fully described below. Employees are required to make every effort to protect such information from improper disclosure or misuse.

Although A.M. Best’s Ratings Analysts may discuss the analysis underlying and supporting rating opinions with investors, media, analysts, and certain other third parties, under no circumstances are Ratings Analysts or any other Employees permitted to discuss or disclose MNPI (or to render or imply personal views with respect to specific ratings). Please note that all unpublished rating committee determinations are considered MNPI and must be treated with due care and in accordance with this Policy.

Under no circumstances can MNPI be discussed with persons (other than the rated entity or its authorized agents) outside the A.M. Best organization (including family, friends, social acquaintances, and business contacts).
(b) Prohibited Uses of Confidential Information.

(i) Securities Trading. Each Employee is prohibited from buying, selling, or otherwise trading stock or other securities (or any derivative thereof) (i) of any company if such person is aware of any MNPI of such company or (ii) if such purchase, sale, or other trade is made on the basis, in whole or in part, of any MNPI. Each Employee is similarly prohibited from (i) using or employing any third party to make any such purchase, sale, or other trade or (ii) providing any MNPI to any third party for any reason (including, but not limited to, any purpose related to any purchase, sale, or other trade of any stock or other securities).

Misuse of MNPI may be a violation of law, including state and federal laws relating to the trading of securities. Serious consequences could result from the misuse of MNPI and may include civil and criminal liability, sanctions, significant fines, and imprisonment.

A.M. Best’s additional securities trading policies are discussed below in Section 2 of this Policy.

(ii) Other Prohibited Uses. Any other use of MNPI that is not expressly permitted by this Policy is strictly prohibited.

1.3 Protection of Confidential Information.

(a) In General. As a general rule, all Employees should exercise the utmost care when handling Confidential Information in order to avoid violating this Policy, any other Best Policy, or any applicable legal, regulatory, or ethical requirements.

If you receive Confidential Information, you are required to follow the appropriate procedures outlined in this Policy and to comply with all other policies and procedures of A.M. Best regarding the treatment of Confidential Information. If the existing policies and procedures of A.M. Best do not address the handling of a particular type of information or circumstance, you should immediately contact your supervisor, department head, or the Compliance Officer for guidance.

(b) Specific Guidance - MNPI. You must make every effort to safeguard all MNPI that comes to you through your work at A.M. Best. You should at all times exercise caution when discussing MNPI, whether inside or outside the office. When outside the office, you should exercise special care due to the increased likelihood that unauthorized third parties may overhear discussions or see documents. MNPI is never to be discussed in social situations, nor with any unauthorized third parties (including, but not limited to, friends and relatives). Within the office, you should be careful in conversations not to disseminate MNPI to Employees who do not have a bona fide “need to know” such information or to persons unaffiliated with A.M. Best. Distribution of documents, notes, files, and other ratings-related work should be controlled and limited. When sharing MNPI with another Employee who has a legitimate “need to know” such information, the disclosing Employee is responsible for letting the recipient know that the information is Confidential Information or MNPI. Whether a particular Employee has a legitimate “need to know” regarding certain Confidential Information is discussed in Section 1.4 below.

In addition to the foregoing, you should maintain the following safeguards to protect MNPI:
(i) **Calls with Interested Parties.** On calls with interested parties, such as individual and institutional investors, underwriters of securities, insurance brokers, investment bankers, or the media, A.M. Best’s Ratings Analysts may discuss the analysis supporting any rating assigned by A.M. Best. However, under no circumstances should Ratings Analysts discuss MNPI on any such calls or render or imply personal views with respect to specific ratings. Ratings Analysts should discuss only information that has been publicly disclosed. Additionally, Ratings Analysts are prohibited from discussing any commercial relationship between the interested party and A.M. Best, or between A.M. Best and any entity rated by A.M. Best.

(ii) **Discussions.** All Employees are strictly prohibited from discussing MNPI under circumstances in which persons (other than Ratings Analysts who have a “need to know”) could overhear such discussions. This rule applies at all times, both inside and outside the office. Employees should exercise extreme caution in participating in conversations in public places when using speakerphones or talking on cellular phones or in any other location/situation in which unauthorized persons may overhear or see MNPI.

(iii) **Documents.** Documents (including electronic communications such as emails and faxes), notes, files, and other ratings-related work products that contain MNPI should not be left out in the open (whether at work, at home, or anywhere else) where unauthorized personnel might see them.

(iv) **Ratings.** Employees are prohibited from disseminating, within or outside A.M. Best, any pending Rating Action except in strict accordance with all applicable Best Policies. (Note that an unpublished Credit Rating is considered MNPI).

For additional guidance on sharing of Confidential Information, including MNPI, with other Employees, you are directed to A.M. Best’s Firewall Policy in Section 1.4 below.

1.4 **Firewall Policy.**

(a) **In General.** In addition to being a leading provider of financial strength, issuer credit, and debt ratings, A.M. Best provides communications, news, and information services through its Communications Division and its Information Services Division (all departments and divisions of A.M. Best other than the Ratings Division are collectively referred to herein as “Non-Ratings Divisions”). A.M. Best recognizes, however, that maintaining the integrity of its ratings and ratings processes, including the independence and objectivity of the Ratings Division, is of paramount importance. In addition to the restrictions on the use of Confidential Information set forth in this Policy, the Firewall Policy set forth in this Section restricts the sharing and use of Confidential Information within A.M. Best.

As part of A.M. Best’s commitment to fair and honest dealing in all aspects of its business, this Firewall Policy is intended to: (i) protect MNPI from improper use or disclosure by strictly limiting the sharing of such information within the A.M. Best organization; (ii) protect the Ratings Division from any improper influence of the Non-Ratings Divisions or any of their clients; and (iii) protect each Non-Ratings Division from any improper influence of the Ratings Division, any other Non-Ratings Division, or any of their respective clients.

This Firewall Policy is vital to ensuring that A.M. Best’s Ratings Division and each of its Non-Ratings Divisions operate without jeopardizing their credibility and reputation. The limitations on the use
of information outlined in this Firewall Policy are necessary to prevent any actual or perceived impropriety in A.M. Best’s handling and use of Confidential Information, MNPI and other sensitive information.

(b) The Firewalls.

(i) “Need to Know”. Except as otherwise specifically provided herein, MNPI (and other sensitive information) may only be shared within A.M. Best with Employees who have a legitimate “need to know” such information in connection with the performance of their duties as an Employee of A.M. Best. Within the Ratings Division, only Ratings Analysts that are directly involved in a rated entity’s rating relationship, their immediate Team Leader, and the senior officer of the applicable rating department qualify as bona fide “need to know” individuals. These individuals, under the direction of their Team Leader may be allowed to share such information with the appropriate rating committee.

(ii) Operation of the Firewalls. The establishment of firewalls between A.M. Best’s departments and divisions does not imply that MNPI can circulate freely within a division or department. Nor is the establishment of these firewalls intended to prevent all communication of MNPI between divisions and departments. The “need to know” limitation applies to the sharing of MNPI among Employees in the same division and/or department, as well as the sharing of MNPI among Employees in different divisions/departments. All sharing and disclosing of MNPI within A.M. Best is subject to this Firewall Policy.

Business communications between Employees in different divisions and/or departments and related to or involving material Confidential Information should be kept to a minimum and on a “need to know” basis. Employees are directed not to discuss company specific information, potential or pending Rating Actions, particular company transactions, or capital market initiatives with any Employee outside their immediate working group of “need to know” personnel.

Except as otherwise outlined in this Policy, if an Employee believes that it is necessary or advisable to share certain MNPI with an Employee in another division and/or department, such Employee must notify the senior officer in his or her department, his or her Team Leader, and the Compliance Officer prior to sharing such information. Thereafter, such Employee may only act upon, and in strict compliance with, the determination of such senior officer, Team Leader, and/or Compliance Officer.

Except as otherwise specifically provided in this Policy, all Employees shall at all times comply with the following:

(A) Ratings Analysts are prohibited from disclosing MNPI to Employees who do not have a bona fide need to know, including disclosing MNPI to Employees employed in the Ratings Division who are not directly involved in the rating process for the rated entity to which such information pertains.
(B) Employees in a Non-Ratings Division are prohibited from disclosing any information on the specific nature of any Non-Ratings Division commercial relationship (products and services) to any Ratings Analyst. Employees in any Non-Ratings Division may not request any MNPI (or other Confidential Information) concerning a rated entity.

(C) No Employee, whether employed by the Ratings Division or a Non-Ratings Division, may suggest or imply that the purchase of any particular product or service will have a favorable effect on a rating. As part of their work responsibilities, Ratings Analysts often make business related presentations to interested parties, particularly with respect to the rating process (or certain aspects of the process). In the course of these presentations, ratings analysts may offer or may be asked to discuss the general nature of certain products and services offered by A.M. Best. However, under no circumstances should any Ratings Analyst enter into commercial discussions with any particular interested party and any commercial inquiries of interested parties should be directed to an appropriate person at the appropriate Non-Ratings Division.

(D) The opinions of A.M. Best’s Ratings Analysts are developed by following A.M. Best’s processes, methodologies, policies, and procedures and are not be influenced by any commercial relationship (or the absence of a relationship) between A.M. Best and any third party.

(E) No Employee is permitted to attempt to exert improper influence on the opinions of any of A.M. Best’s Ratings Analysts. Under no circumstance is it permitted for any Employee to try to influence the opinion of a Ratings Analyst by referring to the commercial relationship (or the absence of a commercial relationship) between A.M. Best and any third party.

(F) A.M. Best’s Ratings Analysts and other ratings personnel may not participate in any business activities of the Non-Ratings Divisions to the extent any such participation may give rise to an actual or perceived conflict of interest.

(G) Employees involved in determining, monitoring or approving Credit Ratings and those that participate in developing or approving procedures or methodologies used for determining Credit Ratings, including qualitative and quantitative models, are prohibited from initiating, discussing, negotiating, or arranging rating services fees.

(H) Ratings Analysts may not discuss the deliberations relating to, or any material Confidential Information used in determining, any A.M. Best rating with any Employee employed in any Non-Ratings Division.

(I) A.M. Best and Employees of A.M. Best are prohibited from having any non-ordinary course business relationships with a Restricted Company. For instance, a non-ordinary course business relationship would include obtaining a loan from a Restricted Company at interest rates far below market rates or entering a business relationship with a rated entity, such as a joint venture. Ordinary course business relationships, such as purchasing insurance policies, mutual funds (excluding insurance
Sector Funds), pension, healthcare or other services at market rates (arm’s length transactions) are not considered non-ordinary course business relationships.

(J) Employees are prohibited from disseminating, whether within or outside A.M. Best, pending rating actions except in strict accordance with all applicable Best Policies.

(K) Ratings Analysts are prohibited from making proposals or recommendations, either formally or informally, regarding the design of structured finance products that A.M. Best rates.

(L) A.M. Best and Employees of A.M. Best are prohibited from providing consultancy or advisory services to a rated entity or a related third party entity regarding the corporate or legal structure, assets, liabilities or activities of a rated entity or its related third parties.

(M) Ratings Analysts employed by A.M. Best Europe – Rating Services Limited are prohibited under Point 7 of Annex C of Regulation (EC) No 1060/2009 from becoming employed in a “key management position” by any entity or its related third parties in which the analyst participated in determining a Credit Rating within six months of the Credit Rating.

(N) Rating Analysts not employed by A.M. Best Europe – Rating Services Limited who vote in rating committees where the lead Rating Analyst of the subject of the credit rating is employed by A.M. Best Europe – Rating Services Limited are prohibited under Point 7 of Annex C of Regulation (EC) No 1060/2009 from becoming employed in a “key management position” by any entity or its related third parties in which the Rating Analyst participated in determining a Credit Rating within six months of the Credit Rating.

Note to (M) and (N): European Regulators have not defined “key management position”, however, it is broadly accepted across EU financial regulation that a “key management position” generally entails assignment of decision making, directly or indirectly, by means of delegation from the responsible bodies/persons, or responsibility for final sign-off of decisions to responsible bodies/persons within the company.

These employment functions naturally point to positions that are generally referred to as part of the senior management of a company (board members, directors, executive officers, heads of departments, etc.). However, EU regulators also believe that a case by case analysis is always needed to assess the extent to which a position may be effectively "key". For example, EU regulators believe that a middle management position may be deemed as key to the extent to which it involves interactions with a credit rating agency.

(O) Ratings Analysts, upon becoming aware that another Ratings Analyst has engaged in conduct that is illegal shall report such information immediately to the Compliance Officer. A.M. Best management prohibits retaliation by other A.M. Best staff or by A.M. Best itself against any employees who, in good faith, make such reports.
(P) Effective February 1, 2011, Employees shall immediately report to the Compliance Officer, via email, any instance where the Employee receives from any outside party (defined as any person not employed by A.M. Best Company and its subsidiaries) information that alleges that an issuer of securities that are rated by A.M. Best has committed, or is committing, a violation of law.

Note: Employees are not expected to be experts in law and as such you are under no obligation to make any judgment regarding the materiality of an alleged violation of law, or to attempt to verify the accuracy of such alleged violation.

(R) Effective February 1, 2011, Employees shall immediately report to the Compliance Officer, via email, any complaint received from any outside party (defined as any person not employed by, or a director of, A.M. Best Company and its subsidiaries) regarding A.M. Best’s Credit Ratings, rating models, rating methodologies, or compliance with securities laws. Additionally, Employees are required to forward to the Compliance Officer copies of any documents received from such outside parties, including but not limited to, any information received by post or email.

1.5 Additional Obligations of Employees.

If an Employee becomes aware of anyone (within or outside A.M. Best) who is misusing MNPI, or is taking a cavalier attitude towards its safeguard, such Employee has an obligation to A.M. Best and to the entity providing such information to notify their supervisor, department head, or the Compliance Officer of this circumstance. In addition, if someone shows an unusual interest in rating activity for a particular rated entity, and that individual has no legitimate business reason to be apprised of such information, Employees have an obligation to report such unusual or suspicious activity to their supervisor, department head, or the Compliance Officer. Potential abuse or misuse of MNPI could damage A.M. Best’s reputation and financial condition, which could ultimately jeopardize the welfare of A.M. Best and its employees.

If an Employee becomes aware that another Employee or division of A.M. Best is engaging, or has engaged, in conduct that is illegal, unethical, or contrary to A.M. Best’s policies and procedures, such Employee is required to report such information immediately, on either a disclosed or anonymous basis, to their supervisor, department head, or the Compliance Officer so that the matter can be reviewed and appropriate action can be taken. Employees are not expected to be experts in the law, but they are expected to report the activities that a reasonable person would question. The Compliance Officer is obligated to take appropriate action, as determined by applicable laws and regulations and the rules, procedures, and guidelines set forth by A.M. Best. A.M. Best prohibits retaliation by other Employees or by A.M. Best itself against any Employee who, in good faith, make such reports.
SECTION 2

CONFLICTS OF INTEREST AND SECURITIES TRADING AND REPORTING POLICY

2.1 General Policies.

Except in certain limited circumstances, all Employees of A.M. Best (and, in certain circumstances, members of their Immediate Family) are prohibited from owning any security, or becoming involved in any business, activity, association, organization, consulting role, or other activity, that could be interpreted as creating a real or potential conflict of interest or could in any way damage A.M. Best’s reputation. In addition to each Employee’s duty of loyalty to A.M. Best, each Employee has an obligation to preserve and protect A.M. Best’s reputation for independence, honesty, integrity, and fair dealing. All Employees are prohibited from engaging in any activity that might constitute or result in, or create the appearance of, any impropriety or conflict of interest.

A.M. Best occupies a unique position as an objective and independent authority serving the insurance, financial services, health care, and other industries. A.M. Best is committed to dealing fairly and honestly with issuers, investors, regulators, market participants, and the public and to providing ratings that are objective, independent, timely, and forward-looking.

Significant damage to A.M. Best’s reputation can result from any actual (or perceived) conflict of interest or impropriety. Therefore, all Employees are required to take a very conservative approach towards avoiding any such actual or perceived conflict of interest or impropriety.

The prevention of any actual (or perceived) conflict of interest or impropriety also ensures and reinforces the trust that rated entities place in A.M. Best, which is vital to the continued high quality of our ratings.

2.2 Conflicts of Interest. To minimize the risk of any actual or perceived conflict of interest or impropriety, each Employee is subject to the following restrictions:

(a) Relationships with Restricted Companies, Government Agencies, and Self-Regulatory Bodies.

No Employee may:

(i) be employed by, provide services as an independent contractor to, serve on any board of directors or similar supervisory board of, or, except as specifically provided in Section 2.3 below, own any security (or any derivative thereof) issued by any Restricted Company or any entity affiliated with any Restricted Company (such as a parent, subsidiary, or sister company of such Restricted Company), nor will A.M. Best appoint to its board any persons associated with such companies;

(ii) hold any elected or appointed government office, to the extent holding any such office may give rise to an actual or perceived conflict of interest;
(iii) serve in any capacity on any government or public agency, authority, commission, or regulatory body, to the extent any such service may give rise to an actual or perceived conflict of interest;

(iv) serve in any capacity on any self-regulatory body that has any function in the oversight of the insurance, financial services, health care, or capital markets, to the extent any such service may give rise to an actual or perceived conflict of interest; or

(v) serve on any board of directors or similar supervisory board of, be employed by, or provide services as an independent contractor to any trade or professional organization or association, to the extent any such service may give rise to an actual or perceived conflict of interest.

(vi) serve on any board of directors or similar supervisory board of, be employed by, or provide services as an independent contractor to any broker or dealer engaged in the business of underwriting securities or money market instruments. This prohibition also applies to any person directly or indirectly controlling, controlled by or under the common control of A.M. Best.

Employees must also promptly notify the Compliance Officer in the event that their Immediate Family Members serve in any of the capacities described in items (i) through (vi) above.

(b) Prohibition on Participating in Rating Actions. In addition to the prohibitions enumerated in Section 2.2 (a) (i) through (vi) Employees are prohibited from participating in any aspect of the rating process or any Rating Action involving a Restricted Company or any security of a Restricted Company if:

(i) you or any Immediate Family Member own any security of such Restricted Company (other than any such securities held in diversified mutual funds);

(ii) you or any Immediate Family Member own any Insurance Sector Fund (as defined below);

(iii) you or any Close Family Member serve on any board of directors or similar supervisory board of, or are employed by, any Restricted Company or any entity affiliated with any Restricted Company.; or

(iv) a family, personal, or financial interest might unduly influence you in any way (for example, if your Immediate Family Member is employed by a company that does significant business with a Restricted Company).

Additionally, any Employee that served on any board of directors or similar supervisory board of, owned any security issued by, was employed by, or had any other relationship with a Restricted Company (or any affiliate thereof) that may cause, appear to cause, or be perceived as causing a conflict of interest, is prohibited from participating in any aspect of the rating process or any Rating Action involving such Restricted Company or any security of such Restricted Company for a period of five years following the termination of such relationship.
At the end of such five year period, A.M. Best shall determine, in its discretion, whether such Employee shall be permitted to participate in any rating process or Rating Action involving such Restricted Company. Such decision shall be made by the Senior Rating Officer – Rating Services and the Compliance Officer following a review of the facts and circumstances surrounding each case and their assessment of such person’s ability to independently and fairly participate in the rating process. If the Senior Rating Officer – Rating Services and the Compliance Officer disagree, the Compliance Officer’s decision will control.

To the extent that any Employee is subject to any of the foregoing restrictions, such person is required to inform the Compliance Officer upon the commencement, and upon the cessation or termination, of the circumstances subjecting such person to such restrictions. To the greatest extent possible, each such Employee shall provide advance notice of any such circumstances.

(c) Gifts – Employees not involved in determining, monitoring or approving Credit Ratings,

(i) Except as otherwise specifically provided herein, Employees not involved in determining, monitoring or approving Credit Ratings and their Immediate Family Members are prohibited from accepting gifts, benefits, services or anything similar (collectively gifts) totaling more than $100 USD annually from any Restricted Company (or any of its directors, employees, agents, or representatives) or from any third party representing or in any way affiliated with any Restricted Company. Such $100 USD limit applies collectively to all gifts received by you and your Immediate Family Members, except that gifts from a Restricted Company to your Immediate Family Members who are currently employed by such Restricted Company are exempt from this Policy. Any single gift or gifts that, in aggregate, exceed the $100 USD annual limit shall be promptly reported to the Compliance Officer and immediately relinquished to A.M. Best for appropriate disposition.

(ii) You are required to report any gift received by you or your Immediate Family Members from any Restricted Company.

(iii) You are prohibited from soliciting (or in any way requesting money), gifts, favors, benefits, and anything similar from any Restricted Company (or any of its directors, employees, agents, or representatives) or any third party representing, or in any way affiliated with, any Restricted Company.

(iv) Gifts of cash (or cash equivalents such as securities, gift cards, etc.) from any Restricted Company to you, and/or your Immediately Family Members, are strictly prohibited under all circumstances.

(v) Attendance at high profile functions or events, such as the Super Bowl, the Oscars, and certain fundraisers, that are paid for by a Restricted Company are strictly prohibited.

(vi) Occasional meals provided by a Restricted Company in connection with legitimate A.M. Best business activities with such company, which are neither so frequent nor so extensive as to raise any question of impropriety or undue influence, are not subject to the annual gift limit or the reporting requirement set forth in subsection (ii) above.
Entertainment provided by a Restricted Company in connection with legitimate A.M. Best business activities with such company, which are neither so frequent nor so extensive as to raise any question of impropriety or undue influence, are not subject to the annual gift limit, but are subject to the reporting requirements in subsection (ii) above. The provisions of this subsection (vi) do not apply, however, if there is no legitimate business purpose underlying any such meal or entertainment activity.

(vii) Transportation, lodging, and meal expenses to attend a business meeting with a Restricted Company may be paid for or reimbursed by the Restricted Company if (A) you obtain prior approval from the head of your department, (B) the location of the meeting is appropriate for the purpose of the meeting (e.g., the Restricted Company’s offices), and (C) transportation, lodging, and meal expenses for any outside (personal) guest are not paid for or reimbursed by the Restricted Company. Such payment or reimbursement by a Restricted Company is not subject to the annual gift limit, but is subject to the reporting requirements in subsection (ii) above.

(viii) Transportation, lodging, and meal expenses for eligible Employees that are requested to make business presentations at a Restricted Company sponsored event may be paid for or reimbursed by the Restricted Company if such Employee obtains prior approval from the head of his or her department and no similar payment or reimbursement is made with respect to any guests of such employee. Payment or reimbursement of transportation, lodging, and meal expenses are not subject to the reporting requirement, but in no instance exceed the period beginning the night before and ending the morning after the presentation is made. Entertainment in connection with such events, provided such entertainment does not raise any question of impropriety or undue influence, is not subject to the annual gift limit, but is subject to the reporting requirements in subsection (ii) above.

(d) Gifts – Employees involved in determining, monitoring or approving Credit Ratings.

(i) Except as otherwise specifically provided herein, Employees involved in determining, monitoring or approving Credit Ratings and their Immediate Family Members are prohibited from accepting gifts, benefits, services, entertainment or anything similar (collectively gifts) from any Restricted Company (or any of its directors, employees, agents, underwriters, sponsors or representatives) or from any third party representing or in any way affiliated with any Restricted Company. Such prohibition applies to all gifts received by you and your Immediate Family Members, except that gifts from a Restricted Company by an Immediate Family Member who is currently employed by such Restricted Company are exempt from this Policy.

(ii) You are required to report any gift received by you or your Immediate Family Members from any Restricted Company, excluding those gifts expressly permitted under section (iv) below.

(iii) You are prohibited from soliciting or in any way requesting gifts from any Restricted Company (or any of its directors, employees, agents, or representatives) or any third party representing, or in any way affiliated with, any Restricted Company.
(iv) **Permitted Gifts** – Employees who participate in determining, monitoring or approving Credit Ratings are permitted to receive gifts from Restricted Companies in the context of normal business activities such as note pads, pens and refreshments, including light lunches, during meetings at the company’s offices that have an aggregate value of no more than $25.00 USD per person and per day. **Such employees are prohibited from accepting any gift, regardless of its value, that has no use in conducting the meeting.**

(e) **Issuing or Maintaining Certain Credit Ratings.** Rule 17g-5(c) promulgated by the Securities and Exchange Commission (the “Commission”) pursuant to the Securities Exchange Act of 1934 (the “Exchange Act”) prohibits nationally recognized statistical rating organizations (including A.M. Best) from having the following conflicts of interest:

(i) Issuing or maintaining a Credit Rating solicited by a person that, in the most recently ended fiscal year, provided the nationally recognized statistical rating organization with net revenue equaling or exceeding 10% of the total net revenue of the nationally recognized statistical rating organization for such fiscal year; or

(ii) Issuing or maintaining a Credit Rating with respect to a person (excluding a sovereign nation or an agency of a sovereign nation) where the nationally recognized statistical rating organization, a Rating Analyst that participated in determining the Credit Rating, or a person responsible for approving the Credit Rating directly or indirectly controls, is controlled by, or is under common control with the person that is subject to the Credit Rating.

Additionally, Mexico’s regulatory restrictions prohibit A.M. Best America Latina from rating any entity that owns or controls five percent or more of A.M. Best America Latina.

Notwithstanding any provision to the contrary in this Policy or any other A.M. Best Policy, any action by A.M. Best or by any Employee which violates, or might reasonably be expected to lead to or result in a violation of these provisions is strictly prohibited.

(f) **Disclosure of Other Potential Conflicts.** With respect to every rating process or action in which an Employee participates, that Employee is required to disclose to their department head and the Compliance Officer any other potential conflicts of interest not otherwise covered in this Policy. The Compliance Officer, after consultation with the Employee’s department head, will determine whether any such potential conflict of interest could reasonably be expected to (or appear to) compromise or otherwise impair the Employee’s ability to participate in an objective and independent manner with respect to such Rating Action or process. **Remember: You are required to use your utmost care to avoid even the appearance of any impropriety or conflict of interest.**

(g) **Additional Restrictions.** It may be necessary from time to time for A.M. Best to impose greater restrictions than those set forth in this Section 2.2 with respect to a particular division or department of A.M. Best. To the extent A.M. Best institutes any additional restrictions Employees will be given notice thereof by A.M. Best.
2.3 **Securities Trading and Reporting.**

(a) **Restricted Securities.**

It is A.M. Best’s view that any purchase, ownership, or trade of any security issued by a Restricted Company (or any derivative thereof) and Insurance Sector Funds by A.M. Best or any Employee is likely to give rise to a conflict of interest or at least create an appearance of impropriety or a conflict of interest. To protect and sustain A.M. Best’s long established reputation for honesty, integrity, and fair dealing, A.M. Best maintains strict policies with respect to purchasing, owning, and trading Restricted Securities.

In addition to the rated companies listed on the Ratings Center of A.M. Best’s website, A.M. Best also maintains an internal list of Restricted Companies (the “Restricted List”) as a convenience to aid Employees in identifying Restricted Securities. Companies are added to the Restricted List when the company requests A.M. Best to initiate a review process which is intended to lead to the issuance of a Best Financial Strength Rating, a Best Issuer Credit Rating, a Best Securities Rating, or any other Best Credit Rating. It is the responsibility of Employees with knowledge of the rating request to immediately notify the Compliance Officer that such process has been initiated and supply the names and ticker symbol, if applicable, of the entities that should be added to the Restricted List. It should be noted that although A.M. Best attempts to maintain a current and exhaustive listing on its website and Restricted List, great care should be exercised before trading any securities issued by companies within the insurance, financial services and health care sectors.

To help ensure that Employees do not inadvertently engage in securities transactions that are contrary to A.M. Best’s securities ownership and trading policies, all Employees of A.M. Best are strongly encouraged to report, through the electronic “Securities Certification System”, all intended purchases of securities other than diversified mutual funds and non-Insurance Sector ETFs prior to placing the purchase order, whether such order or purchase is intended to be made directly by the Employee or an Immediate Family Member, or a person acting on behalf of such Employee or Immediate Family Member (for example: a financial planner or advisor).

Additionally, this Policy requires that all Employees promptly inform the Compliance Officer of any sector fund or rated company and/or their subsidiaries, affiliates or parent company of such rated entity that should be added to or deleted from the Ratings Center and/or Restricted List.

The following paragraphs set forth A.M. Best’s policies with respect to Restricted Securities.

(b) **Corporate Investments by A.M. Best.**

A.M. Best Company, Inc., its subsidiaries or affiliates, their pension, profit sharing and retirement plans and any other accounts controlled by A.M. Best or its subsidiaries are prohibited from owning or trading Restricted Securities.

(c) **Personal Investments by Employees.**

(i) Employees are required to disclose upon employment, and thereafter on a quarterly basis, the name(s) of any company(s) providing brokerage services (Brokerage and non-
Brokerage) to the Employee or their Immediate Family Members. Upon request, Employees are required to provide A.M. Best with original copies of all brokerage account statements, including trade confirmations, for all such accounts held by the Employee and their Immediate Family Members.

(ii) Except as otherwise expressly provided in this Policy, all Employees and their Immediate Family Members, are prohibited from owning or trading any Restricted Securities. Notwithstanding the foregoing provision of this subsection (ii), an Employee’s Immediate Family Member who is currently employed by a Restricted Company is exempt from this prohibition insofar as it relates to the Restricted Securities of such Restricted Company. Employees with an Immediate Family Member who owns Restricted Securities as provided in this subsection (ii) are required to recuse themselves from all rating deliberations, processes, and actions involving the related rated entity.

(iii) Restricted Securities owned by Employees in pension, retirement, profit sharing, or similar accounts sponsored by a former employer and which are not freely alienable, or securities that cannot be liquidated without penalty (excluding capital gains/losses), are not subject to the liquidation requirements of this Section 2.3(c) or Section 2.3(d). Employees are precluded from beneficially purchasing additional shares of such Restricted Securities and all holdings and transactions in such Restricted Securities must be reported (see Section 2.3(d) below). Once such Restricted Securities can be liquidated without penalty, however, they shall immediately become subject to this Section 2.3(c) and Section 2.3(d). Any Employee who owns Restricted Securities subject to this subsection (iii) is required to recuse himself or herself from all rating deliberations, processes, and actions involving any such Restricted Securities or the rated company to which they relate.

(iv) An Immediate Family Member of any Employee may hold Restricted Securities of their current employer in pension accounts, retirement accounts, or profit sharing accounts sponsored by such employer. All holdings and transactions in such securities by an Immediate Family Member must be reported (see Section 2.3(d) below). Upon termination of employment, Immediate Family Members are required to liquidate all Restricted Securities that are not subject to penalty (excluding capital gains/losses). At such time that Restricted Securities can be liquidated without penalty, they shall immediately become subject to the liquidation and reporting requirements of this Section 2.3(c) and Section 2.3(d). Employees with Immediate Family Members who own Restricted Securities in pension, retirement, or profit sharing accounts are required to recuse themselves from all rating deliberations, processes, and actions involving any related rated company.

(v) Restricted Securities beneficially owned by an Employee’s Immediate Family Member and held in 401(k) plans, trusts, or other arrangements pursuant to which such Immediate Family Member does not have direct or indirect control, discretion, or influence over any purchase, sale, or trade involving such Restricted Securities are exempt from the liquidation requirements of this policy. However, holdings of Restricted Securities and transactions involving Restricted Securities are subject to the reporting requirements of Section 2.3(d). Employees with Immediate Family Members who own Restricted Securities exempted under this subsection (v) are required to recuse themselves from all rating deliberations, processes, and actions involving any related rated company.
(d) **Reporting Requirements.**

(i) All Employees are required to disclose their ownership of Restricted Securities by completing the “Restricted Securities Disclosure Form” each calendar quarter and submitting such electronic form, within 10 business days after the end of such calendar quarter. All new Employees are required to complete the Restricted Securities Disclosure Form when hired or appointed or elected to the board. The Restricted Securities Disclosure Form requires disclosure of all Restricted Securities beneficially owned by the Employee and their Immediate Family Members.

(ii) If a newly hired employee of A.M. Best or a new member of A.M. Best’s board of directors (or any member of any such Employee’s Immediate Family) owns Restricted Securities that are required to be liquidated, 100% of the Restricted Securities must be liquidated within 90 days of the date of hire.

(iii) Periodically, the list of rated entities set forth on the A.M. Best Ratings Center web page and the internal Restricted List are updated to reflect newly rated companies and other updates. In the event that new rated entities are added to the A.M. Best Ratings Center web page and/or new Restricted Companies are added to the Restricted List, each Employee is obligated to determine if they or their Immediate Family Members own any Restricted Securities of such entities. Furthermore, if the Employee is a Rating Analyst that follows any such Restricted Company, he or she must notify the Compliance Officer and must recuse himself or herself from following such Restricted Company until the holdings are liquidated. If an Employee or their Immediate Family Members own securities that become Restricted Securities, those securities must be liquidated within 90 days from the date it was added to the Restricted List.

(iv) At the end of each calendar quarter, all Employees (on behalf of themselves and their Immediate Family Members) are required to complete and electronically submit a “Quarterly Compliance Certificate”. The Quarterly Compliance Certificate requires Employees to: (1) certify that they have read and understand this Policy and all other Best Policies and that they have faithfully complied with the terms and conditions of all such policies; and (2) state whether or not they or their Immediate Family Members engaged in any trading of Restricted Securities in such quarter. All Employees are required to complete and return the Quarterly Compliance Certificate within 10 business days of the end of each calendar quarter. If any Employee or their Immediate Family Members did engage in trading Restricted Securities during such quarter, such Employee is required to provide the requested information contained in the “Restricted Securities Trading Form” and the “Restricted Securities Disclosure Form”.

(v) Employees are strongly encouraged to enter all intended securities purchases (as applicable) in the electronic “Securities Certification System” described in section 2.3 (a) above prior to execution.
3.1 Prohibited Unfair, Coercive, or Abusive Practices.

Section 15E(i)(1) of the Exchange Act provides that the Commission may prohibit certain specified acts or practices if the Commission determines that the act or practice is unfair, coercive, or abusive. The Commission has determined that the following acts are of such nature and are prohibited:

(a) Conditioning or threatening to condition the issuance of a credit rating on the purchase by an obligor or issuer, or an affiliate of the obligor or issuer, of any other services or products, including pre-credit rating assessment products, of the nationally recognized statistical rating organization or any person associated with the nationally recognized statistical rating organization:

Example: A.M. Best cannot condition or threaten to condition the issuance of a Credit Rating on the purchase by an obligor, issuer, or its affiliates, of any other product or service offered by A.M. Best (for instance; news services, data products, publications, Best’s Capital Adequacy Ratio model, etc.);

(b) Issuing, or offering or threatening to issue, a credit rating that is not determined in accordance with the nationally recognized statistical rating organization’s established procedures and methodologies for determining credit ratings, based on whether the rated person, or an affiliate of the rated person, purchases or will purchase the credit rating or any other service or product of the nationally recognized statistical rating organization or any person associated with the nationally recognized statistical rating organization:

Example: A.M. Best assigns an initial Credit Rating that is higher than that which would otherwise be assigned if A.M. Best followed its methodologies/criteria based on the fact that the obligor, issuer, or its affiliates agrees to pay A.M. Best for the Credit Rating or another product or service;

(c) Modifying, or offering or threatening to modify, a credit rating in a manner that is contrary to the nationally recognized statistical rating organization’s established procedures and methodologies for modifying credit ratings based on whether the rated person, or an affiliate of the rated person, purchases or will purchase the credit rating or any other service or product of the nationally recognized statistical rating organization or any person associated with the nationally recognized statistical rating organization:

Example: A.M. Best assigns an existing Credit Rating a higher credit rating than that which would otherwise be assigned if A.M. Best followed its methodologies/criteria based on the fact that the obligor, issuer, or its affiliates agrees to pay A.M. Best for the Credit Rating or another product or service;

(d) Issuing or threatening to issue a lower credit rating, lowering or threatening to lower an existing credit rating, refusing to issue a credit rating, or withdrawing or threatening to withdraw a credit rating, with respect to securities or money market instruments issued by an asset pool or as part of any asset-backed or mortgage-backed securities transaction, unless all or a portion of the assets within such
pool or part of such transaction also are rated by the nationally recognized statistical rating organization, where such practice is engaged in by the nationally recognized statistical rating organization for an anticompetitive purpose;

Example: A.M. Best issues or threatens to issue a lower initial Credit Rating, lowers or threatens to lower an existing Credit Rating, refuses to issue a Credit Rating, or withdraws or threatens to withdraw a Credit Rating on an asset-backed securities transaction unless all or a portion of the underlying assets are also rated by A.M. Best where the purpose of requiring that the underlying assets be rated by A.M. Best is intended to reduce competition among credit rating agencies.

Depending on the circumstances listed in (a) through (d) above, Employees should be aware that, “threatening to condition,” “threatening to issue,” “threatening to modify,” “threatening to lower,” and “threatening to withdraw” could include directly, indirectly, or implicitly threatening to take these actions. Similarly, “offering to issue” and “offering to modify” could include directly, indirectly, or implicitly offering to take these actions. Additionally, item (d) above could include “threatening to refuse” to issue a rating directly, indirectly or implicitly.

(e) The nationally recognized statistical rating organization issues or maintains a credit rating with respect to an obligor or security where the nationally recognized statistical rating organization or a person associated with the nationally recognized statistical rating organization made recommendations to the obligor or the issuer, underwriter, or sponsor of the security about the corporate or legal structure, assets, liabilities, or activities of the obligor or issuer of the security;

(f) The nationally recognized statistical rating organization issues or maintains a credit rating where the fee paid for the rating was negotiated, discussed, or arranged by a person within the nationally recognized statistical rating organization who has responsibility for participating in determining credit ratings or for developing or approving procedures or methodologies used for determining credit ratings, including qualitative and quantitative models;

(g) The nationally recognized statistical rating organization issues or maintains a credit rating where a credit analyst who participated in determining or monitoring the credit rating, or a person responsible for approving the credit rating received gifts, including entertainment, from the obligor being rated, or from the issuer, underwriter, or sponsor of the securities being rated, other than items provided in the context of normal business activities such as meetings that have an aggregate value of no more than $25.00;

(h) A.M. Best is prohibited from issuing an initial public credit rating for a security or money market instrument issued by an asset pool or as part of any asset-backed or mortgage-backed securities transaction that is not already publicly rated by another nationally recognized statistical rating organization, or thereafter maintain a credit rating on such instrument, that was paid for by the issuer, sponsor, or underwriter of the security or money market instrument unless A.M. Best disclosed the initial rating engagement and other required information to other nationally recognized statistical rating organizations and has obtained the necessary representations from the issuer, sponsor or underwriter of the securities.
Notwithstanding any provision to the contrary in this Policy or any other Best Policy, any action by A.M. Best or by any Employee which violates, or might reasonably be expected to lead to or result in a violation of, the provisions set forth in this Section 3.1 is strictly prohibited.

3.2 **Ban on Representations.**

Pursuant to Section 15E(f) of the Securities Exchange Act of 1934 and Article 10 of Regulation (EC) 1060/2009, A.M. Best and each of its Employees are prohibited from representing or implying in any manner whatsoever that A.M. Best has been designated, sponsored, recommended, or approved, or that A.M. Best’s abilities or qualifications have in any respect been passed upon, by the United States or any agency, officer, or employee thereof, or any other non-U.S. Government or regulatory body.
Subject: Dissemination

Purpose: The purpose of this policy is to formalize public and private Credit Rating opinion dissemination as well as other dissemination requirements that are applicable to the production and maintenance of Credit Rating opinions. This policy applies to A.M. Best Company, Inc. and its credit rating agency subsidiaries (AMB).

1. Credit Rating: When used in this policy, the term Credit Rating means any AMB letter rating that is disseminated to the public (i.e. public credit ratings) or those Credit Ratings that are disseminated on a private basis (i.e. private credit ratings).

2. Types of AMB Opinions Covered: All Credit Ratings; including indicative ratings; preliminary credit assessments; “comments” on outstanding Credit Ratings; and other AMB opinions classified as assessments or evaluations (e.g. Rating Assessment Service (RAS) and Rating Evaluation Service (RES)).

3. Dissemination – Public Credit Ratings and Methodology, Models and Criteria:

   Note: All unpublished rating committee determinations are considered Material Non-Public Information (MNPI) and must be treated with due care and in accordance with Corporate Policy 5 (C-5). To protect MNPI from unauthorized view, any staff member who becomes aware of an unpublished rating committee determination, in any form (print, verbal, digital), must consider the security of the information. Only authorized personnel may disseminate an unpublished rating committee determination to an authorized recipient (e.g. Credit Analysts can notify company contacts (including specified third parties) or other Credit Analysts/administrative staff members who have a legitimate “need to know”, of an unpublished rating committee determination).

3.1. Timeliness of Credit Rating Disclosures: All Credit Rating actions (excluding rating actions on private ratings/assessments/evaluations) shall first be disseminated to the public via posting to the Rating Center page of the AMB website (Rating Center Posting) as soon as practicable following the notification of the rating action to the company/issuer as outlined in CRPC Policy 2: Committee Determination and Update Policy.
Subsequent publications of Credit Ratings may be completed using any of the redistribution methods below (not an exhaustive list):

- Business Wire News Service;
- AMB’s internal wire service (BestWire);
- Email notification lists directed toward subscribers and other media outlets created and managed by Corporate Communications;
- Publications such as BestWeek, Best’s Insurance Reports and Best’s Key Rating Guide; and
- AMB Press Release.

Note: See the “Dissemination – Private AMB Opinions” section below for additional information on the dissemination of private credit ratings/assessments/evaluations.

3.2. Press Release Scenarios: A press release must be disseminated in conjunction with the Rating Center Posting of a Rating Action in any of the following circumstances (or as otherwise required) below (not applicable for private Credit Ratings):

Note: For required press releases associated with ratings on entities or issuers domiciled in Brazil, the press release will be published in English and Portuguese. For required press releases emanating from AMBAL, the press release will be published in English and Spanish.

3.2.1. Publicly Traded Organization – Any credit Rating Action (defined in CRPC policy 2) pertaining to any member/security of a publicly traded company or where any other entity within an organization is publicly traded;

3.2.2. Establishment of an initial Credit Rating;

3.2.2.1. Exception(s): The committee rating determination to establish an “E” or “F” FSR and/or the “rs” ICR from a “Not Rated Category” (for example, an NR designation is placed under Regulatory Supervision; “E”/ “rs”) does not require the issuance of a press release.

3.2.3. Rating upgrades/downgrades (including changes in rating outlooks) to published credit ratings;

3.2.4. Rating Withdrawal: the withdrawal of a Credit Rating (excluding private credit ratings) on an existing entity, issuer or security requested by the rated entity or as a result of an AMB business decision. The press release must be published in conjunction with the final Rating Update on the existing entity, issuer or security indicating:

- the outcome of the Rating Committee (i.e. final rating opinion);
- the Rating Committee justification for the final rating opinion;
• by whom the Credit Rating withdrawal was initiated by (i.e. AMB or the entity/issuer);

• that the rating will be administratively removed (i.e. no longer followed and moved to the NR category).

Note: The internal process for the administrative removal of an outstanding Credit Rating following a final rating update completed in conjunction with a Rating Withdrawal does not require a separate press release (see CRPC Procedure 1: Rating Process).

3.2.5. Any Rating Action that includes a methodology deviation;

3.2.6. Any other Rating Action that a Rating Committee believes would be of significant public interest;

3.2.7. Any Rating Action issued on a company domiciled in Mexico;

3.2.8. A Rating Committee determination to release “comments” on a published Credit Rating;

3.2.9. Applicable to ratings emanating from AMBERS/AMBAP only: if an appeal resulted in a change to the original rating committee determination, this must be disclosed publicly in a press release (excludes private credit ratings).

3.2.10. Proposed Material Changes: When methodology, models or key rating assumptions used in credit rating activities are proposed to be materially changed (as defined in CRPC Policy 1) or a new criteria, model or assumption is being developed, AMB shall notify ESMA and CNBV of the proposed material changes/new item (excluding those related to ILS) and issue a press release (English, Spanish and Portuguese languages, as applicable) that includes the following:

3.2.10.1. Advises stakeholders that a new or a draft version of the item is available for view on the AMB website and provide a link to the website where a detailed explanation of the reasons and implications of the new or amended item can be found;

3.2.10.2. Invites stakeholders to submit comments on the item for a period of 30 days;

Note: Following the comment period, ESMA and CNBV must be notified of any changes (excluding changes related to ILS) to the item due to the comments received.

3.2.10.3. Advises stakeholders that any comments provided will be published on the AMB website, as required by regulation, unless it is explicitly requested that these comments be kept confidential (advise stakeholders of this option).

3.2.11. Approved Material Changes: When material changes to methodology, models or key rating assumptions used in Credit Rating activities are approved (as defined in
CRPC Policy 5) by CRPC (this includes the addition of a new BCRM component criteria or associated models) AMB shall: (Note: items 3.2.11.1 through 3.2.11.3 should be done simultaneously);

3.2.11.1. Issue a press release (English, Spanish and Portuguese languages, as applicable) disclosing the likely scope of Credit Ratings, if any, to be affected;

3.2.11.2. Excluding those related to ILS, inform ESMA/CNBV and publish on the AMB website the “results of the consultation” (i.e. AMB’s consideration of the comments received as outlined in 3.2.10.2) and the new/amended BCRM, criteria component or model together with a detailed explanation thereof, as well as the date of application of the amended BCRM;

3.2.11.3. Excluding those related to ILS, publish on its website the responses to the consultation referred to in 3.2.10.3 above (except in the cases where confidentiality is requested by the respondent in the consultation);

3.2.11.4. Complete an Event Driven Rating Update of the materially affected Credit Ratings, if any, as soon as practicable by placing those ratings Under Review; or taking another form of Rating Action immediately; and

3.2.11.5. Not later than six months after the Under Review Rating Action, if applicable, complete a scheduled Rating Update of the materially affected Credit Ratings that were based on those methodology, models or key rating assumptions.

3.2.12. When suspending or withdrawing a BCRM component criteria or associated model(s), a press release (in the applicable languages) must outline the reasons for the suspension or withdrawal.

3.2.13. Methodology Errors: When a significant error is identified in a methodology or an error is identified in the application of a methodology that has materially affected a Credit Rating(s) (as defined), AMB shall:

3.2.13.1. Notify ESMA and CNBV of those errors (excluding those related to ILS) as well as all affected rated entities, explaining the impact on its ratings including the need to review the issued ratings;

3.2.13.2. Publish the errors on the AMB website;

3.2.13.3. Correct the errors in methodology;

3.2.13.4. Issue a press release (in the applicable languages) disclosing the likely scope of Credit Ratings to be materially affected;

3.2.13.5. Complete an Event Driven Rating Update of the materially affected Credit Ratings as soon as practicable by placing those ratings Under Review or take another form of Rating Action immediately; and
3.2.13.6. Not later than six months after the Under Review Rating Action complete a scheduled Rating Update of the materially affected credit ratings, if needed.

3.2.14. Administrative Errors – In the event that AMB has made public an incorrect Credit Rating, the discovery of such an error will be immediately made public through the issuance of a press release (in the applicable language) that states: (1) where the incorrect publication of the rating has taken place, for example, an incorrect rating appears within the Rating Center on AMB’s website; and (2) the corrected Credit Rating.

3.3. Press Release Requirements: Press releases associated with a Rating Action shall include:

3.3.1. The name of the company;
3.3.2. The rating;
3.3.3. The rating effective date;
3.3.4. The prior rating;
3.3.5. An explanation of the key elements underlying the rating opinion;
3.3.6. Clear identification of any Credit Rating that is based on public data;
3.3.7. The principal methodology or methodology version(s) that was used in determining the rating and the web address where a description of that methodology can be found. Where the Credit Rating is based on more than one methodology, or where a review of only the principal methodology might cause interested parties to overlook other important aspects of the Credit Rating, the ratings announcement shall include a discussion of how the different methodologies and other important aspects factored into the rating decision;
3.3.8. An explanation of any significant adjustments and/or deviations from published methodology, and how these aspects are taken into account in the Credit Rating;
3.3.9. Information as to whether the Credit Rating addresses a newly issued financial instrument and whether the Credit Rating agency is rating the financial instrument for the first time;
3.3.10. The name and job title of the primary rating analyst;
3.3.11. The name and position of the person primarily responsible for approving the Credit Rating (i.e. Team Leader)

Note: All Credit Ratings are determined by a Rating Committee

3.3.12. Where the lead analyst is employed by A.M. Best Europe – Rating Services Limited (AMBERS) or A.M. Best Asia Pacific (AMBAP) disclosure of cases where the Credit Rating committee determination was amended prior to the public release of the rating based on the rated entity’s appeal of the credit rating determination;
3.3.13. A link to the Regulatory Disclosure page on AMB’s website;

3.3.14. For a structured finance products -- a statement as to whether the issuer of a structured finance product has informed AMB that it is publicly disclosing all relevant information about the product being rated or if the information remains non-public; and

3.3.15. For insurance-linked structured transaction ratings -- announcements shall provide interested parties with sufficient information about the loss and cash-flow analysis performed by AMB so that interested parties allowed to invest in the product can understand the basis for the Credit Rating. AMB shall also disclose the degree to which it analyzes how sensitive a Credit Rating of an insurance-linked structured product is to changes in the underlying Credit Rating assumptions.

3.3.16. Where the lead analyst is employed by:

3.3.16.1. A.M. Best Company, Inc., the press release shall state the rating is being released by A.M. Best Company, Inc.;

3.3.16.2. A.M. Best Europe – Rating Services Limited (AMBERS), the press release shall state that the rating is being released by AMBERS;

3.3.16.3. A.M. Best Asia Pacific (AMBAP), the press release shall state that the rating is being released by AMBAP; and

3.3.16.4. A.M. Best America Latina (AMBAL), the press release shall state that the rating is being released by AMBAL.

3.3.17. A link to the Supplementary Disclosure Statement will include the following disclosures:

3.3.17.1. All substantially material sources of information, including the rated entity or, where appropriate, a related third party, which were used to prepare the Credit Rating, together with an indication as to whether the Credit Rating has been disclosed to that entity and amended following that disclosure before being issued;

3.3.17.2. The meaning of each rating category, the definition of default or recovery and any appropriate risk warning, including a sensitivity analysis of the key rating assumptions, accompanied by worst-case scenario credit ratings and best-case scenario Credit Ratings;

3.3.17.3. The date the Credit Rating was first released for distribution;

3.3.17.4. Any attributes and limitations of the Credit Rating, in particular, whether AMB considers satisfactory the quality of information available on the rated entity and to what extent AMB has verified information provided to it by the rated entity or a related third party;

3.3.17.5. Regarding a rating outlook, the time horizon is provided during which a change of the Credit Rating is expected; and
3.3.17.6. A reference to the historic default rates published by ESMA in a central repository in accordance with Article 11(2), together with an explanatory statement of the meaning of those default rates.

3.3.18. All AMBAL rating action press releases to be issued on a company/issuer domiciled in Mexico shall include the following information that must be included in the body of the press release (these items may not be a website link):

3.3.18.1. The effective date of the prior rating update;

3.3.18.2. A mention that the rating is only an opinion on the Credit Ratings of the securities or the company, and not an investment recommendation;

3.3.18.3. The period covered by the financial data used in the analysis of the rating;

3.3.18.4. The main assumptions used and other relevant elements considered in the analysis of the rating;

3.3.18.5. The sources of information used, including information provided by third parties;

3.3.18.6. The mention that AMBAL neither confirms nor certifies the relevant information provided by the company for the purpose of conducting the rating analysis;

3.3.18.7. An indication that in the event that the value or financial soundness of the entity/issuer changes over time, the rating may be raised or lowered, without it entailing any liability on the part of the rating agency;

3.3.18.8. In the case of a rating withdrawal where the client is asking for the withdrawal due to a downgrade, the press release must be issued, at the latest, by the next business day following the rescission with an indication that this is the final Rating Update and that the withdrawal is due to the downgrade (all other disclosure requirements still apply); and

3.3.18.9. If applicable, the contractually obligated information AMB should receive from its client pertaining to any securities rating that is solicited by the client from a third party CRA in the two months prior to the issuance of an AMB security credit rating (see CRPC Policy 8):

3.3.18.9.1. The name of the third party CRA that granted the respective rating, as well as the rating it gave to the securities in question.

4. Dissemination – Private AMB Opinions

4.1. Requests made to AMB to develop a Credit Rating or other type of assessment or evaluation on a private basis (i.e. a private Credit Rating, private assessment or private evaluation) are not released by AMB to the general public in any medium.
4.2. A private Credit Rating, private assessment or private evaluation will only be disseminated to the requesting party as part of the rating notification.

4.2.1. The Rating Evaluation Service (RES) and Rating Assessment Service (RAS) are private AMB opinions. The required dissemination requirements for these opinions are located in their respective procedures.

5. Press Release Development and Dissemination Process:

5.1. The analytical team develops the press release and emails a draft to the general AMB Public Relations electronic mailbox and copies the Quality Assurance Group.

5.2. Public Relations edits the text, if necessary, and returns the draft document via email to the analytical team.

5.3. Quality Assurance cross-checks the rating committee approved ratings to be made public in the press release against the corresponding rating committee approved ratings to be published via the internal dissemination system (i.e. items to be released to the Rating Center website).

- The Quality Assurance group emails the analytical team regarding any questions or discrepancies noted between the contents of the press release and the internal dissemination system, copying Public Relations.

5.4. The analytical team revises the press release and/or internal dissemination system, if necessary, and sends the revised text to Public Relations, if needed, copying the Quality Assurance Group.

5.5. Public Relations sends a clean copy of the press release to the analytical team to send to the subject company.

- The analytical team must send the release to a person authorized to receive Material Non-Public Information at the subject company, requesting such person to review the release (including a review for factual accuracy and to ensure that no Confidential Information is contained in the release).

5.6. The analytical team revises the press release, if appropriate, and forwards to Public Relations via email.

5.7. Public Relations reviews the edits and discusses them with the analytical team (if needed), and coordinates the time frame for the release of the rating(s) in the internal dissemination system and the publication of the press release.

5.8. Public Relations emails the final draft release to the analytical team, copying the Quality Assurance Group;

- If warranted, the analytical team will facilitate the translation of the final press release into the appropriate language and will provide a copy to Public Relations and the Quality Assurance Group.
5.9. The Quality Assurance Group emails Public Relations when the rating(s) have been accurately proposed for release in the internal dissemination system.

5.9.1. For ratings emanating from AMBERS, the Quality Assurance Group confirms with the analytical team that the rated entity was informed of the pending Credit Rating to be published:

- During its working hours (i.e. the entity’s working day), and;
- At least a full working day before publication of the Credit Rating.

5.10. Public Relations contacts the analytical team and provides notification that the press release has been processed and is ready for release;

5.11. Following the rating division release of the rating(s) via the internal dissemination system, a system generated notification is provided to Public Relations and the Quality Assurance Group;

5.12. Upon notification, Public Relations will:

- Post the press release to the AMB website and Business Wire (all language versions);
- Post to BestWire for subscriber distribution (English version only)

5.13. Upon notification, Quality Assurance will:

- Compare the website publication of the rating(s) to the internal dissemination system release.
- Review that the final press release (including any translation) was posted to the website.
A.M. BEST COMPANY, INC.
RATING DIVISION POLICY AND PROCEDURE

Subject: Credit Rating Division Recordkeeping  Number: CRPC Policy 3
Effective Date: 06/22/07
Revision Date: 01/01/09 04/10/09
03/02/10 04/14/10
09/03/10 09/07/10
12/20/12 06/20/13
09/22/14

Purpose: The purpose of this policy is to standardize file maintenance, document storage, retention, and handling of information, related to credit rating operations. This policy applies to A.M. Best Company, Inc. and its credit rating agency subsidiaries (AMB).

1. Types of AMB Opinions Covered: All Credit Ratings; indicative ratings and preliminary credit assessments; and other AMB opinions classified as assessments or evaluations (e.g. Rating Assessment Service (RAS), Rating Evaluation Service (RES), shadow credit assessment and standalone credit assessment).

2. Responsibilities: Primary Rating Analysts are responsible for the maintenance of a complete Analytic Record (as defined in sections 3 and 5 below) of companies/issuers within their respective portfolios.

3. Records Subject to this Policy: In conjunction with its ratings services, AMB receives information from or about entities that it rates in various forms, including physical (hard-copy) documents, electronic formats (emails, instant messages, downloaded files), and in other forms, such as oral communications made during company meetings/conferences or by telephone. This policy covers records of all such information, whether public or non-public/Confidential Information, as well as documents produced by AMB and its analysts relating to the production and assignment of Credit Ratings, assessments or evaluations. For the purposes of this policy:

   3.1. Documents are records containing information having analytic relevance, including but not limited to, those evidencing Rating Actions and those supporting Rating Committee presentations and/or Rating Committee decisions.

   3.2. Work Papers are records, including but not limited to, notes taken during meetings or telephone conversations, other items such as competitive analysis research, or any other records created by analysts in the course of their analytic responsibilities.

   3.3. All records identified in this section 3 shall comprise the “Analytic Record”.

4. Records Not Subject to this Policy - Unless specifically cited as analytically relevant to the rating opinion and included in the Analytic Record of a company/issuer by the analytical team or Rating Committee, publicly available information, such as certain regulatory filings, articles published in trade journals, press releases, newsletters (including equity or fixed-income research reports), newspapers, magazines or other media publications or any other public document not considered analytically relevant are not subject to the recordkeeping requirements of this policy.
5. **Analytic Record/File Organization:** The Analytic Record of a company/issuer may consist of physical or electronic Documents and Work Papers. Physical (hard-copy) Documents and Work Papers shall be stored in physical folders labeled with the company’s/issuer’s name and AMB identification number. Electronic Documents and Work Papers shall be stored in electronic folders on the AMB network, clearly identifying the company’s/issuer’s name and a description of the Document/Work Paper. Work Papers such as meeting notes or notes taken during telephone conversations should indicate the author and date of the notes, the company’s/issuer’s name, its representatives, and any other AMB employee in attendance. All analytically relevant analysts’ notes should be filed in the Analytic Record.

5.1 **Duplicate Analytical Records:** Complete duplication/maintenance of a secondary Analytical Record is strictly prohibited. To limit redundant information housed in an Analytical Record, identical information received, for example, a company/issuer forwards a hard-copy Document that has already been received by AMB in electronic form, should not be retained in the Analytical Record.

Note: Analysts are not required to include all electronic mail (email) in the Analytical Record. Only those communications which are, in the opinion of the analyst, relevant to the Credit Rating activities in the rating process are to be included in the electronic Analytical Record housed in the Document Management System (DMS). However, a corporate practice is in place to retain a record of all email/instant messages sent and received by all employees. A seven year retention period has been established to satisfy this requirement. Therefore, some duplication of email will exist between the electronic Analytical Record (email forwarded to DMS by an analyst) and the corporate email system (which saves all communications) given the two retention requirements. Subsequent to the seven year retention period, records within the corporate email system are automatically purged and destroyed.

6. **Access to Records/Files and Handling of Information:**

6.1 **Physical Files:** Physical files used to house hard-copy Documents/Work Papers must be:

6.1.1. Secured in a central file location that limits access to analysts and/or authorized administrative staff that are responsible for filing information generated by AMB or received from companies/issuers; or

6.1.2. Secured within the responsible analyst’s work area (i.e. a locked desk, cabinet or office). Physical Files/Documents/Work Papers may be stored in an analyst’s work area during the rating process or for another legitimate business reason. Physical hard-copy Documents/Work Papers that are considered Material Non-Public Information (aka MNPI as defined in Policy C-5) must at all times be maintained in accordance with subparagraph 6.3.1 below.

Note: Subsection 6.1.1 above does not apply to the Oldwick, NJ office as there is no physical central file. Effective 12/20/12, the Oldwick, NJ office migrated to an electronic central file format. Therefore, physical hard-copy Documents/Work Papers received/produced in the Oldwick office must be scanned and uploaded into the DMS. Pending DMS upload (and if a hard-copy is maintained by the analyst post DMS upload), information received must be secured in the analysts work area when not in use and subsequently destroyed upon completion of use (see subparagraph 6.3.1 below for additional requirements regarding the treatment of MNPI).
6.2. **Electronic Files:** Electronic Documents and Work Papers (received or internally produced) shall be housed in an electronic file maintained on internal network limited access/shared drives and/or the DMS. Items may be added to the internal network/DMS via electronic forwarding or physically scanning to create and upload an electronic document. Where possible, such files, particularly those that directly support/evidence a rating action, should be stored in a read only format to protect such material from alteration. Prior to scanning a physical hard-copy document it must be maintained in accordance with section 6.1 above or, excluding MNPI, in a designated secure area while awaiting the scanning process to be completed. Electronic Documents/Work Papers that are considered MNPI must at all times be maintained in accordance with subparagraph 6.3.1 below.

Note: Effective 12/20/12 the Oldwick office began migrating from the use of limited access/shared drives to the DMS to maintain electronic Documents/Work Papers as an electronic central file for the Analytical Record. The migration of information takes place as each rating is updated following the 12/20/12 effective date. Following the migration completion to DMS no limited access drives will be utilized to house analytically relevant information for the associated rating unit.

6.3. **Handling of Information:** In the course of its rating activities, AMB may receive Confidential Information, typically from (but not exclusively) the companies/issuers that it rates or their agents, such as legal counsel, actuarial firms or other experts. All Confidential Information must be handled with due care and in accordance with the policies and procedures outlined in Policy C-5.

Additionally:

6.3.1. **Information Received:** MNPI must be uploaded into the DMS as soon as possible upon receipt. Documents/Work Papers deemed MNPI may be physically scanned or electronically forwarded to upload the item into the DMS. Pending upload, the MNPI must be in the possession of, or otherwise be secured by, the analyst in order to prevent unauthorized persons from gaining access to such materials. When scanning a physical hard-copy Document/Work Paper deemed MNPI into the DMS, the analyst must destroy the original document or re-secure it following scanning. The MNPI document must never be out of the analysts view during the scanning process. Examples of MNPI received include, but are not limited to, Confidential Information concerning acquisitions, mergers, capital restructurings, large unexpected reserve charges, etc.

**Information Internally Produced:** Documents/Work Papers deemed MNPI must be uploaded into the DMS as soon as possible upon creation, as outlined above. However, in cases where MNPI is part of an “in progress” document or administrative process where the information cannot be readily scanned because the document or administrative process is incomplete, (such as press release/Rating Committee presentation development and Rating Committee packet sign-off and quality control measures in preparation for the publishing of a rating determination), the information must remain secure and in compliance with established processes. Furthermore, any employee with knowledge of an unpublished Rating Committee Determination, which is considered to be MNPI, must handle the information with due care and in accordance with the policies and procedures outlined in Policy C-5.

Note: Information deemed MNPI, whether received from an external source or internally produced, must not be housed in a limited access/shared drive or a physical central file. Only the DMS or the responsible analyst’s/administrative
staff member’s work area is a permitted location to store MNPI. MNPI should not be left unsecured when an analyst/administrative staff member is away from their work area for any reason.

6.3.2. When such information is no longer deemed to be MNPI, for example, an acquisition and its price and terms have been legally announced, the information should be treated in the same manner as all other Documents in the Analytic Record.

7. **Records:** AMB has adopted a Rating Division recordkeeping/record retention policy in furtherance of and consistent with its regulatory requirements and credit rating division business practices.

7.1. **Rating Division records required to be made and retained:**

7.1.1. A record documenting the established procedures and methodologies used by the Rating Division to determine Credit Ratings.

Note: To the extent the Rating Division (or its Credit Analysts) is permitted to diverge from the procedures or methodologies it has established, the Rating Division must document the circumstances under which such a divergence will be permitted and the alternative procedure or methodology that must be used. Divergences must be documented in the Comments section of the Record of Rating Committee Vote form.

7.1.2. **Records Evidencing Rating Actions:**

7.1.2.1 Rating Committee Presentation - including:

7.1.2.1.1 The required information outlined in Section 4 of CRC Policy 2, “Committee Determination and Update Policy”.

Note: The Recommendation Form (including all attachments linked to the internal dissemination system through the Document Management System) is the sole method by which analysts will document and store all relevant analytical text regarding a rating recommendation made to a Rating Committee.

7.1.2.1.2 Any other documents or records, or selected information contained in such documents or records, that should be shared with a Rating Committee in order for the Rating Committee to reach a rating decision in accordance with established procedures and methodologies contained in 7.1.1 above.

7.1.2.2 Record of Rating Committee(s) – including:

7.1.2.2.1 The name of any Credit Analyst(s) who participated in determining the proposed Credit Rating(s) presented to a Rating Committee(s);

7.1.2.2.2 The name of each Credit Analyst who voted in a Rating Committee(s) that resulted in the approval of a rating(s);
7.1.2.2.3 Whether the Credit Rating(s) was solicited or unsolicited;

7.1.2.2.4 The effective date of the Credit Rating(s);

7.1.2.2.5 A record of each Credit Rating determined.

Note: From April 10, 2009, the record of each Credit Rating outstanding must include: 1) the Rating Action; 2) the effective date of the rating action; and 3) the name of the obligor or security and, if applicable, the CUSIP for the rated security or the Central Index Key (CIK) number for the obligor.

7.1.3. Records documenting the public comments on an outstanding published Credit Rating.

7.1.4. Insurance-Linked structured transactions:

7.1.4.1 In addition to the applicable requirements of section 7.1.2 above, a record that lists each security and money market instrument and its corresponding Credit Rating issued by an asset pool or as part of any asset-backed or mortgage-backed securities transaction where A.M. Best, in determining the Credit Rating for the security or money market instrument, treats assets within such pool or as a part of such transaction that are not subject to a Credit Rating of A.M. Best by any or a combination of the following methods:

7.1.4.1.1 Determining Credit Ratings for the unrated assets;

7.1.4.1.2 Performing credit assessments or determining private Credit Ratings for the unrated assets;

7.1.4.1.3 Determining Credit Ratings or private Credit Ratings, or performing credit assessments for the unrated assets by taking into consideration the internal credit analysis of another person; or

7.1.4.1.4 Determining Credit Ratings (on either a public or private basis) or performing credit assessments for the unrated assets by taking consideration (but not necessarily adopting) the Credit Ratings of another NRSRO.

7.1.4.2 Record of Material Difference from Model Results - When a model is a “substantial component” of the rating process of determining a Credit Rating of a security issued as part of an asset pool, a record of the rationale for any material difference between the rating implied by the model used and the rating issued is required. The Rating Committee is responsible for the determination of when a model constitutes a “substantial component” of the rating process and when the difference between the rating issued and the implied rating by the model is “material”.

A.M. Best Company

Form NRSRO: Exhibit 3
7.1.4.3 Prohibition on issuing an initial public Credit Rating for a security or money market instrument issued by an asset pool or as part of any asset-backed or mortgage-backed securities transaction that is not already publicly rated by another NRSRO, or maintaining a credit rating on such instrument, unless:

(i) AMB has posted on a password-protected NRSRO Internet web site, for each security which AMB is currently in the process of determining an initial Credit Rating, information identifying the type of security or money market instrument, the name of the issuer, the date the rating process was initiated, and the Internet Web site address where the issuer, sponsor, or underwriter of the security or money market instrument represents that the information described in paragraphs (iii)(C) and (iii)(D) of this section can be accessed; in chronological order;

(ii) AMB provides free and unlimited access to such password-protected Internet Web site during the applicable calendar year to any NRSRO that provides AMB with a copy of the certification described in the note to this section that covers that calendar year, provided that such certification indicates that the NRSRO providing the certification either:

(A) Determined and maintained Credit Ratings for at least 10% of the issued securities and money market instruments for which it accessed information pursuant to 17 CFR §240.17g-5(a)(3)(iii) in the calendar year prior to the year covered by the certification, if it accessed such information for 10 or more issued securities or money market instruments; or

(B) Has not accessed information pursuant to 17 CFR §240.17g-5(a)(3) 10 or more times during the most recently ended calendar year; and

(iii) AMB obtains from the issuer, sponsor, or underwriter of each such security or money market instrument a written representation that can reasonably be relied upon that the issuer, sponsor, or underwriter will:

(A) Maintain the information described in paragraphs (iii)(C) and (iii)(D) of this section available at an identified password-protected Internet Web site that presents the information in a manner indicating which information currently should be relied on to determine or monitor the Credit Rating;

(B) Provide access to such password-protected Internet Web site during the applicable calendar year to any NRSRO that provides it with a copy of the certification described in the note to this section that covers that calendar year, provided that such certification indicates that the NRSRO providing the certification either:
(1) Determined and maintained Credit Ratings for at least 10% of the issued securities and money market instruments for which it accessed information pursuant to 17 CFR §240.17g-5(a)(3)(iii) in the calendar year prior to the year covered by the certification, if it accessed such information for 10 or more issued securities or money market instruments; or

(2) Has not accessed information pursuant to 17 CFR §240.17g-5(a)(3) 10 or more times during the most recently ended calendar year.

(C) Post on such password-protected Internet Web site all information the issuer, sponsor, or underwriter provides to AMB, or contracts with a third party to provide to AMB, for the purpose of determining the initial Credit Rating for the security or money market instrument, including information about the characteristics of the assets underlying or referenced by the security or money market instrument, and the legal structure of the security or money market instrument, at the same time such information is provided to AMB; and

(D) Post on such password-protected Internet Web site all information the issuer, sponsor, or underwriter provides to AMB, or contracts with a third party to provide to AMB, for the purpose of undertaking Credit Rating surveillance on the security or money market instrument, including information about the characteristics and performance of the assets underlying or referenced by the security or money market instrument at the same time such information is provided to AMB.

**Note to section 7.1.4.3 - Certification.** In order to access a password-protected Internet Web site described in this section, a NRSRO must furnish to the Commission, for each calendar year for which it is requesting a password, the following certification, signed by a person duly authorized by the certifying entity:

The undersigned hereby certifies that it will access the Internet Web sites described in 17 CFR §240.17g-5(a)(3) solely for the purpose of determining or monitoring credit ratings. Further, the undersigned certifies that it will keep the information it accesses pursuant to 17 CFR §240.17g-5(a)(3) confidential and treat it as material nonpublic information subject to its written policies and procedures established, maintained, and enforced pursuant to section 15E(g)(1) of the Act (15 U.S.C. 78o-7(g)(1)) and 17 CFR §240.17g-4. Further, the undersigned certifies that it will determine and maintain credit ratings for at least 10% of the issued securities and money market instruments for which it accesses information pursuant to 17 CFR §240.17g-5(a)(3)(iii), if it accesses such information for 10 or more issued securities or money market instruments in the calendar year covered by the certification. Further, the undersigned certifies one of the following as applicable: (1) In the most recent calendar year during which it accessed information pursuant to §17 CFR 240.17g-5(a)(3), the undersigned
accessed information for [Insert Number] issued securities and money market instruments through Internet Web sites described in 17 CFR §240.17g-5(a)(3) and determined and maintained Credit Ratings for [Insert Number] of such securities and money market instruments; or (2) The undersigned previously has not accessed information pursuant to 17 CFR §240.17g-5(a)(3) 10 or more times during the most recently ended calendar year.

7.1.5 A record to be made public on AMB’s web site in XBRL format that contains the information required to be made and retained in section 7.1.2.2.5 for a random sampling of 10% of the ratings in each category of ratings (Item 7 of Form NRSRO) where AMB assigns 500 or more issuer-paid ratings in that category. This file may be made available to the public on a six-month delayed basis.

7.1.6 From June 2, 2010, a record to be made public on AMB’s web site in XBRL format that contains the information required to be made and retained in section 7.1.2.2.5 for 100% of all Credit Ratings, including “pd” ratings, that were initially determined on or after June 26, 2007. This file may be made available to the public on a twelve-month delayed basis.

7.1.7 The following is applicable only for ratings emanating from A.M. Best Rating Services Limited (AMBERS). The Rating Division will maintain the following lists for each rating disseminated:

- Maintain a list of persons with access to the rating, rating outlook or any other MNPI before AMBERS rating disclosure.

- Maintain a list of persons to whom the rating is communicated in advance of the AMBERS release. This list should be limited to persons identified by each rated entity for that purpose.

7.2. Rating Division records required to be retained:

7.2.1 Internal records, including nonpublic information and work papers, used to form the basis of a credit rating issued by AMB.

7.2.2 Credit analysis reports, credit assessment reports, and private credit rating reports of AMB and internal records, including nonpublic information and work papers used to form the basis for the opinions expressed in these reports.

7.2.3 External and internal communications, including electronic communications, received and sent by AMB that relate to initiating, determining, maintaining, changing, or withdrawing a Credit Rating.

7.2.4 For each security or money market instrument identified in the record required to be made and retained under section 7.1.3 of this policy, any document that contains a description of how assets within such pool or as a part of such transaction not rated by AMB but rated by another NRSRO were treated for the purpose of determining the Credit Rating of the security or money market instrument.
7.3. **Records Supporting Rating Recommendations:** The following lists are examples of material that may contain information that is relevant in determining Credit Ratings. However, these lists are not exhaustive, and as such, any other information which is relevant in the rating process should be included in the Analytic Record. Publicly available information, such as the items listed in 7.3.1 and any other publicly available information which may be listed in other subsections of section 7.3 is not required to be retained for the record retention requirements of this policy. However, information that is considered analytically relevant from such documents should be included in the records required to be made and retained in section 7.1 of this policy.

7.3.1. **Public Documents:**
- Annual /Quarterly Statutory Statements;
- Management Discussion and Analysis (Statutory);
- Annual Company (and quarterly if available) Report(s);
- Supplemental annual/quarterly financial information (performance data by segment);
- Filings with Securities Regulators such as the SEC (10K, 10Q, etc).

7.3.2. **Other Documents/Communications/Information:**
- Confidential Information provided by the company/issuer (earnings forecasts, etc.);
- Requests by AMB for Confidential Information and the company’s/issuer’s response;
- Letters sent to/received from a company/issuer, excluding standard correspondence;
- emails/faxes sent to/received from a company/issuer (excluding standard correspondence);
- Presentations made to AMB analysts at company/issuer meetings;
- QARs;
- BCARs;
- SRQs;
- Audit Reports;
- Actuarial Opinions;
- Actuarial Analysis;
- Examination Reports;
- New Company Background Questionnaire;
- Documents evidencing a request from a rated entity to withdraw a rating.

7.3.3. **Work Papers:**
- Analyst notes taken during annual company/issuer meetings or quarterly updates;
- Analyst notes taken during telephone conversations;
- Competitive analysis research conducted by an analyst.

7.3.4. **Documents Supporting/Evidencing Securities or Other Significant Transactions:**
- Net Worth Maintenance or other Support Agreements;
- Guarantees;
- Prospectus/Offering Memorandum for Securities Rated by AMB;
- Term Sheet;
- Significant Reinsurance Contracts that Support a Rating;
- Special Purpose Entity documentation;
- Legal opinions;
- Documents supporting AMB’s or other expert parties’ analysis of insurance-linked structured transactions;
- Trust Agreements;
- Bank and Credit Agreements;
- A record stating whether the issuer of an insurance-linked structured product has informed AMB that the issuer is publicly disclosing all relevant information about the product being rated or if the information remains non-public.

8. **Legal/Outside Party Document Requests Related to Ratings Activities:** Any Employee or Director of AMB who becomes aware of any regulatory/legal action related to AMB’s ratings activities and/or formal information requests from regulatory, governmental or other parties with legal interests should notify the Senior Vice President – Rating Services and Compliance Officer immediately. At such time, the Analytic Record will be “frozen” as of a specific date and all Records/Documents/Files/Work Papers that are in the possession of AMB and/or its Employees, including those considered obsolete or redundant and those that will age past the Retention Periods established in this policy, shall be considered part of the Analytic Record and retained by AMB. All material subject to retention under this policy, either received or generated by AMB, following such date that the Analytic Record is “frozen”, shall be treated in accordance with this policy.

9. **Obsolete Records/Files/Documents/Work Papers:** All physical Records in the Analytic Record that have aged past the Retention Periods specified in this document, or have aged past any additional time periods required by local regulatory standards in jurisdictions in which AMB operates, shall be disposed of in an appropriate manner as soon as practicable, generally during the subsequent rating cycle. All such Confidential Information provided to AMB shall be completely destroyed or shredded. All AMB credit rating agency offices maintain sealed containers for disposal of such documents by employees. Documents placed in these containers are shredded by contracted parties.

10. **Files/Documents/Work Papers not considered part of the Analytic Record:**
Divisions/Departments other than the Rating Division may be required to maintain records under federal securities laws or files for their own business needs regarding companies/issuers that AMB rates. These files are considered distinct and separate from the process of developing and assigning rating opinions (Analytic Record) and are not subject to this policy. For example:

10.1. Accounting maintains records, such as invoices, for rating services provided by AMB and all other products and services that may have been purchased by such companies/issuers.

10.2. Information Services is responsible for maintaining data bases containing financial information, company reports (text) and the Rating History of all ratings assigned by AMB.

Files or records relating to any companies/issuers rated by AMB by non-rating Divisions/Departments shall be maintained in accordance with the policies and procedures established by such Division or Department.

11. **Record retention periods:** The records required to be made and/or retained pursuant to this policy must be retained for seven years after the date the record is made or received.
11.1 Manner of retention: An original, or a true and complete copy of the original, of each record required to be retained pursuant to this policy must be maintained in a manner that makes the original record or copy easily accessible.

11.2 Recordkeeping policy, including retention periods, remains in effect even if registration of A. M. Best Europe – Rating Services Limited is withdrawn per European Union legislation.

12 Requirement to furnish records upon request: AMB will furnish all records required to be retained to applicable regulators as requested or as otherwise required by law.
A.M. Best Company
Corporate Structure

- A.M. Best Company, Inc.
  (Board of Directors)
  - A.M. Best Asia-Pacific Limited
    (Board of Directors)
      - A.M. Best Asia-Pacific (Singapore) Pte. Ltd.
        (Board of Directors)
  - A.M. Best Europe Limited
    (Dormant)
  - A.M. Best Europe – Rating Services Limited
    (Board of Directors)
  - A.M. Best Europe – Information Services Limited
    (Board of Directors)
  - A.M. Best America Latina, S.A. de C.V.
    (Board of Directors)
*CEO responsibilities are in respect of AMBAPS regulated credit rating activity and excludes all commercial aspects of the operation.
Code of Conduct

A.M. Best Company, Inc., A.M. Best Europe – Rating Services Limited, A.M. Best Europe – Information Services Limited, and A.M. Best America Latina, and All Employees
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Preface

In September, 2003, the Technical Committee of the International Organization of Securities Commissions (IOSCO) published the “IOSCO Statement of Principles Regarding the Activities of Credit Rating Agencies” (the IOSCO Principles), which introduced a set of high-level objectives that credit rating agencies, issuers, regulators and other interested parties should strive toward in order to improve the fairness, efficiency and transparency of securities markets, reduce systemic risk and enhance investor protection. In December, 2004, the Technical Committee published the “Code of Conduct Fundamentals for Credit Rating Agencies” (the IOSCO Code), which was developed to provide more detailed guidance on how the IOSCO Principles could be implemented in practice.

A.M. Best Company, Inc. and its subsidiaries, A.M. Best Europe – Rating Services Limited, and A.M. Best Europe – Information Services Limited, and A.M. Best America Latina, hereafter collectively referred to as A.M. Best, through the publication of this Employee Code of Conduct, and other documents related to its credit ratings business, undertakes to comply with and adhere to a code of conduct that is consistent with the IOSCO Principles and the IOSCO Code. All employees, full and part time, and directors of A.M. Best are required to adhere to this Code of Conduct.

While we have made this Code of Conduct available to the public, except in so far as is provided for in legislation, A.M. Best does not assume any responsibility or liability to third parties arising out of or relating to this document or other policies and practices. This Code of Conduct and Rating Methodologies, policies or practices are not intended to form, or be any part of, a contract, and no one will have claim, directly or indirectly, to enforce any of its provisions. A.M. Best reserves the right to update or modify this Code of Conduct and/or Rating Methodologies, policies and practices at any time, without prior notice. This Code of Conduct should be read in conjunction with the A.M. Best Company, Inc. Policy C-5.
WHAT ARE BEST’S CREDIT RATINGS?

Best’s Credit Ratings are independent opinions regarding the creditworthiness of an issuer or debt obligation. Best's Credit Ratings are based on a comprehensive quantitative and qualitative evaluation of a company's balance sheet strength, operating performance and business profile, or, where appropriate, the specific nature and details of a debt security.

In arriving at a rating decision, A.M. Best relies on third-party audited financial data and/or other information provided to it. While this information is believed to be reliable, A.M. Best does not independently verify the accuracy or reliability of the information.

A.M. Best assigns the following types of ratings:

- **Best's Financial Strength Rating** - an independent opinion of an insurer's financial strength and ability to meet its ongoing insurance policy and contract obligations. This rating is assigned to insurance companies.
- **Best's Issuer Credit Rating** - an independent opinion of an issuer/entity's ability to meet its ongoing senior financial obligations. This rating is assigned to insurance companies and related holding companies and other legal entities authorized to issue financial obligations.
- **Best's Debt Rating** - an independent opinion of an issuer's ability to meet its ongoing financial obligations to security holders when due. This rating is assigned to the debt securities and insurance-linked securities transactions of the entities rated by A.M. Best.

Best’s Credit Ratings address credit risk, (i.e. the risk that an entity may not meet its contractual/financial obligations) as they come due. These credit ratings do not address any other risk, including but not limited to: liquidity risk, market value risk or risk related to the price volatility of rated securities. The rating is not a recommendation to buy, sell or hold any securities, insurance policies, contracts or any other financial obligations, nor does it address the suitability of any particular financial obligation for a specific purpose or purchaser.
DEFINED TERMS

**A.M. Best** refers to A.M. Best Company, Inc. and its affiliates, A.M. Best Europe – Rating Services Limited, A.M. Best Europe – Information Services Limited, and A.M. Best America Latina.

**Ancillary Business** refers to those products and services that are not considered to be part of A.M. Best’s primary rating services business. Best’s rating services business includes: the issuance of insurer financial strength ratings, ratings to parent holding companies, debt ratings on securities issued by these organizations, and certain insurance-linked transactions; and, other credit rating services, such as rating evaluation and assessment services. A.M. Best does not provide consulting or advisory products and services in either its primary or ancillary businesses.

**Area of Primary Analytical Responsibility** refers to any entity rated by A.M. Best.

**Close Family Member(s)** refers to an Employee’s spouse, siblings, step-siblings, parents, step-parents, children, step-children, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, regardless of whether they share the same residence with the Employee.

**Confidential Information** refers to all information possessed by A.M. Best that is not generally known by the public, except for information that: (a) is contained in (i) public disclosure documents, (ii) a press release issued by the issuer, or (iii) a publication or newspaper of general circulation; or (b) the issuer has informed A.M. Best that such information is public information.

Please note: Confidential Information that a reasonable investor would consider important in making a decision to buy, sell or hold a security, including but not limited to, Confidential Information related to acquisitions, mergers, divestitures, capital structure transactions, and projected financial results is commonly referred to as “material non-public information.”

**Employee** refers to all full and part time employees and directors of A.M. Best.

**Immediate Family Member** refers to an Employee’s spouse, siblings, step-siblings, parents, step-parents, children, step-children, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law sharing the same residence or having a dependent relationship with the Employee.

**Issuer Participating in the Rating Process** refers to a rated issuer or entity that provides information, or otherwise engages in interactive communication with a Rating Analyst during the rating process, or in support of a rating determination for any interactive Best’s Credit Rating (BCR).

**Rating Action** refers to the determination and dissemination of an initial credit rating; any change, affirmation, suspension or withdrawal of an existing credit rating; any change in a rating.

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A.M. Best Company

Form NRSRO: Exhibit 5
outlook; the placement of an existing credit rating under review; and, the publication of an expected or preliminary credit rating assigned to an obligor, security, or money market instrument before the publication of an initial credit rating.

Rating Analyst(s) refers to Employees of A.M. Best that participate in determining, monitoring or approving credit ratings.

Rating Methodologies refers to Best’s Credit Rating Methodology (BCRM), which provides a comprehensive explanation of A.M. Best’s rating process, including highlights of the rating criteria employed by A.M. Best in determining Best’s Financial Strength, Issuer Credit and Debt Ratings. The BCRM is available on Best’s internet website, www.ambest.com.

Solicited Credit Rating refers to a BCR meeting one or more of the following criteria:

- The entity/issuer requests the BCR and signs an engagement letter or other agreement with AMB for the BCR opinion;
- The entity/issuer pays a fee for credit rating services (not applicable to BCR’s where the lead Rating Analyst resides in the European Union);
- Consistent with prior representations in an engagement letter or other agreement, ratings letter, or terms and conditions sent to the Issuer, AMB assigns a BCR opinion to a subsequent Issue of that Issuer, and the Issuer has not made a request in writing for AMB to either not assign or withdrawal the BCR.

Unsolicited Credit Rating refers to any BCR assigned that is not a Solicited Credit Rating.
CODE SECTIONS

1. QUALITY AND INTEGRITY OF THE RATING PROCESS

A. Quality of the Rating Process

1.1 A.M. Best shall maintain policies and procedures to ensure that its public rating opinions are based on a thorough analysis of information known to it that is relevant to the analysis of an issuer and/or issue according to A.M. Best’s published Rating Methodologies and its internal practices and procedures.

1.2 A.M. Best shall maintain Rating Methodologies that are rigorous, systematic, and, where possible, result in ratings that can be subjected to some form of objective validation based on historical experience.

1.3 In assessing an issuer’s creditworthiness, Rating Analysts involved in the preparation or review of any Rating Action will use Rating Methodologies established by A.M. Best. Rating Analysts will apply the appropriate methodology in a consistent manner, as determined by A.M. Best.

1.4 Credit ratings shall be assigned by A.M. Best as determined by a rating committee in accordance with the policies and procedures governing the rating committee process and not by any individual Rating Analyst employed by A.M. Best. Rating opinions shall reflect a thorough analysis of all information known by A.M. Best and believed to be relevant to the rating process, consistent with A.M. Best’s published Rating Methodologies and its practices and procedures. A.M. Best shall use Rating Analysts who, individually or collectively have appropriate knowledge and experience in developing a rating opinion for the type of credit being applied.

1.5 A.M. Best shall maintain internal records to support its credit opinions for a reasonable period of time or in accordance with applicable law.

1.6 A.M. Best and its Rating Analysts shall take steps to avoid issuing any credit analyses or reports that contain misrepresentations or are otherwise misleading as to the general creditworthiness of an issuer or obligation.

1.7 A.M. Best shall ensure that it has and shall devote sufficient resources to carry out high-quality credit assessments of all obligations and issuers it rates. When deciding whether to rate or continue rating an obligation or issuer, A.M. Best shall assess whether it is able to devote sufficient personnel with sufficient skill sets to make a proper rating assessment, and whether such personnel likely will have access to sufficient information needed in order make such an assessment. A.M. Best shall use reasonable measures so that the information it uses in assigning a rating is of sufficient quality to support a credible rating. If the rating involves a type of financial product presenting limited historical data
(such as an innovative financial vehicle), A.M. Best will make clear, in a prominent place, the limitations of the rating.

1.7.1 A.M. Best shall maintain a review function made up of one or more senior managers with appropriate experience to review the feasibility of providing a credit rating for a type of structure that is materially different from the structures that A.M. Best currently rates.

1.7.2 A.M. Best shall maintain a rigorous and formal review function responsible for periodically reviewing the Rating Methodologies and models and significant changes to the Rating Methodologies and models it uses. Where feasible and appropriate for the size and scope of its credit rating services, this function should be independent of the business lines that are principally responsible for rating various classes of issuers and obligations.

1.7.3 A.M. Best shall assess whether existing Rating Methodologies and models for determining credit ratings of structured products are appropriate when the risk characteristics of the assets underlying a structured product change materially. In cases where the complexity or structure of a new type of structured product or the lack of robust data about the assets underlying the structured product raise serious questions as to whether A.M. Best can determine a credible credit rating for the security, A.M. Best shall refrain from issuing a credit rating.

1.8 A.M. Best shall structure its rating teams to promote continuity and to avoid bias in the rating process.

B. Monitoring and Updating

1.9 Except for ratings that clearly indicate they do not entail ongoing surveillance, once a rating is published A.M. Best shall monitor on an ongoing basis and update the rating by:

a. regularly reviewing the issuer’s creditworthiness;

b. initiating a review of the status of the rating upon becoming aware of any information that might reasonably be expected to result in a Rating Action (including termination of a rating), consistent with the applicable Rating Methodology; and,

c. updating on a timely basis the rating, as appropriate, based on the results of such review.
Subsequent monitoring shall incorporate all cumulative experience obtained. Changes in ratings criteria and assumptions shall be applied where appropriate to both initial ratings and subsequent ratings.

1.9.1 If A.M. Best uses separate analytical teams for determining initial ratings and for subsequent monitoring of structured finance products, each team shall have the requisite level of expertise and resources to perform their respective functions in a timely manner.

1.10 A.M. Best makes its credit ratings available at no cost to the public via its internet web site and disseminates all announcements regarding securities ratings through a simultaneous press release. A.M. Best publicly announces if it discontinues rating an issuer or obligation.

C. Integrity of the Rating Process

1.11 A.M. Best and its Employees shall comply with all applicable laws and regulations governing its activities in each jurisdiction in which it operates.

1.12 A.M. Best and its Employees shall deal fairly and honestly with issuers, investors, other market participants, and the public.

1.13 A.M. Best Rating Analysts shall be held to high standards of integrity, and A.M. Best shall not knowingly employ individuals with demonstrably compromised integrity.

1.14 A.M. Best and its Employees shall not, either implicitly or explicitly, give any assurance or guarantee of a particular rating prior to a rating assessment. This does not preclude A.M. Best from developing prospective assessments used in structured finance and similar transactions.

1.14.1 A.M. Best shall prohibit its Rating Analysts from making proposals or recommendations regarding the design of structured finance products that A.M. Best rates.

1.15 A.M. Best’s Compliance Officer(s) shall be responsible for A.M. Best’s and its Employees’ compliance with the provisions of this Code of Conduct and with applicable laws and regulations. The Compliance Officer’s reporting lines and compensation shall be independent of the production of A.M. Best’s rating opinions.

1.16 Upon becoming aware that another Employee or entity under the common control of A.M. Best is or has engaged in conduct that is illegal, unethical or contrary to A.M. Best’s ratings policies and procedures, the Employee shall report such information immediately, on either a disclosed or anonymous basis, to the Compliance Officer so that the matter can be reviewed and appropriate action can be taken by A.M Best
and/or appropriate reports be made to relevant authorities. A.M. Best’s Employees are not necessarily expected to be experts in the law. Nonetheless, its Employees are expected to report the activities that a reasonable person would question. The Compliance Officer is obligated to take appropriate actions, as determined by the laws and regulations of the jurisdiction and the rules and guidelines set forth by A.M. Best. A.M. Best management prohibits retaliation by other A.M. Best staff or by A.M. Best itself against any Employees who, in good faith, make such reports.

2. INDEPENDENCE AND AVOIDANCE OF CONFLICTS OF INTEREST

A. General

2.1 A.M. Best shall not forbear or refrain from taking a Rating Action based on the potential effect (economic, political, or otherwise) of the action on A.M. Best, an issuer, an investor, or other market participant.

2.2 A.M. Best and its Rating Analysts shall use care and professional judgment to maintain both the substance and appearance of independence and objectivity.

2.3 The determination of a credit rating shall be influenced only by factors relevant to the credit assessment.

2.4 The credit rating A.M. Best assigns to an issuer or security shall not be affected by the existence of or potential for a business relationship between A.M. Best (or its affiliates) and the issuer (or its affiliates) or any other party, or the non-existence of such a relationship.

2.5 A.M. Best shall separate its credit rating business and Rating Analysts from any Ancillary Business of A.M. Best that may present a conflict of interest. A.M. Best’s Rating Division shall have in place procedures and mechanisms designed to minimize the likelihood that conflicts of interest will arise from Ancillary Business operations, which do not necessarily present conflicts of interest with A.M. Best’s credit rating business. As set out in the Defined Terms, A.M. Best has identified those services that it considers to be Ancillary Business, and explained why it considers them to be ancillary services.

B. Procedures and Policies

2.6 A.M. Best shall maintain written internal procedures and mechanisms to (1) identify, and (2) eliminate, or manage and disclose, as appropriate, any actual or potential conflicts of interest that may influence the opinions and analyses A.M. Best makes or the judgment and analyses of its Employees who have an influence on ratings decisions. A.M. Best will disclose such conflict avoidance and management measures.
2.7 A.M. Best’s disclosures of actual and potential conflicts of interest shall be complete, timely, clear, concise, specific and prominent.

2.8 A.M. Best must disclose the general nature of its compensation arrangements with rated entities.

a. Where A.M. Best receives compensation unrelated to its ratings service from rated entities, such as compensation for any services that fall within our definition of Ancillary Business, A.M. Best will disclose, in aggregate, the proportion of non-rating fees constitute against the fees A.M. Best received from the rated entities for ratings services, consistent with applicable compensation disclosure laws and regulations governing its activities in each jurisdiction in which it operates.

b. A.M. Best shall disclose if it receives a proportion of its annual revenue from a single issuer, originator, arranger, client or subscriber (including any affiliates of that issuer, originator, arranger, client or subscriber) that meets or exceeds the applicable compensation disclosure laws and regulations governing its activities in each jurisdiction in which it operates.

Note to 2.8 (a) and (b) – A.M. Best’s compensation disclosure is located at http://www.ambest.com/nrsro/CompensationDisclosure.pdf

c. Credit rating agencies as an industry should encourage structured finance issuers and originators of structured finance products to publicly disclose all relevant information regarding these products so that investors and other credit rating agencies can conduct their own analyses independently of the credit rating agency contracted by the issuers and/or originators to provide a rating. A.M. Best shall disclose in its rating announcements whether the issuer of a structured finance product has informed A.M. Best that it is publicly disclosing all relevant information about the product being rated or if the information remains non-public.

2.9 A.M. Best and its Employees shall not engage in any securities or derivatives trading presenting actual conflicts of interest with its rating activities, in accordance with A.M. Best’s internal securities trading policies.

2.10 In instances where rated entities (e.g., governments) have, or are simultaneously pursuing, oversight functions related to A.M. Best, A.M. Best will use different Employees to conduct its Rating Actions than those Employees involved in its oversight issues.

C. Rating Analyst and Employee Independence

2.11 Reporting lines for A.M. Best Employees and their compensation arrangements shall be structured to eliminate or effectively manage actual and potential conflicts of interest.
a. A.M. Best’s Rating Analysts shall not be compensated or evaluated on the basis of the amount of revenue that A.M. Best derives from issuers that the Rating Analyst rates or with which the Rating Analyst regularly interacts.

b. A.M. Best shall conduct formal and periodic reviews of compensation policies and practices for Rating Analysts and other Employees who participate in or who might otherwise have an effect on the rating process to ensure that these policies and practices do not compromise the objectivity of A.M. Best’s rating process.

2.12 A.M. Best shall not have Employees who are directly involved in the rating process initiate, or participate in, discussions regarding fees or payments with any entity they rate.

2.13 A.M. Best Employees shall not participate in or otherwise influence the determination of credit ratings of any particular entity or obligation if the Employee:

a. Or Immediate Family Member owns securities or derivatives of the rated entity, other than holdings in diversified collective investment;

b. Or Immediate Family Member owns securities or derivatives of any entity related to a rated entity, the ownership of which may cause or may be perceived as causing a conflict of interest, other than holdings in diversified collective investment schemes;

c. Or their Immediate Family Member has a recent employment or other significant business relationship with the rated entity that may cause or may be perceived as causing a conflict of interest;

d. Has a Close Family Member who currently works for the rated entity; or

e. Has, or had, any other relationship with the rated entity or any related entity thereof that may cause or may be perceived as causing a conflict of interest.

2.14 Rating Analysts and anyone involved in the rating process, including such individual’s Immediate Family Members (subject to limitations imposed by local law) shall not buy or sell or engage in any transaction in any security or derivative based on a security issued, guaranteed, or otherwise supported by any entity within such analyst’s Area of Primary Analytical Responsibility, other than holdings in diversified collective investment schemes.
2.15 A.M. Best Employees are prohibited from soliciting money, gifts or favors from anyone with whom A.M. Best does business and from accepting gifts offered in the form of cash or securities and any gifts exceeding a minimal monetary value.

2.16 Rating Analysts who become involved in any personal relationship that creates the potential for any real or apparent conflict of interest (including, for example, any personal relationship with an Employee of a rated entity or agent of such entity within his or her area of analytic responsibility), are required to disclose such relationship to the Compliance Officer.

2.17 A.M. Best shall maintain policies and procedures for reviewing the past work of Rating Analysts that leave the employ of A.M. Best and join an issuer the Rating Analyst has been involved in rating, or a financial firm with which the Rating Analyst has had significant dealings as part of his or her duties at A.M. Best.

3. RESPONSIBILITIES TO THE INVESTING PUBLIC AND ISSUERS

A. Transparency and Timeliness of Ratings Disclosure

3.1 A.M. Best will distribute its ratings decisions regarding the entities and securities it rates in a timely manner, subject to securities laws and its policies regarding the dissemination of ratings.

3.2 A.M. Best shall publicly disclose its policies for distributing ratings, reports and updates.

3.3 A.M. Best indicates the effective date of its credit Rating Actions with respect to securities on its web site and in press releases, and provides to the public via its web site, at no cost, a history of each rating change to a security. All press releases regarding credit Rating Actions shall indicate the principal Rating Methodology or methodology version that was used in determining the rating and where a description of that Rating Methodology can be found. Where the credit rating is based on more than one methodology, or where a review of only the principal Rating Methodology might cause investors to overlook other important aspects of the credit rating, A.M. Best shall explain this fact in the ratings announcement, and indicate where a discussion of how the different methodologies and other important aspects factored into the rating decision.

3.4 Except for “private ratings” provided only to the issuer, A.M. Best shall disclose to the public, on a non-selective basis and free of charge on its web site, any Rating Action regarding publicly issued securities or issuers that it rates, as well as any subsequent decisions to discontinue such a rating.

3.5 A.M. Best shall publish sufficient information about its procedures, Rating Methodologies and assumptions (including financial statement adjustments that deviate materially from those contained in the issuer’s published financial
statements), and a description of its rating committee process so that outside parties can understand how a credit rating decision was made by A.M. Best. This information shall include (but not be limited to) the meaning of each rating category, the definition of default or recovery, and the time horizon used when making a rating decision.

**a.** Where A.M. Best rates a structured finance product, it shall provide investors and/or subscribers with sufficient information about its loss and cash-flow analysis so that an investor allowed to invest in the product can understand the basis for the credit rating. A.M. Best shall also disclose the degree to which it analyzes how sensitive a credit rating of a structured finance product is to changes in the underlying credit rating assumptions.

**b.** Consistent with applicable laws and regulations in each jurisdiction in which the company operates, if assigned, A.M. Best will differentiate ratings of structured finance products from traditional corporate bond ratings, preferably through a different rating symbology. A.M. Best will also disclose how this differentiation functions, and apply it in a consistent manner for all types of securities to which that symbol is assigned.

**c.** A CRA should assist investors in developing a greater understanding of what a credit rating is, and the limits to which credit ratings can be put to use vis-à-vis a particular type of financial product that the CRA rates. A CRA should clearly indicate the attributes and limitations of each credit opinion, and the limits to which the CRA verifies information provided to it by the issuer or originator of a rated security.

**3.6** When issuing or revising a rating, A.M. Best shall include in its press releases and reports the key elements underlying the credit rating opinion.

**3.7** Where feasible and appropriate, prior to issuing or revising a rating, A.M. Best shall inform the issuer of the critical information and principal considerations upon which a credit rating decision is based and afford the issuer an opportunity to provide clarification regarding the principal considerations, or new information that could reasonably be expected to influence a rating committee decision. A.M. Best will duly evaluate such information. Where in particular circumstances A.M. Best has not informed the issuer prior to issuing or revising a rating, A.M. Best shall inform the issuer as soon as practical thereafter and, generally, shall explain the reason for the delay.

**3.8** In order to promote transparency and to enable the market to best judge the performance of its ratings, A.M. Best, where possible, shall publish sufficient information about the historical performance of rating categories and whether the performance of these categories have changed over time, so that interested parties can understand the historical performance of each category and if and how rating categories have changed. If, however, the nature of a rating or other circumstance make a historical default rate inappropriate, statistically invalid, or
otherwise likely to mislead the users of such rating, A.M. Best shall provide an explanation to the extent appropriate. This information shall include verifiable, quantifiable historical information about the performance of its rating opinions, organized and structured, and, where possible, standardized in such a way to assist investors in drawing performance comparisons between different credit rating agencies.

3.9 A.M. Best shall disclose whether the issuer participated in the rating process and, if applicable, that a rating was unsolicited. A.M. Best must at all times, to the extent appropriate, make its policies and procedures regarding unsolicited ratings readily available to the general public.

3.10 A.M. Best shall publicly disclose any material modification to its Rating Methodologies and significant practices, procedures, and processes. Where feasible and appropriate, disclosure of such material modifications shall be made prior to their going into effect. A.M. Best will carefully consider the various uses of credit ratings before modifying its Rating Methodologies, practices, procedures and processes.

B. The Treatment of Confidential Information

3.11 A.M. Best shall maintain procedures and mechanisms to protect the confidential nature of information shared with it by issuers. Unless otherwise permitted by a confidentiality agreement and consistent with applicable laws and regulations, A.M. Best and its Employees shall not disclose Confidential Information in press releases, through research conferences, to future employers, or in conversations with investors, other issuers, other persons, or otherwise.

3.12 A.M. Best shall use Confidential Information only for purposes related to its rating activities or otherwise in accordance with any confidentiality agreements with the issuer.

3.13 A.M. Best Employees shall take all reasonable measures to protect all property and records belonging to or in possession of A.M. Best from fraud, theft or misuse.

3.14 A.M. Best Employees are prohibited from engaging in transactions in securities when they possess Confidential Information concerning the issuer of such security.

3.15 In preservation of Confidential Information, A.M. Best Employees shall familiarize themselves with the internal securities trading policies maintained by A.M. Best, and certify their compliance on a quarterly basis as required by such policies.
3.16 A.M. Best Employees shall not selectively disclose any non-public information about rating opinions or possible future Rating Actions of A.M. Best, except to the issuer or its designated agents.

3.17 A.M. Best Employees shall not share Confidential Information entrusted to A.M. Best with Employees of any affiliated entities that are not credit rating agencies. A.M. Best Employees shall not share Confidential Information within A.M. Best except on an “as needed” basis.

3.18 A.M. Best Employees shall not use or share Confidential Information for the purpose of trading securities, or for any other purpose except the conduct of A.M. Best’s business.

4. DISCLOSURE OF THE CODE OF CONDUCT AND COMMUNICATION WITH MARKET PARTICIPANTS

4.1 A.M. Best shall at all times keep this Code of Conduct available to the public on its web site free of charge. A.M. Best shall also disclose on a timely basis and make available on its web site any changes to this Code of Conduct, including how it is implemented and enforced. Management in each division of A.M. Best is responsible for ensuring that Employees conduct themselves and operate within the guidelines established in corporate policies and procedures, including this document, as well as those that may apply to specific departments/divisions of the company. The Compliance Officer shall review A.M. Best’s and its Employees’ adherence to this Code of Conduct and related policies and procedures no less than annually.

4.2 The Compliance Officer(s) of A.M. Best, and its affiliates, are responsible for communicating with market participants and the public about any questions, concerns or complaints that A.M. Best receives concerning adherence to this Code of Conduct.

4.3 A CRA should publish in a prominent position on its home webpage links to (1) the CRA’s code of conduct; (2) a description of the Rating Methodologies it uses; and (3) information about the CRA’s historic performance data.

5. DISCUSSION OF DEVIATIONS IN THIS CODE OF CONDUCT FROM THE IOSCO CODE

Set forth below are explanations with respect to the provisions of this Code that deviate from the provisions set forth in the IOSCO Code:

Section 2.14

Section 2.14 of the IOSCO Code states that rating agency analysts, other Employees involved in the rating process, and their respective spouses, parents, and minor children should
not trade securities of (or supported by) “any entity within such analyst’s area of primary analytical responsibility, other than holdings in diversified collective investment schemes.” Although A.M. Best’s Code of Conduct prohibits such persons from owning securities of rated entities (as well as of mutual funds and similar investment schemes that invest primarily in the securities of insurance companies and other insurance related entities), it does not prohibit them from owning securities of companies that operate in the insurance industry but are not subject to any A.M. Best Rating. A.M. Best believes that, taken as a whole, its restrictions with respect to its and its Employees’ ownership of securities (and other ownership interests) are sufficient to ensure analyst and Employee independence and to achieve the objectives set forth in the IOSCO Code and the IOSCO Principles. For example, all A.M. Best ratings analysts and other Employees are forbidden from participating in any rating action if any family, personal, or financial interest might unduly influence them.

**Section 2.5**

Section 2.5 of the IOSCO Code states that “A CRA should ensure that ancillary business operations which do not necessarily present conflicts of interest with the CRA’s rating business have in place procedures and mechanisms designed to minimize the likelihood that conflicts of interest will arise. A CRA should also define what it considers, and does not consider, to be an ancillary business and why.” A.M. Best concentrates its business activities on the insurance industry. In addition to providing credit ratings (Ratings Division), the company also offers products and services related to the insurance industry such as news services and data products, publications and services. While all A.M. Best products and services are related in that they concentrate on insurance related information, the production of credit ratings (Rating Division) is effectively walled off from other departments through a series of policies and procedures designed to insulate the Rating Division’s operations from other aspects of the company’s operations. A.M. Best does not provide consulting or advisory services.

**Section 3.5 b**

Section 3.5 (b) of the IOSCO Code states that “A CRA should differentiate ratings of structured finance products from traditional corporate bond ratings, preferably through a different rating symbology. A CRA should also disclose how this differentiation functions. A CRA should clearly define a given rating symbol and apply it in a consistent manner for all types of securities to which that symbol is assigned.” A.M. Best does not use a different rating symbol or otherwise attach a prefix of suffix to such ratings. A.M. Best discloses and provides information regarding such securities in its rating announcements as required by Sections 1.7 and 3.5 (a) of the IOSCO Code.

**Section 3.9**

A.M. Best considers an entity to be an interactive participant in the rating process when it requests or otherwise subscribes to credit rating services, for example, a Financial Strength Rating. As described in published methodologies, interactive participants and affiliated entities within the immediate organizational structure that expose the legal entity to risk are subject to the assignment of any type of interactive credit rating published by A.M. Best
believes is appropriate and that provides transparency to interested parties. These entities expect, and in all cases are informed of, the ratings issued by A.M. Best. Such credit ratings may include Financial Strength Ratings, Issuer Credit Ratings and debt ratings on corporate securities and insurance-related securitizations.

**Note to section 3.9:** In recognition of the SEC’s final rules for the implementation of the Credit Rating Agency Act of 2006, the International Organization of Securities Commission’s (IOSCO) Code of Conduct requirements, and the requirements of Regulation (EC) No 1060/2009, A.M. Best documents all new credit rating relationships by entering into a credit rating agreement between the rated entity and A.M. Best. Part of this agreement sets forth obligations of A.M. Best with respect to credit ratings and the credit rating process, many of which are components of the IOSCO Code, and obligations of the rated entity. In order to specifically satisfy regulatory requirements regarding which party “initiated/solicited” the credit rating process, the agreement also includes a statement that the rated entity is requesting the credit ratings issued by A.M. Best.
Confidentiality, Firewall, Conflicts of Interest, and Securities Trading and Reporting
Policy (Policy C-5)

Issued by: Compliance Department

Applicable to: A.M. Best Company, Inc., A.M. Best Europe – Ratings Services Limited, A.M. Best Europe – Information Services, A.M. Best – Asia Pacific Limited, A.M. Best America Latina, A.M. Best Asia-Pacific (Singapore) Pte. Ltd. and their Employees and Directors

Effective date: 05/04/1967


Definitions


“Brokerage Account”: Accounts through which investment orders are placed and transactions executed on the investor’s behalf. For purposes of A.M. Best Policy, Brokerage Accounts are owned (or controlled) by an employee, either individually or jointly, or owned by an Immediate Family Member of the employee, (including where the employee is able to trade Securities on behalf of the Immediate Family Member), or where the Immediate Family Member is able to trade Securities on his/her own behalf.

“Confidential Information”: Refers to information possessed by A.M. Best that is not generally known by the public, except for information that: (a) is contained in (i) public disclosure documents, (ii) a press release issued by the issuer, or (iii) a publication or newspaper of general circulation; or (b) the issuer has informed A.M. Best that such information is public information.


“Credit Rating”: Independent opinions regarding the creditworthiness of an obligor, issuer or debt obligation.

“Employee”: All full and part time employees and directors of A.M. Best.

“Non-Brokerage Account”: Pensions and other tax-qualified/efficient accounts are deemed to be Non-Brokerage Accounts. Although subject to different definitions based on jurisdiction, these plans/funds are taken to include longer term commitments made by employees and their family to provision for their eventual retirement or other specified goals, such as an education savings plan. The guiding principle is that the savings plan consists of a number of well-diversified mutual funds and that the individual investor does not have control over issuer specific Securities within the plan and can only make general
requests as to the fund make-up applicable to their plan. Examples include 401(k), 403(b), 457, and 529 plans (and any foreign equivalents).

“Rating Action”: Refers to the determination and dissemination of an initial Credit Rating; any change, affirmation, suspension or withdrawal of an existing Credit Rating; any change in a rating outlook; the placement of an existing Credit Rating under review; and, the publication of an expected or preliminary Credit Rating assigned to an obligor, security, or money market instrument before the publication of an initial Credit Rating.

“Ratings Analyst” (also referred to as “Credit Analyst”): Employees of A.M. Best that participate in determining, monitoring or approving Credit Ratings.

“Restricted Company”: Any company that has been issued or is applying for a Best Financial Strength Rating, a Best Issuer Credit Rating and/or a Best Debt Rating and all subsidiaries of such entities. In general, parent companies that derive a significant portion of revenues (GAAP revenue includes premium and insurance policy deposit activity) from Restricted Company subsidiaries (approximately 20%) are also deemed to be Restricted Companies and therefore securities issued by such parent and/or its subsidiaries, although not rated by A.M. Best, fall under the guidelines of this Policy. Conversely, a large corporate entity that owns a small internal captive insurer that is rated by A.M. Best would not be considered a Restricted Company.

“Restricted Security”: Means any and all stocks, bonds, notes, and similar securities (whether or not listed or publicly traded) issued by a Restricted Company and also include all options, warrants, and other derivatives thereof and Insurance Sector Funds.

“Immediate Family” and “Immediate Family Member”: An employee’s spouse, siblings, step-siblings, parents, step-parents, children, step-children, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law sharing the same residence or having a dependent relationship with the employee.

“Insurance Sector Fund” means any mutual fund, Exchange Traded Fund (ETF) or other collective investment scheme that invests primarily in the securities of insurance companies and other insurance related entities.

“Material Non Public Information (MNPI)” means Confidential Information that a reasonable investor would consider important in making a decision to buy, sell or hold a security, including but not limited to, Confidential Information related to acquisitions, mergers, divestitures, capital structure transactions, and projected financial results.

INTRODUCTION

Next to its employees, A.M. Best’s greatest asset is its reputation for producing quality ratings. The quality of our ratings depends on our integrity and independence from conflicts of interest. Any compromise to our integrity, or even the appearance of a compromise, conflict of interest, or other impropriety, could severely damage our reputation and, as a result, diminish the value of our ratings and our business. A.M. Best understands, and it is vital that each Employee understands, the importance of A.M. Best’s role in the insurance, financial services, health care, securities, and other markets and the
responsibility this creates. A.M. Best is committed to providing ratings that are objective, independent, timely, and forward-looking to fulfill its responsibilities to the markets it serves.

A.M. Best has issued this Confidentiality, Firewall, Conflicts of Interest, and Securities Trading and Reporting Policy (this “Policy” or “Policy C-5”) to protect our reputation against actual and perceived conflicts of interest or other compromises of our honesty and integrity. We have earned our reputation over more than 100 years, and we must continue to earn it every day going forward. This A.M. Best goodwill is entrusted to each of our Employees in their day-to-day work.

An area of particular concern is the proper treatment, use, and protection of confidential information possessed by A.M. Best. All information provided to A.M. Best (even information that is not confidential information) must be treated with respect and due care.

As outlined below, Employees are prohibited from disclosing any Confidential Information to any third parties (and, to a certain extent, other Employees) and are additionally required to take active steps to protect the confidentiality of MNPI. Handling Confidential Information in a highly professional manner (in accordance with this Policy) will help protect A.M. Best’s reputation for honesty and integrity and our relationships with the companies we rate, our other customers and clients, our regulators, market participants, and the general public.

Another key to preserving A.M. Best’s reputation is preventing even the appearance of a conflict of interest. To this end, this Policy contains restrictions on Employee’s securities transactions and on their securities holdings.

This Policy applies to A.M. Best and all Employees. All Employees are required to be familiar with and to comply with this Policy and all of A.M. Best’s other policies and codes of conduct (collectively, the “Best Policies”), including our Code of Conduct. In addition, all Employees should be aware that they may be civilly and/or criminally liable, under state, federal, and/or other applicable laws, for improper disclosure or use of Confidential Information (including trading of securities of an issuer while in possession of, or based upon, MNPI. All Employees are expected to be familiar with and understand the legal and regulatory structure applicable to A.M. Best. To the extent that any Employee participates in the securities or other markets in their individual capacity, A.M. Best expects such individual to be familiar with the legal and regulatory requirements applicable to such participation.

Violations of this Policy (including failure to comply with the reporting requirements of this Policy and failure to comply with this Policy’s requirements in a timely manner) may lead to disciplinary action by A.M. Best, up to and including termination of employment.

This Policy may be amended or replaced at any time.
Section 1  
Confidential Information 

1.1 Confidential Information  

Confidential Information is not limited to information received by A.M. Best that is marked as confidential or proprietary. In general, you should take a broad and conservative view towards what might be deemed Confidential Information. Information maintained on companies that is not included in public documents, including material that has been specifically requested by A.M. Best, should be treated as Confidential Information. If you have any doubt as to whether information is Confidential Information (or whether it is sensitive and should be treated with special care even if not strictly confidential), you should presume that such information is Confidential Information. If you have a question as to whether or not certain information should be treated as Confidential Information, contact your supervisor, department head, or the Compliance Officer for guidance. 

1.2 Use of Confidential Information and MNPI  

Strict compliance with this Policy is required of all Employees with respect to the handling, use, management, disclosure, and protection of all Confidential Information, including MNPI. 

(a) Permitted Use of Confidential Information  

A.M. Best and all Employees shall use material Confidential Information only for purposes related to A.M. Best’s business activities. Any other use by any Employee is strictly prohibited (including, but not limited to, any use for any direct or indirect personal gain or the gain of others, and whether through trading of securities or otherwise). A.M. Best and all Employees shall actively protect and safeguard all material Confidential Information from disclosure to any third parties or, except as otherwise expressly permitted by this Policy (including the Firewall Policy set forth in Section 1.4 below), to any other Employees that are not involved in the related business activity. 

MNPI may be shared and discussed only with the entity (or its authorized agents) that provided such information to A.M. Best and with Employees who have a “need to know” (as defined in Section 1.4(b) below) such information, as more fully described below. Employees are required to make every effort to protect such information from improper disclosure or misuse. 

Although A.M. Best’s Ratings Analysts may discuss the analysis underlying and supporting rating opinions with investors, media, analysts, and certain other third parties, under no circumstances are Ratings Analysts or any other Employees permitted to discuss or disclose MNPI (or to render or imply personal views with respect to specific ratings). Please note that all unpublished rating committee determinations are considered MNPI and must be treated with due care and in accordance with this Policy. 

Under no circumstances can MNPI be discussed with persons (other than the rated entity or its authorized agents) outside the A.M. Best organization (including family, friends, social acquaintances, and business contacts). 

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(b) **Prohibited Uses of Confidential Information.**

(i) **Securities Trading.** Each Employee is prohibited from buying, selling, or otherwise trading stock or other securities (or any derivative thereof) (i) of any company if such person is aware of any MNPI of such company or (ii) if such purchase, sale, or other trade is made on the basis, in whole or in part, of any MNPI. Each Employee is similarly prohibited from (i) using or employing any third party to make any such purchase, sale, or other trade or (ii) providing any MNPI to any third party for any reason (including, but not limited to, any purpose related to any purchase, sale, or other trade of any stock or other securities).

Misuse of MNPI may be a violation of law, including state and federal laws relating to the trading of securities. Serious consequences could result from the misuse of MNPI and may include civil and criminal liability, sanctions, significant fines, and imprisonment.

A.M. Best’s additional securities trading policies are discussed below in Section 2 of this Policy.

(ii) **Other Prohibited Uses.** Any other use of MNPI that is not expressly permitted by this Policy is strictly prohibited.

1.3 **Protection of Confidential Information.**

(a) **In General.** As a general rule, all Employees should exercise the utmost care when handling Confidential Information in order to avoid violating this Policy, any other Best Policy, or any applicable legal, regulatory, or ethical requirements.

If you receive Confidential Information, you are required to follow the appropriate procedures outlined in this Policy and to comply with all other policies and procedures of A.M. Best regarding the treatment of Confidential Information. If the existing policies and procedures of A.M. Best do not address the handling of a particular type of information or circumstance, you should immediately contact your supervisor, department head, or the Compliance Officer for guidance.

(b) **Specific Guidance - MNPI.** You must make every effort to safeguard all MNPI that comes to you through your work at A.M. Best. You should at all times exercise caution when discussing MNPI, whether inside or outside the office. When outside the office, you should exercise special care due to the increased likelihood that unauthorized third parties may overhear discussions or see documents. MNPI is never to be discussed in social situations, nor with any unauthorized third parties (including, but not limited to, friends and relatives). Within the office, you should be careful in conversations not to disseminate MNPI to Employees who do not have a bona fide “need to know” such information or to persons unaffiliated with A.M. Best. Distribution of documents, notes, files, and other ratings-related work should be controlled and limited. When sharing MNPI with another Employee who has a legitimate “need to know” such information, the disclosing Employee is responsible for letting the recipient know that the information is Confidential Information or MNPI. Whether a particular Employee has a legitimate “need to know” regarding certain Confidential Information is discussed in Section 1.4 below.

In addition to the foregoing, you should maintain the following safeguards to protect MNPI:
(i) **Calls with Interested Parties.** On calls with interested parties, such as individual and institutional investors, underwriters of securities, insurance brokers, investment bankers, or the media, A.M. Best’s Ratings Analysts may discuss the analysis supporting any rating assigned by A.M. Best. However, under no circumstances should Ratings Analysts discuss MNPI on any such calls or render or imply personal views with respect to specific ratings. Ratings Analysts should discuss only information that has been publicly disclosed. Additionally, Ratings Analysts are prohibited from discussing any commercial relationship between the interested party and A.M. Best, or between A.M. Best and any entity rated by A.M. Best.

(ii) **Discussions.** All Employees are strictly prohibited from discussing MNPI under circumstances in which persons (other than Ratings Analysts who have a “need to know”) could overhear such discussions. This rule applies at all times, both inside and outside the office. Employees should exercise extreme caution in participating in conversations in public places when using speakerphones or talking on cellular phones or in any other location/situation in which unauthorized persons may overhear or see MNPI.

(iii) **Documents.** Documents (including electronic communications such as emails and faxes), notes, files, and other ratings-related work products that contain MNPI should not be left out in the open (whether at work, at home, or anywhere else) where unauthorized personnel might see them.

(iv) **Ratings.** Employees are prohibited from disseminating, within or outside A.M. Best, any pending Rating Action except in strict accordance with all applicable Best Policies. (Note that an unpublished Credit Rating is considered MNPI).

For additional guidance on sharing of Confidential Information, including MNPI, with other Employees, you are directed to A.M. Best’s Firewall Policy in Section 1.4 below.

**1.4 Firewall Policy.**

(a) **In General.** In addition to being a leading provider of financial strength, issuer credit, and debt ratings, A.M. Best provides communications, news, and information services through its Communications Division and its Information Services Division (all departments and divisions of A.M. Best other than the Ratings Division are collectively referred to herein as “Non-Ratings Divisions”). A.M. Best recognizes, however, that maintaining the integrity of its ratings and ratings processes, including the independence and objectivity of the Ratings Division, is of paramount importance. In addition to the restrictions on the use of Confidential Information set forth in this Policy, the Firewall Policy set forth in this Section restricts the sharing and use of Confidential Information within A.M. Best.

As part of A.M. Best’s commitment to fair and honest dealing in all aspects of its business, this Firewall Policy is intended to: (i) protect MNPI from improper use or disclosure by strictly limiting the sharing of such information within the A.M. Best organization; (ii) protect the Ratings Division from any improper influence of the Non-Ratings Divisions or any of their clients; and (iii) protect each Non-Ratings Division from any improper influence of the Ratings Division, any other Non-Ratings Division, or any of their respective clients.

This Firewall Policy is vital to ensuring that A.M. Best’s Ratings Division and each of its Non-Ratings Divisions operate without jeopardizing their credibility and reputation. The limitations on the use
of information outlined in this Firewall Policy are necessary to prevent any actual or perceived impropriety in A.M. Best’s handling and use of Confidential Information, MNPI and other sensitive information.

(b) **The Firewalls.**

(i) “Need to Know”. Except as otherwise specifically provided herein, MNPI (and other sensitive information) may only be shared within A.M. Best with Employees who have a legitimate “need to know” such information in connection with the performance of their duties as an Employee of A.M. Best. Within the Ratings Division, only Ratings Analysts that are directly involved in a rated entity’s rating relationship, their immediate Team Leader, and the senior officer of the applicable rating department qualify as bona fide “need to know” individuals. These individuals, under the direction of their Team Leader may be allowed to share such information with the appropriate rating committee.

(ii) Operation of the Firewalls. The establishment of firewalls between A.M. Best’s departments and divisions does not imply that MNPI can circulate freely within a division or department. Nor is the establishment of these firewalls intended to prevent all communication of MNPI between divisions and departments. The “need to know” limitation applies to the sharing of MNPI among Employees in the same division and/or department, as well as the sharing of MNPI among Employees in different divisions/departments. All sharing and disclosing of MNPI within A.M. Best is subject to this Firewall Policy.

Business communications between Employees in different divisions and/or departments and related to or involving material Confidential Information should be kept to a minimum and on a “need to know” basis. Employees are directed not to discuss company specific information, potential or pending Rating Actions, particular company transactions, or capital market initiatives with any Employee outside their immediate working group of “need to know” personnel.

Except as otherwise outlined in this Policy, if an Employee believes that it is necessary or advisable to share certain MNPI with an Employee in another division and/or department, such Employee must notify the senior officer in his or her department, his or her Team Leader, and the Compliance Officer prior to sharing such information. Thereafter, such Employee may only act upon, and in strict compliance with, the determination of such senior officer, Team Leader, and/or Compliance Officer.

Except as otherwise specifically provided in this Policy, all Employees shall at all times comply with the following:

(A) Ratings Analysts are prohibited from disclosing MNPI to Employees who do not have a bona fide need to know, including disclosing MNPI to Employees employed in the Ratings Division who are not directly involved in the rating process for the rated entity to which such information pertains.
(B) Employees in a Non-Ratings Division are prohibited from disclosing any information on the specific nature of any Non-Ratings Division commercial relationship (products and services) to any Ratings Analyst. Employees in any Non-Ratings Division may not request any MNPI (or other Confidential Information) concerning a rated entity.

(C) No Employee, whether employed by the Ratings Division or a Non-Ratings Division, may suggest or imply that the purchase of any particular product or service will have a favorable effect on a rating. As part of their work responsibilities, Ratings Analysts often make business related presentations to interested parties, particularly with respect to the rating process (or certain aspects of the process). In the course of these presentations, ratings analysts may offer or may be asked to discuss the general nature of certain products and services offered by A.M. Best. However, under no circumstances should any Ratings Analyst enter into commercial discussions with any particular interested party and any commercial inquiries of interested parties should be directed to an appropriate person at the appropriate Non-Ratings Division.

(D) The opinions of A.M. Best’s Ratings Analysts are developed by following A.M. Best’s processes, methodologies, policies, and procedures and are not be influenced by any commercial relationship (or the absence of a relationship) between A.M. Best and any third party.

(E) No Employee is permitted to attempt to exert improper influence on the opinions of any of A.M. Best’s Ratings Analysts. Under no circumstance is it permitted for any Employee to try to influence the opinion of a Ratings Analyst by referring to the commercial relationship (or the absence of a commercial relationship) between A.M. Best and any third party.

(F) A.M. Best’s Ratings Analysts and other ratings personnel may not participate in any business activities of the Non-Ratings Divisions to the extent any such participation may give rise to an actual or perceived conflict of interest.

(G) Employees involved in determining, monitoring or approving Credit Ratings and those that participate in developing or approving procedures or methodologies used for determining Credit Ratings, including qualitative and quantitative models, are prohibited from initiating, discussing, negotiating, or arranging rating services fees.

(H) Ratings Analysts may not discuss the deliberations relating to, or any material Confidential Information used in determining, any A.M. Best rating with any Employee employed in any Non-Ratings Division.

(I) A.M. Best and Employees of A.M. Best are prohibited from having any non-ordinary course business relationships with a Restricted Company. For instance, a non-ordinary course business relationship would include obtaining a loan from a Restricted Company at interest rates far below market rates or entering a business relationship with a rated entity, such as a joint venture. Ordinary course business relationships, such as purchasing insurance policies, mutual funds (excluding insurance...
Sector Funds), pension, healthcare or other services at market rates (arm’s length transactions) are not considered non-ordinary course business relationships.

(J) Employees are prohibited from disseminating, whether within or outside A.M. Best, pending rating actions except in strict accordance with all applicable Best Policies.

(K) Ratings Analysts are prohibited from making proposals or recommendations, either formally or informally, regarding the design of structured finance products that A.M. Best rates.

(L) A.M. Best and Employees of A.M. Best are prohibited from providing consultancy or advisory services to a rated entity or a related third party entity regarding the corporate or legal structure, assets, liabilities or activities of a rated entity or its related third parties.

(M) Ratings Analysts employed by A.M. Best Europe – Rating Services Limited are prohibited under Point 7 of Annex C of Regulation (EC) No 1060/2009 from becoming employed in a “key management position” by any entity or its related third parties in which the analyst participated in determining a Credit Rating within six months of the Credit Rating.

(N) Rating Analysts not employed by A.M. Best Europe – Rating Services Limited who vote in rating committees where the lead Rating Analyst of the subject of the credit rating is employed by A.M. Best Europe – Rating Services Limited are prohibited under Point 7 of Annex C of Regulation (EC) No 1060/2009 from becoming employed in a “key management position” by any entity or its related third parties in which the Rating Analyst participated in determining a Credit Rating within six months of the Credit Rating.

Note to (M) and (N): European Regulators have not defined “key management position”, however, it is broadly accepted across EU financial regulation that a “key management position” generally entails assignment of decision making, directly or indirectly, by means of delegation from the responsible bodies/persons, or responsibility for final sign-off of decisions to responsible bodies/persons within the company.

These employment functions naturally point to positions that are generally referred to as part of the senior management of a company (board members, directors, executive officers, heads of departments, etc.). However, EU regulators also believe that a case by case analysis is always needed to assess the extent to which a position may be effectively "key". For example, EU regulators believe that a middle management position may be deemed as key to the extent to which it involves interactions with a credit rating agency.

(O) Ratings Analysts, upon becoming aware that another Ratings Analyst has engaged in conduct that is illegal shall report such information immediately to the Compliance Officer. A.M. Best management prohibits retaliation by other A.M. Best staff or by A.M. Best itself against any employees who, in good faith, make such reports.
Effective February 1, 2011, Employees shall immediately report to the Compliance Officer, via email, any instance where the Employee receives from any outside party (defined as any person not employed by A.M. Best Company and its subsidiaries) information that alleges that an issuer of securities that are rated by A.M. Best has committed, or is committing, a violation of law.

Note: Employees are not expected to be experts in law and as such you are under no obligation to make any judgment regarding the materiality of an alleged violation of law, or to attempt to verify the accuracy of such alleged violation.

Effective February 1, 2011, Employees shall immediately report to the Compliance Officer, via email, any complaint received from any outside party (defined as any person not employed by, or a director of, A.M. Best Company and its subsidiaries) regarding A.M. Best’s Credit Ratings, rating models, rating methodologies, or compliance with securities laws. Additionally, Employees are required to forward to the Compliance Officer copies of any documents received from such outside parties, including but not limited to, any information received by post or email.

1.5 Additional Obligations of Employees.

If an Employee becomes aware of anyone (within or outside A.M. Best) who is misusing MNPI, or is taking a cavalier attitude towards its safeguard, such Employee has an obligation to A.M. Best and to the entity providing such information to notify their supervisor, department head, or the Compliance Officer of this circumstance. In addition, if someone shows an unusual interest in rating activity for a particular rated entity, and that individual has no legitimate business reason to be apprised of such information, Employees have an obligation to report such unusual or suspicious activity to their supervisor, department head, or the Compliance Officer. Potential abuse or misuse of MNPI could damage A.M. Best’s reputation and financial condition, which could ultimately jeopardize the welfare of A.M. Best and its employees.

If an Employee becomes aware that another Employee or division of A.M. Best is engaging, or has engaged, in conduct that is illegal, unethical, or contrary to A.M. Best’s policies and procedures, such Employee is required to report such information immediately, on either a disclosed or anonymous basis, to their supervisor, department head, or the Compliance Officer so that the matter can be reviewed and appropriate action can be taken. Employees are not expected to be experts in the law, but they are expected to report the activities that a reasonable person would question. The Compliance Officer is obligated to take appropriate action, as determined by applicable laws and regulations and the rules, procedures, and guidelines set forth by A.M. Best. A.M. Best prohibits retaliation by other Employees or by A.M. Best itself against any Employee who, in good faith, make such reports.
SECTION 2

CONFLICTS OF INTEREST AND SECURITIES TRADING AND REPORTING POLICY

2.1 General Policies.

Except in certain limited circumstances, all Employees of A.M. Best (and, in certain circumstances, members of their Immediate Family) are prohibited from owning any security, or becoming involved in any business, activity, association, organization, consulting role, or other activity, that could be interpreted as creating a real or potential conflict of interest or could in any way damage A.M. Best’s reputation. In addition to each Employee’s duty of loyalty to A.M. Best, each Employee has an obligation to preserve and protect A.M. Best’s reputation for independence, honesty, integrity, and fair dealing. All Employees are prohibited from engaging in any activity that might constitute or result in, or create the appearance of, any impropriety or conflict of interest.

A.M. Best occupies a unique position as an objective and independent authority serving the insurance, financial services, health care, and other industries. A.M. Best is committed to dealing fairly and honestly with issuers, investors, regulators, market participants, and the public and to providing ratings that are objective, independent, timely, and forward-looking.

Significant damage to A.M. Best’s reputation can result from any actual (or perceived) conflict of interest or impropriety. Therefore, all Employees are required to take a very conservative approach towards avoiding any such actual or perceived conflict of interest or impropriety.

The prevention of any actual (or perceived) conflict of interest or impropriety also ensures and reinforces the trust that rated entities place in A.M. Best, which is vital to the continued high quality of our ratings.

2.2 Conflicts of Interest. To minimize the risk of any actual or perceived conflict of interest or impropriety, each Employee is subject to the following restrictions:

(a) Relationships with Restricted Companies, Government Agencies, and Self-Regulatory Bodies.

No Employee may:

(i) be employed by, provide services as an independent contractor to, serve on any board of directors or similar supervisory board of, or, except as specifically provided in Section 2.3 below, own any security (or any derivative thereof) issued by any Restricted Company or any entity affiliated with anyRestricted Company (such as a parent, subsidiary, or sister company of such Restricted Company), nor will A.M. Best appoint to its board any persons associated with such companies;

(ii) hold any elected or appointed government office, to the extent holding any such office may give rise to an actual or perceived conflict of interest;
(iii) serve in any capacity on any government or public agency, authority, commission, or regulatory body, to the extent any such service may give rise to an actual or perceived conflict of interest;

(iv) serve in any capacity on any self-regulatory body that has any function in the oversight of the insurance, financial services, health care, or capital markets, to the extent any such service may give rise to an actual or perceived conflict of interest; or

(v) serve on any board of directors or similar supervisory board of, be employed by, or provide services as an independent contractor to any trade or professional organization or association, to the extent any such service may give rise to an actual or perceived conflict of interest.

(vi) serve on any board of directors or similar supervisory board of, be employed by, or provide services as an independent contractor to any broker or dealer engaged in the business of underwriting securities or money market instruments. This prohibition also applies to any person directly or indirectly controlling, controlled by or under the common control of A.M. Best.

Employees must also promptly notify the Compliance Officer in the event that their Immediate Family Members serve in any of the capacities described in items (i) through (vi) above.

(b) **Prohibition on Participating in Rating Actions.** In addition to the prohibitions enumerated in Section 2.2 (a) (i) through (vi) Employees are prohibited from participating in any aspect of the rating process or any Rating Action involving a Restricted Company or any security of a Restricted Company if:

(i) you or any Immediate Family Member own any security of such Restricted Company (other than any such securities held in diversified mutual funds);

(ii) you or any Immediate Family Member own any Insurance Sector Fund (as defined below);

(iii) you or any Close Family Member serve on any board of directors or similar supervisory board of, or are employed by, any Restricted Company or any entity affiliated with any Restricted Company; or

(iv) a family, personal, or financial interest might unduly influence you in any way (for example, if your Immediate Family Member is employed by a company that does significant business with a Restricted Company).

Additionally, any Employee that served on any board of directors or similar supervisory board of, owned any security issued by, was employed by, or had any other relationship with a Restricted Company (or any affiliate thereof) that may cause, appear to cause, or be perceived as causing a conflict of interest, is prohibited from participating in any aspect of the rating process or any Rating Action involving such Restricted Company or any security of such Restricted Company for a period of five years following the termination of such relationship.
At the end of such five year period, A.M. Best shall determine, in its discretion, whether such Employee shall be permitted to participate in any rating process or Rating Action involving such Restricted Company. Such decision shall be made by the Senior Rating Officer – Rating Services and the Compliance Officer following a review of the facts and circumstances surrounding each case and their assessment of such person’s ability to independently and fairly participate in the rating process. If the Senior Rating Officer – Rating Services and the Compliance Officer disagree, the Compliance Officer’s decision will control.

To the extent that any Employee is subject to any of the foregoing restrictions, such person is required to inform the Compliance Officer upon the commencement, and upon the cessation or termination, of the circumstances subjecting such person to such restrictions. To the greatest extent possible, each such Employee shall provide advance notice of any such circumstances.

(c) Gifts – Employees not involved in determining, monitoring or approving Credit Ratings

(i) Except as otherwise specifically provided herein, Employees not involved in determining, monitoring or approving Credit Ratings and their Immediate Family Members are prohibited from accepting gifts, benefits, services or anything similar (collectively gifts) totaling more than $100 USD annually from any Restricted Company (or any of its directors, employees, agents, or representatives) or from any third party representing or in any way affiliated with any Restricted Company. Such $100 USD limit applies collectively to all gifts received by you and your Immediate Family Members, except that gifts from a Restricted Company to your Immediate Family Members who are currently employed by such Restricted Company are exempt from this Policy. Any single gift or gifts that, in aggregate, exceed the $100 USD annual limit shall be promptly reported to the Compliance Officer and immediately relinquished to A.M. Best for appropriate disposition.

(ii) You are required to report any gift received by you or your Immediate Family Members from any Restricted Company.

(iii) You are prohibited from soliciting (or in any way requesting money), gifts, favors, benefits, and anything similar from any Restricted Company (or any of its directors, employees, agents, or representatives) or any third party representing, or in any way affiliated with, any Restricted Company.

(iv) Gifts of cash (or cash equivalents such as securities, gift cards, etc.) from any Restricted Company to you, and/or your Immediately Family Members, are strictly prohibited under all circumstances.

(v) Attendance at high profile functions or events, such as the Super Bowl, the Oscars, and certain fundraisers, that are paid for by a Restricted Company are strictly prohibited.

(vi) Occasional meals provided by a Restricted Company in connection with legitimate A.M. Best business activities with such company, which are neither so frequent nor so extensive as to raise any question of impropriety or undue influence, are not subject to the annual gift limit or the reporting requirement set forth in subsection (ii) above.
Entertainment provided by a Restricted Company in connection with legitimate A.M. Best business activities with such company, which are neither so frequent nor so extensive as to raise any question of impropriety or undue influence, are not subject to the annual gift limit, but are subject to the reporting requirements in subsection (ii) above. The provisions of this subsection (vi) do not apply, however, if there is no legitimate business purpose underlying any such meal or entertainment activity.

(vii) Transportation, lodging, and meal expenses to attend a business meeting with a Restricted Company may be paid for or reimbursed by the Restricted Company if (A) you obtain prior approval from the head of your department, (B) the location of the meeting is appropriate for the purpose of the meeting (e.g., the Restricted Company’s offices), and (C) transportation, lodging, and meal expenses for any outside (personal) guest are not paid for or reimbursed by the Restricted Company. Such payment or reimbursement by a Restricted Company is not subject to the annual gift limit, but is subject to the reporting requirements in subsection (ii) above.

(viii) Transportation, lodging, and meal expenses for eligible Employees that are requested to make business presentations at a Restricted Company sponsored event may be paid for or reimbursed by the Restricted Company if such Employee obtains prior approval from the head of his or her department and no similar payment or reimbursement is made with respect to any guests of such employee. Payment or reimbursement of transportation, lodging, and meal expenses are not subject to the reporting requirement, but in no instance exceed the period beginning the night before and ending the morning after the presentation is made. Entertainment in connection with such events, provided such entertainment does not raise any question of impropriety or undue influence, is not subject to the annual gift limit, but is subject to the reporting requirements in subsection (ii) above.

(d) **Gifts – Employees involved in determining, monitoring or approving Credit Ratings.**

(i) Except as otherwise specifically provided herein, Employees involved in determining, monitoring or approving Credit Ratings and their Immediate Family Members are prohibited from accepting gifts, benefits, services, entertainment or anything similar (collectively gifts) from any Restricted Company (or any of its directors, employees, agents, underwriters, sponsors or representatives) or from any third party representing or in any way affiliated with any Restricted Company. Such prohibition applies to all gifts received by you and your Immediate Family Members, except that gifts from a Restricted Company by an Immediate Family Member who is currently employed by such Restricted Company are exempt from this Policy.

(ii) You are required to report any gift received by you or your Immediate Family Members from any Restricted Company, excluding those gifts expressly permitted under section (iv) below.

(iii) You are prohibited from soliciting or in any way requesting gifts from any Restricted Company (or any of its directors, employees, agents, or representatives) or any third party representing, or in any way affiliated with, any Restricted Company.
(iv) **Permitted Gifts** – Employees who participate in determining, monitoring or approving Credit Ratings are permitted to receive gifts from Restricted Companies in the context of normal business activities such as note pads, pens and refreshments, including light lunches, during meetings at the company’s offices that have an aggregate value of no more than $25.00 USD per person and per day. Such employees are prohibited from accepting any gift, regardless of its value, that has no use in conducting the meeting.

(e) **Issuing or Maintaining Certain Credit Ratings.** Rule 17g-5(c) promulgated by the Securities and Exchange Commission (the “Commission”) pursuant to the Securities Exchange Act of 1934 (the “Exchange Act”) prohibits nationally recognized statistical rating organizations (including A.M. Best) from having the following conflicts of interest:

(i) Issuing or maintaining a Credit Rating solicited by a person that, in the most recently ended fiscal year, provided the nationally recognized statistical rating organization with net revenue equaling or exceeding 10% of the total net revenue of the nationally recognized statistical rating organization for such fiscal year; or

(ii) Issuing or maintaining a Credit Rating with respect to a person (excluding a sovereign nation or an agency of a sovereign nation) where the nationally recognized statistical rating organization, a Rating Analyst that participated in determining the Credit Rating, or a person responsible for approving the Credit Rating directly or indirectly controls, is controlled by, or is under common control with the person that is subject to the Credit Rating.

Additionally, Mexico’s regulatory restrictions prohibit A.M. Best America Latina from rating any entity that owns or controls five percent or more of A.M. Best America Latina.

Notwithstanding any provision to the contrary in this Policy or any other A.M. Best Policy, any action by A.M. Best or by any Employee which violates, or might reasonably be expected to lead to or result in a violation of these provisions is strictly prohibited.

(f) **Disclosure of Other Potential Conflicts.** With respect to every rating process or action in which an Employee participates, that Employee is required to disclose to their department head and the Compliance Officer any other potential conflicts of interest not otherwise covered in this Policy. The Compliance Officer, after consultation with the Employee’s department head, will determine whether any such potential conflict of interest could reasonably be expected to (or appear to) compromise or otherwise impair the Employee’s ability to participate in an objective and independent manner with respect to such Rating Action or process. Remember: You are required to use your utmost care to avoid even the appearance of any impropriety or conflict of interest.

(g) **Additional Restrictions.** It may be necessary from time to time for A.M. Best to impose greater restrictions than those set forth in this Section 2.2 with respect to a particular division or department of A.M. Best. To the extent A.M. Best institutes any additional restrictions Employees will be given notice thereof by A.M. Best.
2.3 **Securities Trading and Reporting.**

(a) **Restricted Securities.**

It is A.M. Best’s view that any purchase, ownership, or trade of any security issued by a Restricted Company (or any derivative thereof) and Insurance Sector Funds by A.M. Best or any Employee is likely to give rise to a conflict of interest or at least create an appearance of impropriety or a conflict of interest. To protect and sustain A.M. Best’s long established reputation for honesty, integrity, and fair dealing, A.M. Best maintains strict policies with respect to purchasing, owning, and trading Restricted Securities.

In addition to the rated companies listed on the Ratings Center of A.M. Best’s website, A.M. Best also maintains an internal list of Restricted Companies (the “Restricted List”) as a convenience to aid Employees in identifying Restricted Securities. Companies are added to the Restricted List when the company requests A.M. Best to initiate a review process which is intended to lead to the issuance of a Best Financial Strength Rating, a Best Issuer Credit Rating, a Best Securities Rating, or any other Best Credit Rating. It is the responsibility of Employees with knowledge of the rating request to immediately notify the Compliance Officer that such process has been initiated and supply the names and ticker symbol, if applicable, of the entities that should be added to the Restricted List. It should be noted that although A.M. Best attempts to maintain a current and exhaustive listing on its website and Restricted List, great care should be exercised before trading any securities issued by companies within the insurance, financial services and health care sectors.

To help ensure that Employees do not inadvertently engage in securities transactions that are contrary to A.M. Best’s securities ownership and trading policies, all Employees of A.M. Best are strongly encouraged to report, through the electronic “Securities Certification System”, all intended purchases of securities other than diversified mutual funds and non-Insurance Sector ETFs prior to placing the purchase order, whether such order or purchase is intended to be made directly by the Employee or an Immediate Family Member, or a person acting on behalf of such Employee or Immediate Family Member (for example: a financial planner or advisor).

Additionally, this Policy requires that all Employees promptly inform the Compliance Officer of any sector fund or rated company and/or their subsidiaries, affiliates or parent company of such rated entity that should be added to or deleted from the Ratings Center and/or Restricted List.

The following paragraphs set forth A.M. Best’s policies with respect to Restricted Securities.

(b) **Corporate Investments by A.M. Best.**

A.M. Best Company, Inc., its subsidiaries or affiliates, their pension, profit sharing and retirement plans and any other accounts controlled by A.M. Best or its subsidiaries are prohibited from owning or trading Restricted Securities.

(c) **Personal Investments by Employees.**

(i) Employees are required to disclose upon employment, and thereafter on a quarterly basis, the name(s) of any company(s) providing brokerage services (Brokerage and non-
Brokerage) to the Employee or their Immediate Family Members. Upon request, Employees are required to provide A.M. Best with original copies of all brokerage account statements, including trade confirmations, for all such accounts held by the Employee and their Immediate Family Members.

(ii) Except as otherwise expressly provided in this Policy, all Employees and their Immediate Family Members, are prohibited from owning or trading any Restricted Securities. Notwithstanding the foregoing provision of this subsection (ii), an Employee’s Immediate Family Member who is currently employed by a Restricted Company is exempt from this prohibition insofar as it relates to the Restricted Securities of such Restricted Company. Employees with an Immediate Family Member who owns Restricted Securities as provided in this subsection (ii) are required to recuse themselves from all rating deliberations, processes, and actions involving the related rated entity.

(iii) Restricted Securities owned by Employees in pension, retirement, profit sharing, or similar accounts sponsored by a former employer and which are not freely alienable, or securities that cannot be liquidated without penalty (excluding capital gains/losses), are not subject to the liquidation requirements of this Section 2.3(c) or Section 2.3(d). Employees are precluded from beneficially purchasing additional shares of such Restricted Securities and all holdings and transactions in such Restricted Securities must be reported (see Section 2.3(d) below). Once such Restricted Securities can be liquidated without penalty, however, they shall immediately become subject to this Section 2.3(c) and Section 2.3(d). Any Employee who owns Restricted Securities subject to this subsection (iii) is required to recuse himself or herself from all rating deliberations, processes, and actions involving any such Restricted Securities or the rated company to which they relate.

(iv) An Immediate Family Member of any Employee may hold Restricted Securities of their current employer in pension accounts, retirement accounts, or profit sharing accounts sponsored by such employer. All holdings and transactions in such securities by an Immediate Family Member must be reported (see Section 2.3(d) below). Upon termination of employment, Immediate Family Members are required to liquidate all Restricted Securities that are not subject to penalty (excluding capital gains/losses). At such time that Restricted Securities can be liquidated without penalty, they shall immediately become subject to the liquidation and reporting requirements of this Section 2.3(c) and Section 2.3(d). Employees with Immediate Family Members who own Restricted Securities in pension, retirement, or profit sharing accounts are required to recuse themselves from all rating deliberations, processes, and actions involving any related rated company.

(v) Restricted Securities beneficially owned by an Employee’s Immediate Family Member and held in 401(k) plans, trusts, or other arrangements pursuant to which such Immediate Family Member does not have direct or indirect control, discretion, or influence over any purchase, sale, or trade involving such Restricted Securities are exempt from the liquidation requirements of this policy. However, holdings of Restricted Securities and transactions involving Restricted Securities are subject to the reporting requirements of Section 2.3(d). Employees with Immediate Family Members who own Restricted Securities exempted under this subsection (v) are required to recuse themselves from all rating deliberations, processes, and actions involving any related rated company.
(d) **Reporting Requirements.**

(i) All Employees are required to disclose their ownership of Restricted Securities by completing the “Restricted Securities Disclosure Form” each calendar quarter and submitting such electronic form, within 10 business days after the end of such calendar quarter. All new Employees are required to complete the Restricted Securities Disclosure Form when hired or appointed or elected to the board. The Restricted Securities Disclosure Form requires disclosure of all Restricted Securities beneficially owned by the Employee and their Immediate Family Members.

(ii) If a newly hired employee of A.M. Best or a new member of A.M. Best’s board of directors (or any member of any such Employee’s Immediate Family) owns Restricted Securities that are required to be liquidated, 100% of the Restricted Securities must be liquidated within 90 days of the date of hire.

(iii) Periodically, the list of rated entities set forth on the A.M. Best Ratings Center web page and the internal Restricted List are updated to reflect newly rated companies and other updates. In the event that new rated entities are added to the A.M. Best Ratings Center web page and/or new Restricted Companies are added to the Restricted List, each Employee is obligated to determine if they or their Immediate Family Members own any Restricted Securities of such entities. Furthermore, if the Employee is a Rating Analyst that follows any such Restricted Company, he or she must notify the Compliance Officer and must recuse himself or herself from following such Restricted Company until the holdings are liquidated. If an Employee or their Immediate Family Members own securities that become Restricted Securities, those securities must be liquidated within 90 days from the date it was added to the Restricted List.

(iv) At the end of each calendar quarter, all Employees (on behalf of themselves and their Immediate Family Members) are required to complete and electronically submit a “Quarterly Compliance Certificate” . The Quarterly Compliance Certificate requires Employees to: (1) certify that they have read and understand this Policy and all other Best Policies and that they have faithfully complied with the terms and conditions of all such policies; and (2) state whether or not they or their Immediate Family Members engaged in any trading of Restricted Securities in such quarter. All Employees are required to complete and return the Quarterly Compliance Certificate within 10 business days of the end of each calendar quarter. If any Employee or their Immediate Family Members did engage in trading Restricted Securities during such quarter, such Employee is required to provide the requested information contained in the “Restricted Securities Trading Form” and the “Restricted Securities Disclosure Form”.

(v) Employees are strongly encouraged to enter all intended securities purchases (as applicable) in the electronic “Securities Certification System” described in section 2.3 (a) above prior to execution.
SECTION 3

PROHIBITED UNFAIR, COERCIVE, OR ABUSIVE PRACTICES; BAN ON REPRESENTATIONS

3.1 Prohibited Unfair, Coercive, or Abusive Practices.

Section 15E(i)(1) of the Exchange Act provides that the Commission may prohibit certain specified acts or practices if the Commission determines that the act or practice is unfair, coercive, or abusive. The Commission has determined that the following acts are of such nature and are prohibited:

(a) Conditioning or threatening to condition the issuance of a credit rating on the purchase by an obligor or issuer, or an affiliate of the obligor or issuer, of any other services or products, including pre-credit rating assessment products, of the nationally recognized statistical rating organization or any person associated with the nationally recognized statistical rating organization:

Example: A.M. Best cannot condition or threaten to condition the issuance of a Credit Rating on the purchase by an obligor, issuer, or its affiliates, of any other product or service offered by A.M. Best (for instance; news services, data products, publications, Best’s Capital Adequacy Ratio model, etc.);

(b) Issuing, or offering or threatening to issue, a credit rating that is not determined in accordance with the nationally recognized statistical rating organization’s established procedures and methodologies for determining credit ratings, based on whether the rated person, or an affiliate of the rated person, purchases or will purchase the credit rating or any other service or product of the nationally recognized statistical rating organization or any person associated with the nationally recognized statistical rating organization:

Example: A.M. Best assigns an initial Credit Rating that is higher than that which would otherwise be assigned if A.M. Best followed its methodologies/criteria based on the fact that the obligor, issuer, or its affiliates agrees to pay A.M. Best for the Credit Rating or another product or service;

(c) Modifying, or offering or threatening to modify, a credit rating in a manner that is contrary to the nationally recognized statistical rating organization’s established procedures and methodologies for modifying credit ratings based on whether the rated person, or an affiliate of the rated person, purchases or will purchase the credit rating or any other service or product of the nationally recognized statistical rating organization or any person associated with the nationally recognized statistical rating organization:

Example: A.M. Best assigns an existing Credit Rating a higher credit rating than that which would otherwise be assigned if A.M. Best followed its methodologies/criteria based on the fact that the obligor, issuer, or its affiliates agrees to pay A.M. Best for the Credit Rating or another product or service;

(d) Issuing or threatening to issue a lower credit rating, lowering or threatening to lower an existing credit rating, refusing to issue a credit rating, or withdrawing or threatening to withdraw a credit rating, with respect to securities or money market instruments issued by an asset pool or as part of any asset-backed or mortgage-backed securities transaction, unless all or a portion of the assets within such
pool or part of such transaction also are rated by the nationally recognized statistical rating organization, where such practice is engaged in by the nationally recognized statistical rating organization for an anticompetitive purpose;

Example: A.M. Best issues or threatens to issue a lower initial Credit Rating, lowers or threatens to lower an existing Credit Rating, refuses to issue a Credit Rating, or withdraws or threatens to withdraw a Credit Rating on an asset-backed securities transaction unless all or a portion of the underlying assets are also rated by A.M. Best where the purpose of requiring that the underlying assets be rated by A.M. Best is intended to reduce competition among credit rating agencies.

Depending on the circumstances listed in (a) through (d) above, Employees should be aware that, “threatening to condition,” “threatening to issue,” “threatening to modify,” “threatening to lower,” and “threatening to withdraw” could include directly, indirectly, or implicitly threatening to take these actions. Similarly, “offering to issue” and “offering to modify” could include directly, indirectly, or implicitly offering to take these actions. Additionally, item (d) above could include “threatening to refuse” to issue a rating directly, indirectly or implicitly.

(e) The nationally recognized statistical rating organization issues or maintains a credit rating with respect to an obligor or security where the nationally recognized statistical rating organization or a person associated with the nationally recognized statistical rating organization made recommendations to the obligor or the issuer, underwriter, or sponsor of the security about the corporate or legal structure, assets, liabilities, or activities of the obligor or issuer of the security;

(f) The nationally recognized statistical rating organization issues or maintains a credit rating where the fee paid for the rating was negotiated, discussed, or arranged by a person within the nationally recognized statistical rating organization who has responsibility for participating in determining credit ratings or for developing or approving procedures or methodologies used for determining credit ratings, including qualitative and quantitative models;

(g) The nationally recognized statistical rating organization issues or maintains a credit rating where a credit analyst who participated in determining or monitoring the credit rating, or a person responsible for approving the credit rating received gifts, including entertainment, from the obligor being rated, or from the issuer, underwriter, or sponsor of the securities being rated, other than items provided in the context of normal business activities such as meetings that have an aggregate value of no more than $25.00;

(h) A.M. Best is prohibited from issuing an initial public credit rating for a security or money market instrument issued by an asset pool or as part of any asset-backed or mortgage-backed securities transaction that is not already publicly rated by another nationally recognized statistical rating organization, or thereafter maintain a credit rating on such instrument, that was paid for by the issuer, sponsor, or underwriter of the security or money market instrument unless A.M. Best disclosed the initial rating engagement and other required information to other nationally recognized statistical rating organizations and has obtained the necessary representations from the issuer, sponsor or underwriter of the securities.
Notwithstanding any provision to the contrary in this Policy or any other Best Policy, any action by A.M. Best or by any Employee which violates, or might reasonably be expected to lead to or result in a violation of, the provisions set forth in this Section 3.1 is strictly prohibited.

3.2 **Ban on Representations.**

Pursuant to Section 15E(f) of the Securities Exchange Act of 1934 and Article 10 of Regulation (EC) 1060/2009, A.M. Best and each of its Employees are prohibited from representing or implying in any manner whatsoever that A.M. Best has been designated, sponsored, recommended, or approved, or that A.M. Best’s abilities or qualifications have in any respect been passed upon, by the United States or any agency, officer, or employee thereof, or any other non-U.S. Government or regulatory body.
Form NRSRO: Exhibit 6

Identify In This Exhibit The Types Of Conflicts Of Interest Relating To The Issuance Of Credit Ratings That Are Material To A.M. Best.

A.M. Best is paid by obligors to determine credit ratings of the obligor.

A.M. Best is paid by issuers to determine credit ratings with respect to securities or money market instruments they issue.

A.M. Best is paid by issuers or obligors for products and/or services of A.M. Best other than services provided in determining credit ratings, such as Best’s news service, insurance related publications and data, and rating evaluation and rating assessment services.

All A.M. Best employees and their immediate family members are prohibited from owing securities issued by entities rated by A.M. Best with two exceptions. Employees and Immediate Family Members that previously worked for a rated entity and which own securities issued by the rated entity that are subject to a lock-up period are permitted to own such securities until the expiration of the lock-up period, at which time, the employee and Immediate Family Member is required to liquidate the securities. Immediate family members of an employee that are employed by a rated entity are permitted to own securities issued by their employer. Credit analysts that own securities of a rated entity that are subject to lock-up provisions or that have an immediate family member that is permitted to own securities of their employer are prohibited from determining or approving credit ratings involving such entities.
Code of Conduct

A.M. Best Company, Inc., A.M. Best Europe – Rating Services Limited, A.M. Best Europe – Information Services Limited, and A.M. Best America Latina, and All Employees
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Preface

In September, 2003, the Technical Committee of the International Organization of Securities Commissions (IOSCO) published the “IOSCO Statement of Principles Regarding the Activities of Credit Rating Agencies” (the IOSCO Principles), which introduced a set of high-level objectives that credit rating agencies, issuers, regulators and other interested parties should strive toward in order to improve the fairness, efficiency and transparency of securities markets, reduce systemic risk and enhance investor protection. In December, 2004, the Technical Committee published the “Code of Conduct Fundamentals for Credit Rating Agencies” (the IOSCO Code), which was developed to provide more detailed guidance on how the IOSCO Principles could be implemented in practice.

A.M. Best Company, Inc. and its subsidiaries, A.M. Best Europe – Rating Services Limited, and A.M. Best Europe – Information Services Limited, and A.M. Best America Latina, hereafter collectively referred to as A.M. Best, through the publication of this Employee Code of Conduct, and other documents related to its credit ratings business, undertakes to comply with and adhere to a code of conduct that is consistent with the IOSCO Principles and the IOSCO Code. All employees, full and part time, and directors of A.M. Best are required to adhere to this Code of Conduct.

While we have made this Code of Conduct available to the public, except in so far as is provided for in legislation, A.M. Best does not assume any responsibility or liability to third parties arising out of or relating to this document or other policies and practices. This Code of Conduct and Rating Methodologies, policies or practices are not intended to form, or be any part of, a contract, and no one will have claim, directly or indirectly, to enforce any of its provisions. A.M. Best reserves the right to update or modify this Code of Conduct and/or Rating Methodologies, policies and practices at any time, without prior notice. This Code of Conduct should be read in conjunction with the A.M. Best Company, Inc. Policy C-5.
WHAT ARE BEST’S CREDIT RATINGS?

**Best's Credit Ratings** are independent opinions regarding the creditworthiness of an issuer or debt obligation. Best's Credit Ratings are based on a comprehensive quantitative and qualitative evaluation of a company's balance sheet strength, operating performance and business profile, or, where appropriate, the specific nature and details of a debt security.

In arriving at a rating decision, A.M. Best relies on third-party audited financial data and/or other information provided to it. While this information is believed to be reliable, A.M. Best does not independently verify the accuracy or reliability of the information.

A.M. Best assigns the following types of ratings:

- **Best's Financial Strength Rating** - an independent opinion of an insurer's financial strength and ability to meet its ongoing insurance policy and contract obligations. This rating is assigned to insurance companies.
- **Best's Issuer Credit Rating** - an independent opinion of an issuer/entity's ability to meet its ongoing senior financial obligations. This rating is assigned to insurance companies and related holding companies and other legal entities authorized to issue financial obligations.
- **Best's Debt Rating** - an independent opinion of an issuer's ability to meet its ongoing financial obligations to security holders when due. This rating is assigned to the debt securities and insurance-linked securities transactions of the entities rated by A.M. Best.

Best’s Credit Ratings address credit risk, (i.e. the risk that an entity may not meet its contractual/financial obligations) as they come due. These credit ratings do not address any other risk, including but not limited to: liquidity risk, market value risk or risk related to the price volatility of rated securities. The rating is not a recommendation to buy, sell or hold any securities, insurance policies, contracts or any other financial obligations, nor does it address the suitability of any particular financial obligation for a specific purpose or purchaser.
DEFINED TERMS

A.M. Best refers to A.M. Best Company, Inc. and its affiliates, A.M. Best Europe – Rating Services Limited, A.M. Best Europe – Information Services Limited, and A.M. Best America Latina

Ancillary Business refers to those products and services that are not considered to be part of A.M. Best’s primary rating services business. Best’s rating services business includes: the issuance of insurer financial strength ratings, ratings to parent holding companies, debt ratings on securities issued by these organizations, and certain insurance-linked transactions; and, other credit rating services, such as rating evaluation and assessment services. A.M. Best does not provide consulting or advisory products and services in either its primary or ancillary businesses.

Area of Primary Analytical Responsibility refers to any entity rated by A.M. Best.

Close Family Member(s) refers to an Employee’s spouse, siblings, step-siblings, parents, step-parents, children, step-children, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, regardless of whether they share the same residence with the Employee.

Confidential Information refers to all information possessed by A.M. Best that is not generally known by the public, except for information that: (a) is contained in (i) public disclosure documents, (ii) a press release issued by the issuer, or (iii) a publication or newspaper of general circulation; or (b) the issuer has informed A.M. Best that such information is public information.

Please note: Confidential Information that a reasonable investor would consider important in making a decision to buy, sell or hold a security, including but not limited to, Confidential Information related to acquisitions, mergers, divestitures, capital structure transactions, and projected financial results is commonly referred to as “material non-public information.”

Employee refers to all full and part time employees and directors of A.M. Best.

Immediate Family Member refers to an Employee’s spouse, siblings, step-siblings, parents, step-parents, children, step-children, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law sharing the same residence or having a dependent relationship with the Employee.

Issuer Participating in the Rating Process refers to a rated issuer or entity that provides information, or otherwise engages in interactive communication with a Rating Analyst during the rating process, or in support of a rating determination for any interactive Best’s Credit Rating (BCR).

Rating Action refers to the determination and dissemination of an initial credit rating; any change, affirmation, suspension or withdrawal of an existing credit rating; any change in a rating
outlook; the placement of an existing credit rating under review; and, the publication of an expected or preliminary credit rating assigned to an obligor, security, or money market instrument before the publication of an initial credit rating.

Rating Analyst(s) refers to Employees of A.M. Best that participate in determining, monitoring or approving credit ratings.

Rating Methodologies refers to Best’s Credit Rating Methodology (BCRM), which provides a comprehensive explanation of A.M. Best’s rating process, including highlights of the rating criteria employed by A.M. Best in determining Best’s Financial Strength, Issuer Credit and Debt Ratings. The BCRM is available on Best’s internet website, www.ambest.com.

Solicited Credit Rating refers to a BCR meeting one or more of the following criteria:

- The entity/issuer requests the BCR and signs an engagement letter or other agreement with AMB for the BCR opinion;
- The entity/issuer pays a fee for credit rating services (not applicable to BCR's where the lead Rating Analyst resides in the European Union);
- Consistent with prior representations in an engagement letter or other agreement, ratings letter, or terms and conditions sent to the Issuer, AMB assigns a BCR opinion to a subsequent Issue of that Issuer, and the Issuer has not made a request in writing for AMB to either not assign or withdrawal the BCR.

Unsolicited Credit Rating refers to any BCR assigned that is not a Solicited Credit Rating.
CODE SECTIONS

1. QUALITY AND INTEGRITY OF THE RATING PROCESS

A. Quality of the Rating Process

1.1 A.M. Best shall maintain policies and procedures to ensure that its public rating opinions are based on a thorough analysis of information known to it that is relevant to the analysis of an issuer and/or issue according to A.M. Best’s published Rating Methodologies and its internal practices and procedures.

1.2 A.M. Best shall maintain Rating Methodologies that are rigorous, systematic, and, where possible, result in ratings that can be subjected to some form of objective validation based on historical experience.

1.3 In assessing an issuer’s creditworthiness, Rating Analysts involved in the preparation or review of any Rating Action will use Rating Methodologies established by A.M. Best. Rating Analysts will apply the appropriate methodology in a consistent manner, as determined by A.M. Best.

1.4 Credit ratings shall be assigned by A.M. Best as determined by a rating committee in accordance with the policies and procedures governing the rating committee process and not by any individual Rating Analyst employed by A.M. Best. Rating opinions shall reflect a thorough analysis of all information known by A.M. Best and believed to be relevant to the rating process, consistent with A.M. Best’s published Rating Methodologies and its practices and procedures. A.M. Best shall use Rating Analysts who, individually or collectively have appropriate knowledge and experience in developing a rating opinion for the type of credit being applied.

1.5 A.M. Best shall maintain internal records to support its credit opinions for a reasonable period of time or in accordance with applicable law.

1.6 A.M. Best and its Rating Analysts shall take steps to avoid issuing any credit analyses or reports that contain misrepresentations or are otherwise misleading as to the general creditworthiness of an issuer or obligation.

1.7 A.M. Best shall ensure that it has and shall devote sufficient resources to carry out high-quality credit assessments of all obligations and issuers it rates. When deciding whether to rate or continue rating an obligation or issuer, A.M. Best shall assess whether it is able to devote sufficient personnel with sufficient skill sets to make a proper rating assessment, and whether such personnel likely will have access to sufficient information needed in order make such an assessment. A.M. Best shall use reasonable measures so that the information it uses in assigning a rating is of sufficient quality to support a credible rating. If the rating involves a type of financial product presenting limited historical data
(such as an innovative financial vehicle), A.M. Best will make clear, in a prominent place, the limitations of the rating.

1.7.1 A.M. Best shall maintain a review function made up of one or more senior managers with appropriate experience to review the feasibility of providing a credit rating for a type of structure that is materially different from the structures that A.M. Best currently rates.

1.7.2 A.M. Best shall maintain a rigorous and formal review function responsible for periodically reviewing the Rating Methodologies and models and significant changes to the Rating Methodologies and models it uses. Where feasible and appropriate for the size and scope of its credit rating services, this function should be independent of the business lines that are principally responsible for rating various classes of issuers and obligations.

1.7.3 A.M. Best shall assess whether existing Rating Methodologies and models for determining credit ratings of structured products are appropriate when the risk characteristics of the assets underlying a structured product change materially. In cases where the complexity or structure of a new type of structured product or the lack of robust data about the assets underlying the structured product raise serious questions as to whether A.M. Best can determine a credible credit rating for the security, A.M. Best shall refrain from issuing a credit rating.

1.8 A.M. Best shall structure its rating teams to promote continuity and to avoid bias in the rating process.

B. Monitoring and Updating

1.9 Except for ratings that clearly indicate they do not entail ongoing surveillance, once a rating is published A.M. Best shall monitor on an ongoing basis and update the rating by:

a. regularly reviewing the issuer’s creditworthiness;

b. initiating a review of the status of the rating upon becoming aware of any information that might reasonably be expected to result in a Rating Action (including termination of a rating), consistent with the applicable Rating Methodology; and,

c. updating on a timely basis the rating, as appropriate, based on the results of such review.
Subsequent monitoring shall incorporate all cumulative experience obtained. Changes in ratings criteria and assumptions shall be applied where appropriate to both initial ratings and subsequent ratings.

1.9.1 If A.M. Best uses separate analytical teams for determining initial ratings and for subsequent monitoring of structured finance products, each team shall have the requisite level of expertise and resources to perform their respective functions in a timely manner.

1.10 A.M. Best makes its credit ratings available at no cost to the public via its internet web site and disseminates all announcements regarding securities ratings through a simultaneous press release. A.M. Best publicly announces if it discontinues rating an issuer or obligation.

C. **Integrity of the Rating Process**

1.11 A.M. Best and its Employees shall comply with all applicable laws and regulations governing its activities in each jurisdiction in which it operates.

1.12 A.M. Best and its Employees shall deal fairly and honestly with issuers, investors, other market participants, and the public.

1.13 A.M. Best Rating Analysts shall be held to high standards of integrity, and A.M. Best shall not knowingly employ individuals with demonstrably compromised integrity.

1.14 A.M. Best and its Employees shall not, either implicitly or explicitly, give any assurance or guarantee of a particular rating prior to a rating assessment. This does not preclude A.M. Best from developing prospective assessments used in structured finance and similar transactions.

1.14.1 A.M. Best shall prohibit its Rating Analysts from making proposals or recommendations regarding the design of structured finance products that A.M. Best rates.

1.15 A.M. Best’s Compliance Officer(s) shall be responsible for A.M. Best’s and its Employees’ compliance with the provisions of this Code of Conduct and with applicable laws and regulations. The Compliance Officer’s reporting lines and compensation shall be independent of the production of A.M. Best’s rating opinions.

1.16 Upon becoming aware that another Employee or entity under the common control of A.M. Best is or has engaged in conduct that is illegal, unethical or contrary to A.M. Best’s ratings policies and procedures, the Employee shall report such information immediately, on either a disclosed or anonymous basis, to the Compliance Officer so that the matter can be reviewed and appropriate action can be taken by A.M. Best
and/or appropriate reports be made to relevant authorities. A.M. Best’s Employees are not necessarily expected to be experts in the law. Nonetheless, its Employees are expected to report the activities that a reasonable person would question. The Compliance Officer is obligated to take appropriate actions, as determined by the laws and regulations of the jurisdiction and the rules and guidelines set forth by A.M. Best. A.M. Best management prohibits retaliation by other A.M. Best staff or by A.M. Best itself against any Employees who, in good faith, make such reports.

2. **INDEPENDENCE AND AVOIDANCE OF CONFLICTS OF INTEREST**

   **A. General**

   2.1 A.M. Best shall not forbear or refrain from taking a Rating Action based on the potential effect (economic, political, or otherwise) of the action on A.M. Best, an issuer, an investor, or other market participant.

   2.2 A.M. Best and its Rating Analysts shall use care and professional judgment to maintain both the substance and appearance of independence and objectivity.

   2.3 The determination of a credit rating shall be influenced only by factors relevant to the credit assessment.

   2.4 The credit rating A.M. Best assigns to an issuer or security shall not be affected by the existence of or potential for a business relationship between A.M. Best (or its affiliates) and the issuer (or its affiliates) or any other party, or the non-existence of such a relationship.

   2.5 A.M. Best shall separate its credit rating business and Rating Analysts from any Ancillary Business of A.M. Best that may present a conflict of interest. A.M. Best’s Rating Division shall have in place procedures and mechanisms designed to minimize the likelihood that conflicts of interest will arise from Ancillary Business operations, which do not necessarily present conflicts of interest with A.M. Best’s credit rating business. As set out in the Defined Terms, A.M. Best has identified those services that it considers to be Ancillary Business, and explained why it considers them to be ancillary services.

   **B. Procedures and Policies**

   2.6 A.M. Best shall maintain written internal procedures and mechanisms to (1) identify, and (2) eliminate, or manage and disclose, as appropriate, any actual or potential conflicts of interest that may influence the opinions and analyses A.M. Best makes or the judgment and analyses of its Employees who have an influence on ratings decisions. A.M. Best will disclose such conflict avoidance and management measures.
2.7 A.M. Best’s disclosures of actual and potential conflicts of interest shall be complete, timely, clear, concise, specific and prominent.

2.8 A.M. Best must disclose the general nature of its compensation arrangements with rated entities.

a. Where A.M. Best receives compensation unrelated to its ratings service from rated entities, such as compensation for any services that fall within our definition of Ancillary Business, A.M. Best will disclose, in aggregate, the proportion of non-rating fees constitute against the fees A.M. Best received from the rated entities for ratings services, consistent with applicable compensation disclosure laws and regulations governing its activities in each jurisdiction in which it operates.

b. A.M. Best shall disclose if it receives a proportion of its annual revenue from a single issuer, originator, arranger, client or subscriber (including any affiliates of that issuer, originator, arranger, client or subscriber) that meets or exceeds the applicable compensation disclosure laws and regulations governing its activities in each jurisdiction in which it operates.

Note to 2.8 (a) and (b) – A.M. Best’s compensation disclosure is located at http://www.ambest.com/nrsro/CompensationDisclosure.pdf

c. Credit rating agencies as an industry should encourage structured finance issuers and originators of structured finance products to publicly disclose all relevant information regarding these products so that investors and other credit rating agencies can conduct their own analyses independently of the credit rating agency contracted by the issuers and/or originators to provide a rating. A.M. Best shall disclose in its rating announcements whether the issuer of a structured finance product has informed A.M. Best that it is publicly disclosing all relevant information about the product being rated or if the information remains non-public.

2.9 A.M. Best and its Employees shall not engage in any securities or derivatives trading presenting actual conflicts of interest with its rating activities, in accordance with A.M. Best’s internal securities trading policies.

2.10 In instances where rated entities (e.g., governments) have, or are simultaneously pursuing, oversight functions related to A.M. Best, A.M. Best will use different Employees to conduct its Rating Actions than those Employees involved in its oversight issues.

C. Rating Analyst and Employee Independence

2.11 Reporting lines for A.M. Best Employees and their compensation arrangements shall be structured to eliminate or effectively manage actual and potential conflicts of interest.
a. A.M. Best’s Rating Analysts shall not be compensated or evaluated on the basis of the amount of revenue that A.M. Best derives from issuers that the Rating Analyst rates or with which the Rating Analyst regularly interacts.

b. A.M. Best shall conduct formal and periodic reviews of compensation policies and practices for Rating Analysts and other Employees who participate in or who might otherwise have an effect on the rating process to ensure that these policies and practices do not compromise the objectivity of A.M. Best’s rating process.

2.12 A.M. Best shall not have Employees who are directly involved in the rating process initiate, or participate in, discussions regarding fees or payments with any entity they rate.

2.13 A.M. Best Employees shall not participate in or otherwise influence the determination of credit ratings of any particular entity or obligation if the Employee:

a. Or Immediate Family Member owns securities or derivatives of the rated entity, other than holdings in diversified collective investment;

b. Or Immediate Family Member owns securities or derivatives of any entity related to a rated entity, the ownership of which may cause or may be perceived as causing a conflict of interest, other than holdings in diversified collective investment schemes;

c. Or their Immediate Family Member has a recent employment or other significant business relationship with the rated entity that may cause or may be perceived as causing a conflict of interest;

d. Has a Close Family Member who currently works for the rated entity; or

e. Has, or had, any other relationship with the rated entity or any related entity thereof that may cause or may be perceived as causing a conflict of interest.

2.14 Rating Analysts and anyone involved in the rating process, including such individual’s Immediate Family Members (subject to limitations imposed by local law) shall not buy or sell or engage in any transaction in any security or derivative based on a security issued, guaranteed, or otherwise supported by any entity within such analyst’s Area of Primary Analytical Responsibility, other than holdings in diversified collective investment schemes.
2.15 A.M. Best Employees are prohibited from soliciting money, gifts or favors from anyone with whom A.M. Best does business and from accepting gifts offered in the form of cash or securities and any gifts exceeding a minimal monetary value.

2.16 Rating Analysts who become involved in any personal relationship that creates the potential for any real or apparent conflict of interest (including, for example, any personal relationship with an Employee of a rated entity or agent of such entity within his or her area of analytic responsibility), are required to disclose such relationship to the Compliance Officer.

2.17 A.M. Best shall maintain policies and procedures for reviewing the past work of Rating Analysts that leave the employ of A.M. Best and join an issuer the Rating Analyst has been involved in rating, or a financial firm with which the Rating Analyst has had significant dealings as part of his or her duties at A.M. Best.

3. RESPONSIBILITIES TO THE INVESTING PUBLIC AND ISSUERS

A. Transparency and Timeliness of Ratings Disclosure

3.1 A.M. Best will distribute its ratings decisions regarding the entities and securities it rates in a timely manner, subject to securities laws and its policies regarding the dissemination of ratings.

3.2 A.M. Best shall publicly disclose its policies for distributing ratings, reports and updates.

3.3 A.M. Best indicates the effective date of its credit Rating Actions with respect to securities on its web site and in press releases, and provides to the public via its web site, at no cost, a history of each rating change to a security. All press releases regarding credit Rating Actions shall indicate the principal Rating Methodology or methodology version that was used in determining the rating and where a description of that Rating Methodology can be found. Where the credit rating is based on more than one methodology, or where a review of only the principal Rating Methodology might cause investors to overlook other important aspects of the credit rating, A.M. Best shall explain this fact in the ratings announcement, and indicate where a discussion of how the different methodologies and other important aspects factored into the rating decision.

3.4 Except for “private ratings” provided only to the issuer, A.M. Best shall disclose to the public, on a non-selective basis and free of charge on its web site, any Rating Action regarding publicly issued securities or issuers that it rates, as well as any subsequent decisions to discontinue such a rating.

3.5 A.M. Best shall publish sufficient information about its procedures, Rating Methodologies and assumptions (including financial statement adjustments that deviate materially from those contained in the issuer’s published financial
statements), and a description of its rating committee process so that outside parties can understand how a credit rating decision was made by A.M. Best. This information shall include (but not be limited to) the meaning of each rating category, the definition of default or recovery, and the time horizon used when making a rating decision.

a. Where A.M. Best rates a structured finance product, it shall provide investors and/or subscribers with sufficient information about its loss and cash-flow analysis so that an investor allowed to invest in the product can understand the basis for the credit rating. A.M. Best shall also disclose the degree to which it analyzes how sensitive a credit rating of a structured finance product is to changes in the underlying credit rating assumptions.

b. Consistent with applicable laws and regulations in each jurisdiction in which the company operates, if assigned, A.M. Best will differentiate ratings of structured finance products from traditional corporate bond ratings, preferably through a different rating symbology. A.M. Best will also disclose how this differentiation functions, and apply it in a consistent manner for all types of securities to which that symbol is assigned.

c. A CRA should assist investors in developing a greater understanding of what a credit rating is, and the limits to which credit ratings can be put to use vis-à-vis a particular type of financial product that the CRA rates. A CRA should clearly indicate the attributes and limitations of each credit opinion, and the limits to which the CRA verifies information provided to it by the issuer or originator of a rated security.

3.6 When issuing or revising a rating, A.M. Best shall include in its press releases and reports the key elements underlying the credit rating opinion.

3.7 Where feasible and appropriate, prior to issuing or revising a rating, A.M. Best shall inform the issuer of the critical information and principal considerations upon which a credit rating decision is based and afford the issuer an opportunity to provide clarification regarding the principal considerations, or new information that could reasonably be expected to influence a rating committee decision. A.M. Best will duly evaluate such information. Where in particular circumstances A.M. Best has not informed the issuer prior to issuing or revising a rating, A.M. Best shall inform the issuer as soon as practical thereafter and, generally, shall explain the reason for the delay.

3.8 In order to promote transparency and to enable the market to best judge the performance of its ratings, A.M. Best, where possible, shall publish sufficient information about the historical performance of rating categories and whether the performance of these categories have changed over time, so that interested parties can understand the historical performance of each category and if and how rating categories have changed. If, however, the nature of a rating or other circumstance make a historical default rate inappropriate, statistically invalid, or
otherwise likely to mislead the users of such rating, A.M. Best shall provide an explanation to the extent appropriate. This information shall include verifiable, quantifiable historical information about the performance of its rating opinions, organized and structured, and, where possible, standardized in such a way to assist investors in drawing performance comparisons between different credit rating agencies.

3.9 A.M. Best shall disclose whether the issuer participated in the rating process and, if applicable, that a rating was unsolicited. A.M. Best must at all times, to the extent appropriate, make its policies and procedures regarding unsolicited ratings readily available to the general public.

3.10 A.M. Best shall publicly disclose any material modification to its Rating Methodologies and significant practices, procedures, and processes. Where feasible and appropriate, disclosure of such material modifications shall be made prior to their going into effect. A.M. Best will carefully consider the various uses of credit ratings before modifying its Rating Methodologies, practices, procedures and processes.

B. The Treatment of Confidential Information

3.11 A.M. Best shall maintain procedures and mechanisms to protect the confidential nature of information shared with it by issuers. Unless otherwise permitted by a confidentiality agreement and consistent with applicable laws and regulations, A.M. Best and its Employees shall not disclose Confidential Information in press releases, through research conferences, to future employers, or in conversations with investors, other issuers, other persons, or otherwise.

3.12 A.M. Best shall use Confidential Information only for purposes related to its rating activities or otherwise in accordance with any confidentiality agreements with the issuer.

3.13 A.M. Best Employees shall take all reasonable measures to protect all property and records belonging to or in possession of A.M. Best from fraud, theft or misuse.

3.14 A.M. Best Employees are prohibited from engaging in transactions in securities when they possess Confidential Information concerning the issuer of such security.

3.15 In preservation of Confidential Information, A.M. Best Employees shall familiarize themselves with the internal securities trading policies maintained by A.M. Best, and certify their compliance on a quarterly basis as required by such policies.
3.16 A.M. Best Employees shall not selectively disclose any non-public information about rating opinions or possible future Rating Actions of A.M. Best, except to the issuer or its designated agents.

3.17 A.M. Best Employees shall not share Confidential Information entrusted to A.M. Best with Employees of any affiliated entities that are not credit rating agencies. A.M. Best Employees shall not share Confidential Information within A.M. Best except on an “as needed” basis.

3.18 A.M. Best Employees shall not use or share Confidential Information for the purpose of trading securities, or for any other purpose except the conduct of A.M. Best’s business.

4. DISCLOSURE OF THE CODE OF CONDUCT AND COMMUNICATION WITH MARKET PARTICIPANTS

4.1 A.M. Best shall at all times keep this Code of Conduct available to the public on its web site free of charge. A.M. Best shall also disclose on a timely basis and make available on its web site any changes to this Code of Conduct, including how it is implemented and enforced. Management in each division of A.M. Best is responsible for ensuring that Employees conduct themselves and operate within the guidelines established in corporate policies and procedures, including this document, as well as those that may apply to specific departments/divisions of the company. The Compliance Officer shall review A.M. Best’s and its Employees’ adherence to this Code of Conduct and related policies and procedures no less than annually.

4.2 The Compliance Officer(s) of A.M. Best, and its affiliates, are responsible for communicating with market participants and the public about any questions, concerns or complaints that A.M. Best receives concerning adherence to this Code of Conduct.

4.3 A CRA should publish in a prominent position on its home webpage links to (1) the CRA’s code of conduct; (2) a description of the Rating Methodologies it uses; and (3) information about the CRA’s historic performance data.

5. DISCUSSION OF DEVIATIONS IN THIS CODE OF CONDUCT FROM THE IOSCO CODE

Set forth below are explanations with respect to the provisions of this Code that deviate from the provisions set forth in the IOSCO Code:

Section 2.14

Section 2.14 of the IOSCO Code states that rating agency analysts, other Employees involved in the rating process, and their respective spouses, parents, and minor children should
not trade securities of (or supported by) “any entity within such analyst’s area of primary analytical responsibility, other than holdings in diversified collective investment schemes.” Although A.M. Best’s Code of Conduct prohibits such persons from owning securities of rated entities (as well as of mutual funds and similar investment schemes that invest primarily in the securities of insurance companies and other insurance related entities), it does not prohibit them from owning securities of companies that operate in the insurance industry but are not subject to any A.M. Best Rating. A.M. Best believes that, taken as a whole, its restrictions with respect to its and its Employees’ ownership of securities (and other ownership interests) are sufficient to ensure analyst and Employee independence and to achieve the objectives set forth in the IOSCO Code and the IOSCO Principles. For example, all A.M. Best ratings analysts and other Employees are forbidden from participating in any rating action if any family, personal, or financial interest might unduly influence them.

Section 2.5

Section 2.5 of the IOSCO Code states that “A CRA should ensure that ancillary business operations which do not necessarily present conflicts of interest with the CRA’s rating business have in place procedures and mechanisms designed to minimize the likelihood that conflicts of interest will arise. A CRA should also define what it considers, and does not consider, to be an ancillary business and why.” A.M. Best concentrates its business activities on the insurance industry. In addition to providing credit ratings (Ratings Division), the company also offers products and services related to the insurance industry such as news services and data products, publications and services. While all A.M. Best products and services are related in that they concentrate on insurance related information, the production of credit ratings (Rating Division) is effectively walled off from other departments through a series of policies and procedures designed to insulate the Rating Division’s operations from other aspects of the company’s operations. A.M. Best does not provide consulting or advisory services.

Section 3.5 (b)

Section 3.5 (b) of the IOSCO Code states that “A CRA should differentiate ratings of structured finance products from traditional corporate bond ratings, preferably through a different rating symbology. A CRA should also disclose how this differentiation functions. A CRA should clearly define a given rating symbol and apply it in a consistent manner for all types of securities to which that symbol is assigned.” A.M. Best does not use a different rating symbol or otherwise attach a prefix or suffix to such ratings. A.M. Best discloses and provides information regarding such securities in its rating announcements as required by Sections 1.7 and 3.5 (a) of the IOSCO Code.

Section 3.9

A.M. Best considers an entity to be an interactive participant in the rating process when it requests or otherwise subscribes to credit rating services, for example, a Financial Strength Rating. As described in published methodologies, interactive participants and affiliated entities within the immediate organizational structure that expose the legal entity to risk are subject to the assignment of any type of interactive credit rating published by A.M. Best that A.M. Best
believes is appropriate and that provides transparency to interested parties. These entities expect, and in all cases are informed of, the ratings issued by A.M. Best. Such credit ratings may include Financial Strength Ratings, Issuer Credit Ratings and debt ratings on corporate securities and insurance-related securitizations.

**Note to section 3.9:** In recognition of the SEC’s final rules for the implementation of the Credit Rating Agency Act of 2006, the International Organization of Securities Commission’s (IOSCO) Code of Conduct requirements, and the requirements of Regulation (EC) No 1060/2009, A.M. Best documents all new credit rating relationships by entering into a credit rating agreement between the rated entity and A.M. Best. Part of this agreement sets forth obligations of A.M. Best with respect to credit ratings and the credit rating process, many of which are components of the IOSCO Code, and obligations of the rated entity. In order to specifically satisfy regulatory requirements regarding which party “initiated/solicited” the credit rating process, the agreement also includes a statement that the rated entity is requesting the credit ratings issued by A.M. Best.
This policy applies to A.M. Best Company, Inc. and its subsidiaries. Paragraphs (b)(4) and (b)(5) of Rule 17g-2 of the Exchange Act require A.M. Best, as a Nationally Recognized Statistical Rating Organization (NRSRO), to retain and/or furnish certain records/reports to the Securities and Exchange Commission (SEC) upon request.

1. **Records required to be retained:** A NRSRO must retain the following books and records, which must be complete and current:

1.1 Internal audit plans, internal audit reports, documents relating to internal audit follow-up measures, and all records identified by the internal auditors of A.M. Best as necessary to perform the audit of an activity that relates to its business as a credit rating agency.

1.2 Compliance reports and compliance exception reports.

   1.2.1 Quarterly compliance reports required pursuant to Policy C-5.

   1.2.2 Any other reports that identify activities of A.M. Best that the Compliance Officer determined raised, or did not raise, compliance and control issues.

   **Note to 1.2.2:** Any final compliance reports, where the subject activity of the report was initiated as a result of information received from a “whistleblower,” will be drafted in a manner to protect the identity of the whistleblower.

1.3 **Annual Reports:** The Compliance Officer will submit to the A.M. Best Company, Inc. and A.M. Best Europe –Rating Services Limited Board of Directors an annual report on the compliance of the respective companies with the securities laws and the policies and procedures of those companies that includes:

   1.3.1 a description of any material changes to the code of ethics and conflict of interest policies of A.M. Best Company; and
1.3.2 a certification that the report is accurate and complete.

Note: The A.M. Best Company, Inc. report must be submitted together with the company’s financial statements to the U.S. Securities and Exchange Commission in A.M. Best Company’s annual Form NRSRO filing.

1.4 Records of internal controls made pursuant to CRPC Policy 1.

2. Compliance Officer Duties:

2.1 establish, maintain and enforce written policies and procedures reasonably designed to prevent the misuse of material, nonpublic information;

2.2 establish, maintain and enforce written policies and procedures reasonably designed to address and manage any conflicts of interest that can arise from the company’s business;

2.3 establish written policies and procedures for the receipt, retention, and treatment of:

2.3.1 complaints regarding credit ratings, models, methodologies, and compliance with the securities laws and the policies and procedures developed under this section; and

2.3.2 confidential, anonymous complaints by employees or users of credit ratings.

3. Prohibited Compliance Officer Activities: While serving as the Compliance Officer, the Compliance Officer may not:

3.1 participate in the determination of credit ratings;

3.2 participate in the development of ratings methodologies or models;

3.3 perform marketing or sales functions;

3.4 participate in establishing compensation levels, other than for employees working for the Compliance Officer; or

3.5 participate in compensation programs linked to the financial performance of A.M. Best. The Compliance Officer’s compensation must be arranged so as to ensure the independence of the officer’s judgment.

2. Requirement to furnish records/reports upon request: A.M. Best must furnish the SEC or its representatives with legible, complete, and current copies, of those records/reports required to be retained pursuant to section 1 of this policy, or any other records of A.M. Best subject to

Compliance Regulatory Duties/Recordkeeping
examination under section 17(b) of the Securities Exchange Act (15 U.S.C. 78q(b)) that are requested by the SEC or its representatives.

3. **Record retention periods:** The records/reports required to be retained pursuant to section 1 of this policy must be retained for five years after the date the record is replaced with an updated record. Should A.M. Best Europe –Rating Services Limited (AMBERS) registration in the EU be withdrawn, records related to AMBERS shall be retained for an additional three years.

   3.1 **Manner of retention:** An original, or a true and complete copy of the original, of each record required to be retained pursuant to this policy must be maintained in a manner that makes the original record or copy easily accessible to the principal office of A.M. Best.
Confidentiality, Firewall, Conflicts of Interest, and Securities Trading and Reporting Policy (Policy C-5)

Issued by: Compliance Department

Applicable to: A.M. Best Company, Inc., A.M. Best Europe – Ratings Services Limited, A.M. Best Europe – Information Services, A.M. Best – Asia Pacific Limited, A.M. Best America Latina, A.M. Best Asia-Pacific (Singapore) Pte. Ltd. and their Employees and Directors

Effective date: 05/04/1967


Definitions


“Brokerage Account”: Accounts through which investment orders are placed and transactions executed on the investor's behalf. For purposes of A.M. Best Policy, Brokerage Accounts are owned (or controlled) by an employee, either individually or jointly, or owned by an Immediate Family Member of the employee, (including where the employee is able to trade Securities on behalf of the Immediate Family Member), or where the Immediate Family Member is able to trade Securities on his/her own behalf.

“Confidential Information”: Refers to information possessed by A.M. Best that is not generally known by the public, except for information that: (a) is contained in (i) public disclosure documents, (ii) a press release issued by the issuer, or (iii) a publication or newspaper of general circulation; or (b) the issuer has informed A.M. Best that such information is public information.


“Credit Rating”: Independent opinions regarding the creditworthiness of an obligor, issuer or debt obligation.

“Employee”: All full and part time employees and directors of A.M. Best.

“Non-Brokerage Account”: Pensions and other tax-qualified/efficient accounts are deemed to be Non-Brokerage Accounts. Although subject to different definitions based on jurisdiction, these plans/funds are taken to include longer term commitments made by employees and their family to provision for their eventual retirement or other specified goals, such as an education savings plan. The guiding principle is that the savings plan consists of a number of well-diversified mutual funds and that the individual investor does not have control over issuer specific Securities within the plan and can only make general
requests as to the fund make-up applicable to their plan. Examples include 401(k), 403(b), 457, and 529 plans (and any foreign equivalents).

“Rating Action”: Refers to the determination and dissemination of an initial Credit Rating; any change, affirmation, suspension or withdrawal of an existing Credit Rating; any change in a rating outlook; the placement of an existing Credit Rating under review; and, the publication of an expected or preliminary Credit Rating assigned to an obligor, security, or money market instrument before the publication of an initial Credit Rating.

“Ratings Analyst” (also referred to as “Credit Analyst”): Employees of A.M. Best that participate in determining, monitoring or approving Credit Ratings.

“Restricted Company”: Any company that has been issued or is applying for a Best Financial Strength Rating, a Best Issuer Credit Rating and/or a Best Debt Rating and all subsidiaries of such entities. In general, parent companies that derive a significant portion of revenues (GAAP revenue includes premium and insurance policy deposit activity) from Restricted Company subsidiaries (approximately 20%) are also deemed to be Restricted Companies and therefore securities issued by such parent and/or its subsidiaries, although not rated by A.M. Best, fall under the guidelines of this Policy. Conversely, a large corporate entity that owns a small internal captive insurer that is rated by A.M. Best would not be considered a Restricted Company.

“Restricted Security”: Means any and all stocks, bonds, notes, and similar securities (whether or not listed or publicly traded) issued by a Restricted Company and also include all options, warrants, and other derivatives thereof and Insurance Sector Funds.

“Immediate Family” and “Immediate Family Member”: An employee’s spouse, siblings, step-siblings, parents, step-parents, children, step-children, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law sharing the same residence or having a dependent relationship with the employee.

“Insurance Sector Fund” means any mutual fund, Exchange Traded Fund (ETF) or other collective investment scheme that invests primarily in the securities of insurance companies and other insurance related entities.

“Material Non Public Information (MNPI)”: Means Confidential Information that a reasonable investor would consider important in making a decision to buy, sell or hold a security, including but not limited to, Confidential Information related to acquisitions, mergers, divestitures, capital structure transactions, and projected financial results.

**INTRODUCTION**

Next to its employees, A.M. Best’s greatest asset is its reputation for producing quality ratings. The quality of our ratings depends on our integrity and independence from conflicts of interest. Any compromise to our integrity, or even the appearance of a compromise, conflict of interest, or other impropriety, could severely damage our reputation and, as a result, diminish the value of our ratings and our business. A.M. Best understands, and it is vital that each Employee understands, the importance of A.M. Best’s role in the insurance, financial services, health care, securities, and other markets and the
responsibility this creates. A.M. Best is committed to providing ratings that are objective, independent, timely, and forward-looking to fulfill its responsibilities to the markets it serves.

A.M. Best has issued this Confidentiality, Firewall, Conflicts of Interest, and Securities Trading and Reporting Policy (this “Policy” or “Policy C-5”) to protect our reputation against actual and perceived conflicts of interest or other compromises of our honesty and integrity. We have earned our reputation over more than 100 years, and we must continue to earn it every day going forward. This A.M. Best goodwill is entrusted to each of our Employees in their day-to-day work.

An area of particular concern is the proper treatment, use, and protection of confidential information possessed by A.M. Best. All information provided to A.M. Best (even information that is not confidential information) must be treated with respect and due care.

As outlined below, Employees are prohibited from disclosing any Confidential Information to any third parties (and, to a certain extent, other Employees) and are additionally required to take active steps to protect the confidentiality of MNPI. Handling Confidential Information in a highly professional manner (in accordance with this Policy) will help protect A.M. Best’s reputation for honesty and integrity and our relationships with the companies we rate, our other customers and clients, our regulators, market participants, and the general public.

Another key to preserving A.M. Best’s reputation is preventing even the appearance of a conflict of interest. To this end, this Policy contains restrictions on Employee’s securities transactions and on their securities holdings.

This Policy applies to A.M. Best and all Employees. All Employees are required to be familiar with and to comply with this Policy and all of A.M. Best’s other policies and codes of conduct (collectively, the “Best Policies”), including our Code of Conduct. In addition, all Employees should be aware that they may be civilly and/or criminally liable, under state, federal, and/or other applicable laws, for improper disclosure or use of Confidential Information (including trading of securities of an issuer while in possession of, or based upon, MNPI. All Employees are expected to be familiar with and understand the legal and regulatory structure applicable to A.M. Best. To the extent that any Employee participates in the securities or other markets in their individual capacity, A.M. Best expects such individual to be familiar with the legal and regulatory requirements applicable to such participation.

Violations of this Policy (including failure to comply with the reporting requirements of this Policy and failure to comply with this Policy’s requirements in a timely manner) may lead to disciplinary action by A.M. Best, up to and including termination of employment.

This Policy may be amended or replaced at any time.
Section 1

Confidential Information

1.1 Confidential Information.

Confidential Information is not limited to information received by A.M. Best that is marked as confidential or proprietary. In general, you should take a broad and conservative view towards what might be deemed Confidential Information. Information maintained on companies that is not included in public documents, including material that has been specifically requested by A.M. Best, should be treated as Confidential Information. If you have any doubt as to whether information is Confidential Information (or whether it is sensitive and should be treated with special care even if not strictly confidential), you should presume that such information is Confidential Information. If you have a question as to whether or not certain information should be treated as Confidential Information, contact your supervisor, department head, or the Compliance Officer for guidance.

1.2 Use of Confidential Information and MNPI.

Strict compliance with this Policy is required of all Employees with respect to the handling, use, management, disclosure, and protection of all Confidential Information, including MNPI.

(a) Permitted Use of Confidential Information.

A.M. Best and all Employees shall use material Confidential Information only for purposes related to A.M. Best’s business activities. Any other use by any Employee is strictly prohibited (including, but not limited to, any use for any direct or indirect personal gain or the gain of others, and whether through trading of securities or otherwise). A.M. Best and all Employees shall actively protect and safeguard all material Confidential Information from disclosure to any third parties or, except as otherwise expressly permitted by this Policy (including the Firewall Policy set forth in Section 1.4 below), to any other Employees that are not involved in the related business activity.

MNPI may be shared and discussed only with the entity (or its authorized agents) that provided such information to A.M. Best and with Employees who have a “need to know” (as defined in Section 1.4(b) below) such information, as more fully described below. Employees are required to make every effort to protect such information from improper disclosure or misuse.

Although A.M. Best’s Ratings Analysts may discuss the analysis underlying and supporting rating opinions with investors, media, analysts, and certain other third parties, under no circumstances are Ratings Analysts or any other Employees permitted to discuss or disclose MNPI (or to render or imply personal views with respect to specific ratings). Please note that all unpublished rating committee determinations are considered MNPI and must be treated with due care and in accordance with this Policy

Under no circumstances can MNPI be discussed with persons (other than the rated entity or its authorized agents) outside the A.M. Best organization (including family, friends, social acquaintances, and business contacts).
(b) **Prohibited Uses of Confidential Information.**

(i) **Securities Trading.** Each Employee is prohibited from buying, selling, or otherwise trading stock or other securities (or any derivative thereof) (i) of any company if such person is aware of any MNPI of such company or (ii) if such purchase, sale, or other trade is made on the basis, in whole or in part, of any MNPI. Each Employee is similarly prohibited from (i) using or employing any third party to make any such purchase, sale, or other trade or (ii) providing any MNPI to any third party for any reason (including, but not limited to, any purpose related to any purchase, sale, or other trade of any stock or other securities).

Misuse of MNPI may be a violation of law, including state and federal laws relating to the trading of securities. Serious consequences could result from the misuse of MNPI and may include civil and criminal liability, sanctions, significant fines, and imprisonment.

A.M. Best’s additional securities trading policies are discussed below in Section 2 of this Policy.

(ii) **Other Prohibited Uses.** Any other use of MNPI that is not expressly permitted by this Policy is strictly prohibited.

1.3 **Protection of Confidential Information.**

(a) **In General.** As a general rule, all Employees should exercise the utmost care when handling Confidential Information in order to avoid violating this Policy, any other Best Policy, or any applicable legal, regulatory, or ethical requirements.

If you receive Confidential Information, you are required to follow the appropriate procedures outlined in this Policy and to comply with all other policies and procedures of A.M. Best regarding the treatment of Confidential Information. If the existing policies and procedures of A.M. Best do not address the handling of a particular type of information or circumstance, you should immediately contact your supervisor, department head, or the Compliance Officer for guidance.

(b) **Specific Guidance - MNPI.** You must make every effort to safeguard all MNPI that comes to you through your work at A.M. Best. You should at all times exercise caution when discussing MNPI, whether inside or outside the office. When outside the office, you should exercise special care due to the increased likelihood that unauthorized third parties may overhear discussions or see documents. MNPI is never to be discussed in social situations, nor with any unauthorized third parties (including, but not limited to, friends and relatives). Within the office, you should be careful in conversations not to disseminate MNPI to Employees who do not have a bona fide “need to know” such information or to persons unaffiliated with A.M. Best. Distribution of documents, notes, files, and other ratings-related work should be controlled and limited. When sharing MNPI with another Employee who has a legitimate “need to know” such information, the disclosing Employee is responsible for letting the recipient know that the information is Confidential Information or MNPI. Whether a particular Employee has a legitimate “need to know” regarding certain Confidential Information is discussed in Section 1.4 below.

In addition to the foregoing, you should maintain the following safeguards to protect MNPI:
(i)  **Calls with Interested Parties.** On calls with interested parties, such as individual and institutional investors, underwriters of securities, insurance brokers, investment bankers, or the media, A.M. Best’s Ratings Analysts may discuss the analysis supporting any rating assigned by A.M. Best. However, under no circumstances should Ratings Analysts discuss MNPI on any such calls or render or imply personal views with respect to specific ratings. Ratings Analysts should discuss only information that has been publicly disclosed. Additionally, Ratings Analysts are prohibited from discussing any commercial relationship between the interested party and A.M. Best, or between A.M. Best and any entity rated by A.M. Best.

(ii)  **Discussions.** All Employees are strictly prohibited from discussing MNPI under circumstances in which persons (other than Ratings Analysts who have a “need to know”) could overhear such discussions. This rule applies at all times, both inside and outside the office. Employees should exercise extreme caution in participating in conversations in public places when using speakerphones or talking on cellular phones or in any other location/situation in which unauthorized persons may overhear or see MNPI.

(iii)  **Documents.** Documents (including electronic communications such as emails and faxes), notes, files, and other ratings-related work products that contain MNPI should not be left out in the open (whether at work, at home, or anywhere else) where unauthorized personnel might see them.

(iv)  **Ratings.** Employees are prohibited from disseminating, within or outside A.M. Best, any pending Rating Action except in strict accordance with all applicable Best Policies. (Note that an unpublished Credit Rating is considered MNPI).

For additional guidance on sharing of Confidential Information, including MNPI, with other Employees, you are directed to A.M. Best’s Firewall Policy in Section 1.4 below.

1.4  **Firewall Policy.**

(a)  **In General.** In addition to being a leading provider of financial strength, issuer credit, and debt ratings, A.M. Best provides communications, news, and information services through its Communications Division and its Information Services Division (all departments and divisions of A.M. Best other than the Ratings Division are collectively referred to herein as “Non-Ratings Divisions”). A.M. Best recognizes, however, that maintaining the integrity of its ratings and ratings processes, including the independence and objectivity of the Ratings Division, is of paramount importance. In addition to the restrictions on the use of Confidential Information set forth in this Policy, the Firewall Policy set forth in this Section restricts the sharing and use of Confidential Information within A.M. Best.

As part of A.M. Best’s commitment to fair and honest dealing in all aspects of its business, this Firewall Policy is intended to: (i) protect MNPI from improper use or disclosure by strictly limiting the sharing of such information within the A.M. Best organization; (ii) protect the Ratings Division from any improper influence of the Non-Ratings Divisions or any of their clients; and (iii) protect each Non-Ratings Division from any improper influence of the Ratings Division, any other Non-Ratings Division, or any of their respective clients.

This Firewall Policy is vital to ensuring that A.M. Best’s Ratings Division and each of its Non-Ratings Divisions operate without jeopardizing their credibility and reputation. The limitations on the use
of information outlined in this Firewall Policy are necessary to prevent any actual or perceived impropriety in A.M. Best’s handling and use of Confidential Information, MNPI and other sensitive information.

(b) **The Firewalls.**

(i) “Need to Know”. Except as otherwise specifically provided herein, MNPI (and other sensitive information) may only be shared within A.M. Best with Employees who have a legitimate “need to know” such information in connection with the performance of their duties as an Employee of A.M. Best. Within the Ratings Division, only Ratings Analysts that are directly involved in a rated entity’s rating relationship, their immediate Team Leader, and the senior officer of the applicable rating department qualify as bona fide “need to know” individuals. These individuals, under the direction of their Team Leader may be allowed to share such information with the appropriate rating committee.

(ii) Operation of the Firewalls. The establishment of firewalls between A.M. Best’s departments and divisions does not imply that MNPI can circulate freely within a division or department. Nor is the establishment of these firewalls intended to prevent all communication of MNPI between divisions and departments. The “need to know” limitation applies to the sharing of MNPI among Employees in the same division and/or department, as well as the sharing of MNPI among Employees in different divisions/departments. All sharing and disclosing of MNPI within A.M. Best is subject to this Firewall Policy.

Business communications between Employees in different divisions and/or departments and related to or involving material Confidential Information should be kept to a minimum and on a “need to know” basis. Employees are directed not to discuss company specific information, potential or pending Rating Actions, particular company transactions, or capital market initiatives with any Employee outside their immediate working group of “need to know” personnel.

Except as otherwise outlined in this Policy, if an Employee believes that it is necessary or advisable to share certain MNPI with an Employee in another division and/or department, such Employee must notify the senior officer in his or her department, his or her Team Leader, and the Compliance Officer prior to sharing such information. Thereafter, such Employee may only act upon, and in strict compliance with, the determination of such senior officer, Team Leader, and/or Compliance Officer.

Except as otherwise specifically provided in this Policy, all Employees shall at all times comply with the following:

(A) Ratings Analysts are prohibited from disclosing MNPI to Employees who do not have a bona fide need to know, including disclosing MNPI to Employees employed in the Ratings Division who are not directly involved in the rating process for the rated entity to which such information pertains.
(B) Employees in a Non-Ratings Division are prohibited from disclosing any information on the specific nature of any Non-Ratings Division commercial relationship (products and services) to any Ratings Analyst. Employees in any Non-Ratings Division may not request any MNPI (or other Confidential Information) concerning a rated entity.

(C) No Employee, whether employed by the Ratings Division or a Non-Ratings Division, may suggest or imply that the purchase of any particular product or service will have a favorable effect on a rating. As part of their work responsibilities, Ratings Analysts often make business related presentations to interested parties, particularly with respect to the rating process (or certain aspects of the process). In the course of these presentations, ratings analysts may offer or may be asked to discuss the general nature of certain products and services offered by A.M. Best. However, under no circumstances should any Ratings Analyst enter into commercial discussions with any particular interested party and any commercial inquiries of interested parties should be directed to an appropriate person at the appropriate Non-Ratings Division.

(D) The opinions of A.M. Best’s Ratings Analysts are developed by following A.M. Best’s processes, methodologies, policies, and procedures and are not be influenced by any commercial relationship (or the absence of a relationship) between A.M. Best and any third party.

(E) No Employee is permitted to attempt to exert improper influence on the opinions of any of A.M. Best’s Ratings Analysts. Under no circumstance is it permitted for any Employee to try to influence the opinion of a Ratings Analyst by referring to the commercial relationship (or the absence of a commercial relationship) between A.M. Best and any third party.

(F) A.M. Best’s Ratings Analysts and other ratings personnel may not participate in any business activities of the Non-Ratings Divisions to the extent any such participation may give rise to an actual or perceived conflict of interest.

(G) Employees involved in determining, monitoring or approving Credit Ratings and those that participate in developing or approving procedures or methodologies used for determining Credit Ratings, including qualitative and quantitative models, are prohibited from initiating, discussing, negotiating, or arranging rating services fees.

(H) Ratings Analysts may not discuss the deliberations relating to, or any material Confidential Information used in determining, any A.M. Best rating with any Employee employed in any Non-Ratings Division.

(I) A.M. Best and Employees of A.M. Best are prohibited from having any non-ordinary course business relationships with a Restricted Company. For instance, a non-ordinary course business relationship would include obtaining a loan from a Restricted Company at interest rates far below market rates or entering a business relationship with a rated entity, such as a joint venture. Ordinary course business relationships, such as purchasing insurance policies, mutual funds (excluding insurance
Sector Funds), pension, healthcare or other services at market rates (arm’s length transactions) are not considered non-ordinary course business relationships.

(J) Employees are prohibited from disseminating, whether within or outside A.M. Best, pending rating actions except in strict accordance with all applicable Best Policies.

(K) Ratings Analysts are prohibited from making proposals or recommendations, either formally or informally, regarding the design of structured finance products that A.M. Best rates.

(L) A.M. Best and Employees of A.M. Best are prohibited from providing consultancy or advisory services to a rated entity or a related third party entity regarding the corporate or legal structure, assets, liabilities or activities of a rated entity or its related third parties.

(M) Ratings Analysts employed by A.M. Best Europe – Rating Services Limited are prohibited under Point 7 of Annex C of Regulation (EC) No 1060/2009 from becoming employed in a “key management position” by any entity or its related third parties in which the analyst participated in determining a Credit Rating within six months of the Credit Rating.

(N) Rating Analysts not employed by A.M. Best Europe – Rating Services Limited who vote in rating committees where the lead Rating Analyst of the subject of the credit rating is employed by A.M. Best Europe – Rating Services Limited are prohibited under Point 7 of Annex C of Regulation (EC) No 1060/2009 from becoming employed in a “key management position” by any entity or its related third parties in which the Rating Analyst participated in determining a Credit Rating within six months of the Credit Rating.

Note to (M) and (N): European Regulators have not defined “key management position”, however, it is broadly accepted across EU financial regulation that a “key management position” generally entails assignment of decision making, directly or indirectly, by means of delegation from the responsible bodies/persons, or responsibility for final sign-off of decisions to responsible bodies/persons within the company.

These employment functions naturally point to positions that are generally referred to as part of the senior management of a company (board members, directors, executive officers, heads of departments, etc.). However, EU regulators also believe that a case by case analysis is always needed to assess the extent to which a position may be effectively “key”. For example, EU regulators believe that a middle management position may be deemed as key to the extent to which it involves interactions with a credit rating agency.

(O) Ratings Analysts, upon becoming aware that another Ratings Analyst has engaged in conduct that is illegal shall report such information immediately to the Compliance Officer. A.M. Best management prohibits retaliation by other A.M. Best staff or by A.M. Best itself against any employees who, in good faith, make such reports.
Effective February 1, 2011, Employees shall immediately report to the Compliance Officer, via email, any instance where the Employee receives from any outside party (defined as any person not employed by A.M. Best Company and its subsidiaries) information that alleges that an issuer of securities that are rated by A.M. Best has committed, or is committing, a violation of law.

Note: Employees are not expected to be experts in law and as such you are under no obligation to make any judgment regarding the materiality of an alleged violation of law, or to attempt to verify the accuracy of such alleged violation.

Effective February 1, 2011, Employees shall immediately report to the Compliance Officer, via email, any complaint received from any outside party (defined as any person not employed by, or a director of, A.M. Best Company and its subsidiaries) regarding A.M. Best’s Credit Ratings, rating models, rating methodologies, or compliance with securities laws. Additionally, Employees are required to forward to the Compliance Officer copies of any documents received from such outside parties, including but not limited to, any information received by post or email.

1.5 Additional Obligations of Employees.

If an Employee becomes aware of anyone (within or outside A.M. Best) who is misusing MNPI, or is taking a cavalier attitude towards its safeguard, such Employee has an obligation to A.M. Best and to the entity providing such information to notify their supervisor, department head, or the Compliance Officer of this circumstance. In addition, if someone shows an unusual interest in rating activity for a particular rated entity, and that individual has no legitimate business reason to be apprised of such information, Employees have an obligation to report such unusual or suspicious activity to their supervisor, department head, or the Compliance Officer. Potential abuse or misuse of MNPI could damage A.M. Best’s reputation and financial condition, which could ultimately jeopardize the welfare of A.M. Best and its employees.

If an Employee becomes aware that another Employee or division of A.M. Best is engaging, or has engaged, in conduct that is illegal, unethical, or contrary to A.M. Best’s policies and procedures, such Employee is required to report such information immediately, on either a disclosed or anonymous basis, to their supervisor, department head, or the Compliance Officer so that the matter can be reviewed and appropriate action can be taken. Employees are not expected to be experts in the law, but they are expected to report the activities that a reasonable person would question. The Compliance Officer is obligated to take appropriate action, as determined by applicable laws and regulations and the rules, procedures, and guidelines set forth by A.M. Best. A.M. Best prohibits retaliation by other Employees or by A.M. Best itself against any Employee who, in good faith, make such reports.
SECTION 2

CONFLICTS OF INTEREST AND SECURITIES TRADING AND REPORTING POLICY

2.1 General Policies.

Except in certain limited circumstances, all Employees of A.M. Best (and, in certain circumstances, members of their Immediate Family) are prohibited from owning any security, or becoming involved in any business, activity, association, organization, consulting role, or other activity, that could be interpreted as creating a real or potential conflict of interest or could in any way damage A.M. Best’s reputation. In addition to each Employee’s duty of loyalty to A.M. Best, each Employee has an obligation to preserve and protect A.M. Best’s reputation for independence, honesty, integrity, and fair dealing. All Employees are prohibited from engaging in any activity that might constitute or result in, or create the appearance of, any impropriety or conflict of interest.

A.M. Best occupies a unique position as an objective and independent authority serving the insurance, financial services, health care, and other industries. A.M. Best is committed to dealing fairly and honestly with issuers, investors, regulators, market participants, and the public and to providing ratings that are objective, independent, timely, and forward-looking.

 Significant damage to A.M. Best’s reputation can result from any actual (or perceived) conflict of interest or impropriety. Therefore, all Employees are required to take a very conservative approach towards avoiding any such actual or perceived conflict of interest or impropriety.

The prevention of any actual (or perceived) conflict of interest or impropriety also ensures and reinforces the trust that rated entities place in A.M. Best, which is vital to the continued high quality of our ratings.

2.2 Conflicts of Interest. To minimize the risk of any actual or perceived conflict of interest or impropriety, each Employee is subject to the following restrictions:

(a) Relationships with Restricted Companies, Government Agencies, and Self-Regulatory Bodies.

No Employee may:

(i) be employed by, provide services as an independent contractor to, serve on any board of directors or similar supervisory board of, or, except as specifically provided in Section 2.3 below, own any security (or any derivative thereof) issued by any Restricted Company or any entity affiliated with any Restricted Company (such as a parent, subsidiary, or sister company of such Restricted Company), nor will A.M. Best appoint to its board any persons associated with such companies;

(ii) hold any elected or appointed government office, to the extent holding any such office may give rise to an actual or perceived conflict of interest;
(iii) serve in any capacity on any government or public agency, authority, commission, or regulatory body, to the extent any such service may give rise to an actual or perceived conflict of interest;

(iv) serve in any capacity on any self-regulatory body that has any function in the oversight of the insurance, financial services, health care, or capital markets, to the extent any such service may give rise to an actual or perceived conflict of interest; or

(v) serve on any board of directors or similar supervisory board of, be employed by, or provide services as an independent contractor to any trade or professional organization or association, to the extent any such service may give rise to an actual or perceived conflict of interest.

(vi) serve on any board of directors or similar supervisory board of, be employed by, or provide services as an independent contractor to any broker or dealer engaged in the business of underwriting securities or money market instruments. This prohibition also applies to any person directly or indirectly controlling, controlled by or under the common control of A.M. Best.

Employees must also promptly notify the Compliance Officer in the event that their Immediate Family Members serve in any of the capacities described in items (i) through (vi) above.

(b) Prohibition on Participating in Rating Actions. In addition to the prohibitions enumerated in Section 2.2 (a) (i) through (vi) Employees are prohibited from participating in any aspect of the rating process or any Rating Action involving a Restricted Company or any security of a Restricted Company if:

(i) you or any Immediate Family Member own any security of such Restricted Company (other than any such securities held in diversified mutual funds);

(ii) you or any Immediate Family Member own any Insurance Sector Fund (as defined below);

(iii) you or any Close Family Member serve on any board of directors or similar supervisory board of, or are employed by, any Restricted Company or any entity affiliated with any Restricted Company.; or

(iv) a family, personal, or financial interest might unduly influence you in any way (for example, if your Immediate Family Member is employed by a company that does significant business with a Restricted Company).

Additionally, any Employee that served on any board of directors or similar supervisory board of, owned any security issued by, was employed by, or had any other relationship with a Restricted Company (or any affiliate thereof) that may cause, appear to cause, or be perceived as causing a conflict of interest, is prohibited from participating in any aspect of the rating process or any Rating Action involving such Restricted Company or any security of such Restricted Company for a period of five years following the termination of such relationship.
At the end of such five year period, A.M. Best shall determine, in its discretion, whether such Employee shall be permitted to participate in any rating process or Rating Action involving such Restricted Company. Such decision shall be made by the Senior Rating Officer – Rating Services and the Compliance Officer following a review of the facts and circumstances surrounding each case and their assessment of such person’s ability to independently and fairly participate in the rating process. If the Senior Rating Officer – Rating Services and the Compliance Officer disagree, the Compliance Officer’s decision will control.

To the extent that any Employee is subject to any of the foregoing restrictions, such person is required to inform the Compliance Officer upon the commencement, and upon the cessation or termination, of the circumstances subjecting such person to such restrictions. To the greatest extent possible, each such Employee shall provide advance notice of any such circumstances.

(c) Gifts – Employees not involved in determining, monitoring or approving Credit Ratings,

(i) Except as otherwise specifically provided herein, Employees not involved in determining, monitoring or approving Credit Ratings and their Immediate Family Members are prohibited from accepting gifts, benefits, services or anything similar (collectively gifts) totaling more than $100 USD annually from any Restricted Company (or any of its directors, employees, agents, or representatives) or from any third party representing or in any way affiliated with any Restricted Company. Such $100 USD limit applies collectively to all gifts received by you and your Immediate Family Members, except that gifts from a Restricted Company to your Immediate Family Members who are currently employed by such Restricted Company are exempt from this Policy. Any single gift or gifts that, in aggregate, exceed the $100 USD annual limit shall be promptly reported to the Compliance Officer and immediately relinquished to A.M. Best for appropriate disposition.

(ii) You are required to report any gift received by you or your Immediate Family Members from any Restricted Company.

(iii) You are prohibited from soliciting (or in any way requesting money), gifts, favors, benefits, and anything similar from any Restricted Company (or any of its directors, employees, agents, or representatives) or any third party representing, or in any way affiliated with, any Restricted Company.

(iv) Gifts of cash (or cash equivalents such as securities, gift cards, etc.) from any Restricted Company to you, and/ or your Immediately Family Members, are strictly prohibited under all circumstances.

(v) Attendance at high profile functions or events, such as the Super Bowl, the Oscars, and certain fundraisers, that are paid for by a Restricted Company are strictly prohibited.

(vi) Occasional meals provided by a Restricted Company in connection with legitimate A.M. Best business activities with such company, which are neither so frequent nor so extensive as to raise any question of impropriety or undue influence, are not subject to the annual gift limit or the reporting requirement set forth in subsection (ii) above.
Entertainment provided by a Restricted Company in connection with legitimate A.M. Best business activities with such company, which are neither so frequent nor so extensive as to raise any question of impropriety or undue influence, are not subject to the annual gift limit, but are subject to the reporting requirements in subsection (ii) above. The provisions of this subsection (vi) do not apply, however, if there is no legitimate business purpose underlying any such meal or entertainment activity.

(vii) Transportation, lodging, and meal expenses to attend a business meeting with a Restricted Company may be paid for or reimbursed by the Restricted Company if (A) you obtain prior approval from the head of your department, (B) the location of the meeting is appropriate for the purpose of the meeting (e.g., the Restricted Company’s offices), and (C) transportation, lodging, and meal expenses for any outside (personal) guest are not paid for or reimbursed by the Restricted Company. Such payment or reimbursement by a Restricted Company is not subject to the annual gift limit, but is subject to the reporting requirements in subsection (ii) above.

(viii) Transportation, lodging, and meal expenses for eligible Employees that are requested to make business presentations at a Restricted Company sponsored event may be paid for or reimbursed by the Restricted Company if such Employee obtains prior approval from the head of his or her department and no similar payment or reimbursement is made with respect to any guests of such employee. Payment or reimbursement of transportation, lodging, and meal expenses are not subject to the reporting requirement, but in no instance exceed the period beginning the night before and ending the morning after the presentation is made. Entertainment in connection with such events, provided such entertainment does not raise any question of impropriety or undue influence, is not subject to the annual gift limit, but is subject to the reporting requirements in subsection (ii) above.

(d) Gifts – Employees involved in determining, monitoring or approving Credit Ratings.

(i) Except as otherwise specifically provided herein, Employees involved in determining, monitoring or approving Credit Ratings and their Immediate Family Members are prohibited from accepting gifts, benefits, services, entertainment or anything similar (collectively gifts) from any Restricted Company (or any of its directors, employees, agents, underwriters, sponsors or representatives) or from any third party representing or in any way affiliated with any Restricted Company. Such prohibition applies to all gifts received by you and your Immediate Family Members, except that gifts from a Restricted Company by an Immediate Family Member who is currently employed by such Restricted Company are exempt from this Policy.

(ii) You are required to report any gift received by you or your Immediate Family Members from any Restricted Company, excluding those gifts expressly permitted under section (iv) below.

(iii) You are prohibited from soliciting or in any way requesting gifts from any Restricted Company (or any of its directors, employees, agents, or representatives) or any third party representing, or in any way affiliated with, any Restricted Company.
(iv) **Permitted Gifts** – Employees who participate in determining, monitoring or approving Credit Ratings are permitted to receive gifts from Restricted Companies in the context of normal business activities such as note pads, pens and refreshments, including light lunches, during meetings at the company’s offices that have an aggregate value of no more than $25.00 USD per person and per day. **Such employees are prohibited from accepting any gift, regardless of its value, that has no use in conducting the meeting.**

(e) **Issuing or Maintaining Certain Credit Ratings.** Rule 17g-5(c) promulgated by the Securities and Exchange Commission (the “Commission”) pursuant to the Securities Exchange Act of 1934 (the “Exchange Act”) prohibits nationally recognized statistical rating organizations (including A.M. Best) from having the following conflicts of interest:

(i) Issuing or maintaining a Credit Rating solicited by a person that, in the most recently ended fiscal year, provided the nationally recognized statistical rating organization with net revenue equaling or exceeding 10% of the total net revenue of the nationally recognized statistical rating organization for such fiscal year; or

(ii) Issuing or maintaining a Credit Rating with respect to a person (excluding a sovereign nation or an agency of a sovereign nation) where the nationally recognized statistical rating organization, a Rating Analyst that participated in determining the Credit Rating, or a person responsible for approving the Credit Rating directly or indirectly controls, is controlled by, or is under common control with the person that is subject to the Credit Rating.

Additionally, Mexico’s regulatory restrictions prohibit A.M. Best America Latina from rating any entity that owns or controls five percent or more of A.M. Best America Latina.

Notwithstanding any provision to the contrary in this Policy or any other A.M. Best Policy, any action by A.M. Best or by any Employee which violates, or might reasonably be expected to lead to or result in a violation of these provisions is strictly prohibited.

(f) **Disclosure of Other Potential Conflicts.** With respect to every rating process or action in which an Employee participates, that Employee is required to disclose to their department head and the Compliance Officer any other potential conflicts of interest not otherwise covered in this Policy. The Compliance Officer, after consultation with the Employee’s department head, will determine whether any such potential conflict of interest could reasonably be expected to (or appear to) compromise or otherwise impair the Employee’s ability to participate in an objective and independent manner with respect to such Rating Action or process. **Remember: You are required to use your utmost care to avoid even the appearance of any impropriety or conflict of interest.**

(g) **Additional Restrictions.** It may be necessary from time to time for A.M. Best to impose greater restrictions than those set forth in this Section 2.2 with respect to a particular division or department of A.M. Best. To the extent A.M. Best institutes any additional restrictions Employees will be given notice thereof by A.M. Best.
2.3 **Securities Trading and Reporting.**

(a) **Restricted Securities.**

It is A.M. Best’s view that any purchase, ownership, or trade of any security issued by a Restricted Company (or any derivative thereof) and Insurance Sector Funds by A.M. Best or any Employee is likely to give rise to a conflict of interest or at least create an appearance of impropriety or a conflict of interest. To protect and sustain A.M. Best’s long established reputation for honesty, integrity, and fair dealing, A.M. Best maintains strict policies with respect to purchasing, owning, and trading Restricted Securities.

In addition to the rated companies listed on the Ratings Center of A.M. Best’s website, A.M. Best also maintains an internal list of Restricted Companies (the “Restricted List”) as a convenience to aid Employees in identifying Restricted Securities. Companies are added to the Restricted List when the company requests A.M. Best to initiate a review process which is intended to lead to the issuance of a Best Financial Strength Rating, a Best Issuer Credit Rating, a Best Securities Rating, or any other Best Credit Rating. It is the responsibility of Employees with knowledge of the rating request to immediately notify the Compliance Officer that such process has been initiated and supply the names and ticker symbol, if applicable, of the entities that should be added to the Restricted List. It should be noted that although A.M. Best attempts to maintain a current and exhaustive listing on its website and Restricted List, great care should be exercised before trading any securities issued by companies within the insurance, financial services and health care sectors.

To help ensure that Employees do not inadvertently engage in securities transactions that are contrary to A.M. Best’s securities ownership and trading policies, all Employees of A.M. Best are strongly encouraged to report, through the electronic “Securities Certification System”, all intended purchases of securities other than diversified mutual funds and non-Insurance Sector ETFs prior to placing the purchase order, whether such order or purchase is intended to be made directly by the Employee or an Immediate Family Member, or a person acting on behalf of such Employee or Immediate Family Member (for example: a financial planner or advisor).

Additionally, this Policy requires that all Employees promptly inform the Compliance Officer of any sector fund or rated company and/or their subsidiaries, affiliates or parent company of such rated entity that should be added to or deleted from the Ratings Center and/or Restricted List.

The following paragraphs set forth A.M. Best’s policies with respect to Restricted Securities.

(b) **Corporate Investments by A.M. Best.**

A.M. Best Company, Inc., its subsidiaries or affiliates, their pension, profit sharing and retirement plans and any other accounts controlled by A.M. Best or its subsidiaries are prohibited from owning or trading Restricted Securities.

(c) **Personal Investments by Employees.**

(i) Employees are required to disclose upon employment, and thereafter on a quarterly basis, the name(s) of any company(s) providing brokerage services (Brokerage and non-
Brokerage) to the Employee or their Immediate Family Members. Upon request, Employees are required to provide A.M. Best with original copies of all brokerage account statements, including trade confirmations, for all such accounts held by the Employee and their Immediate Family Members.

(ii) Except as otherwise expressly provided in this Policy, all Employees and their Immediate Family Members, are prohibited from owning or trading any Restricted Securities. Notwithstanding the foregoing provision of this subsection (ii), an Employee’s Immediate Family Member who is currently employed by a Restricted Company is exempt from this prohibition insofar as it relates to the Restricted Securities of such Restricted Company. Employees with an Immediate Family Member who owns Restricted Securities as provided in this subsection (ii) are required to recuse themselves from all rating deliberations, processes, and actions involving the related rated entity.

(iii) Restricted Securities owned by Employees in pension, retirement, profit sharing, or similar accounts sponsored by a former employer and which are not freely alienable, or securities that cannot be liquidated without penalty (excluding capital gains/losses), are not subject to the liquidation requirements of this Section 2.3(c) or Section 2.3(d). Employees are precluded from beneficially purchasing additional shares of such Restricted Securities and all holdings and transactions in such Restricted Securities must be reported (see Section 2.3(d) below). Once such Restricted Securities can be liquidated without penalty, however, they shall immediately become subject to this Section 2.3(c) and Section 2.3(d). Any Employee who owns Restricted Securities subject to this subsection (iii) is required to recuse himself or herself from all rating deliberations, processes, and actions involving any such Restricted Securities or the rated company to which they relate.

(iv) An Immediate Family Member of any Employee may hold Restricted Securities of their current employer in pension accounts, retirement accounts, or profit sharing accounts sponsored by such employer. All holdings and transactions in such securities by an Immediate Family Member must be reported (see Section 2.3(d) below). Upon termination of employment, Immediate Family Members are required to liquidate all Restricted Securities that are not subject to penalty (excluding capital gains/losses). At such time that Restricted Securities can be liquidated without penalty, they shall immediately become subject to the liquidation and reporting requirements of this Section 2.3(c) and Section 2.3(d). Employees with Immediate Family Members who own Restricted Securities in pension, retirement, or profit sharing accounts are required to recuse themselves from all rating deliberations, processes, and actions involving any related rated company.

(v) Restricted Securities beneficially owned by an Employee’s Immediate Family Member and held in 401(k) plans, trusts, or other arrangements pursuant to which such Immediate Family Member does not have direct or indirect control, discretion, or influence over any purchase, sale, or trade involving such Restricted Securities are exempt from the liquidation requirements of this policy. However, holdings of Restricted Securities and transactions involving Restricted Securities are subject to the reporting requirements of Section 2.3(d). Employees with Immediate Family Members who own Restricted Securities exempted under this subsection (v) are required to recuse themselves from all rating deliberations, processes, and actions involving any related rated company.
(d) **Reporting Requirements.**

(i) All Employees are required to disclose their ownership of Restricted Securities by completing the “Restricted Securities Disclosure Form” each calendar quarter and submitting such electronic form, within 10 business days after the end of such calendar quarter. All new Employees are required to complete the Restricted Securities Disclosure Form when hired or appointed or elected to the board. The Restricted Securities Disclosure Form requires disclosure of all Restricted Securities beneficially owned by the Employee and their Immediate Family Members.

(ii) If a newly hired employee of A.M. Best or a new member of A.M. Best’s board of directors (or any member of any such Employee’s Immediate Family) owns Restricted Securities that are required to be liquidated, 100% of the Restricted Securities must be liquidated within 90 days of the date of hire.

(iii) Periodically, the list of rated entities set forth on the A.M. Best Ratings Center web page and the internal Restricted List are updated to reflect newly rated companies and other updates. In the event that new rated entities are added to the A.M. Best Ratings Center web page and/or new Restricted Companies are added to the Restricted List, each Employee is obligated to determine if they or their Immediate Family Members own any Restricted Securities of such entities. Furthermore, if the Employee is a Rating Analyst that follows any such Restricted Company, he or she must notify the Compliance Officer and must recuse himself or herself from following such Restricted Company until the holdings are liquidated. If an Employee or their Immediate Family Members own securities that become Restricted Securities, those securities must be liquidated within 90 days from the date it was added to the Restricted List.

(iv) At the end of each calendar quarter, all Employees (on behalf of themselves and their Immediate Family Members) are required to complete and electronically submit a “Quarterly Compliance Certificate”. The Quarterly Compliance Certificate requires Employees to: (1) certify that they have read and understand this Policy and all other Best Policies and that they have faithfully complied with the terms and conditions of all such policies; and (2) state whether or not they or their Immediate Family Members engaged in any trading of Restricted Securities in such quarter. All Employees are required to complete and return the Quarterly Compliance Certificate within 10 business days of the end of each calendar quarter. If any Employee or their Immediate Family Members did engage in trading Restricted Securities during such quarter, such Employee is required to provide the requested information contained in the “Restricted Securities Trading Form” and the “Restricted Securities Disclosure Form”.

(v) Employees are strongly encouraged to enter all intended securities purchases (as applicable) in the electronic “Securities Certification System” described in section 2.3 (a) above prior to execution.
SECTION 3

PROHIBITED UNFAIR, COERCIVE, OR ABUSIVE PRACTICES; BAN ON REPRESENTATIONS

3.1 Prohibited Unfair, Coercive, or Abusive Practices.

Section 15E(i)(1) of the Exchange Act provides that the Commission may prohibit certain specified acts or practices if the Commission determines that the act or practice is unfair, coercive, or abusive. The Commission has determined that the following acts are of such nature and are prohibited:

(a) Conditioning or threatening to condition the issuance of a credit rating on the purchase by an obligor or issuer, or an affiliate of the obligor or issuer, of any other services or products, including pre-credit rating assessment products, of the nationally recognized statistical rating organization or any person associated with the nationally recognized statistical rating organization:

Example: A.M. Best cannot condition or threaten to condition the issuance of a Credit Rating on the purchase by an obligor, issuer, or its affiliates, of any other product or service offered by A.M. Best (for instance; news services, data products, publications, Best’s Capital Adequacy Ratio model, etc.);

(b) Issuing, or offering or threatening to issue, a credit rating that is not determined in accordance with the nationally recognized statistical rating organization’s established procedures and methodologies for determining credit ratings, based on whether the rated person, or an affiliate of the rated person, purchases or will purchase the credit rating or any other service or product of the nationally recognized statistical rating organization or any person associated with the nationally recognized statistical rating organization:

Example: A.M. Best assigns an initial Credit Rating that is higher than that which would otherwise be assigned if A.M. Best followed its methodologies/criteria based on the fact that the obligor, issuer, or its affiliates agrees to pay A.M. Best for the Credit Rating or another product or service;

(c) Modifying, or offering or threatening to modify, a credit rating in a manner that is contrary to the nationally recognized statistical rating organization’s established procedures and methodologies for modifying credit ratings based on whether the rated person, or an affiliate of the rated person, purchases or will purchase the credit rating or any other service or product of the nationally recognized statistical rating organization or any person associated with the nationally recognized statistical rating organization:

Example: A.M. Best assigns an existing Credit Rating a higher credit rating than that which would otherwise be assigned if A.M. Best followed its methodologies/criteria based on the fact that the obligor, issuer, or its affiliates agrees to pay A.M. Best for the Credit Rating or another product or service;

(d) Issuing or threatening to issue a lower credit rating, lowering or threatening to lower an existing credit rating, refusing to issue a credit rating, or withdrawing or threatening to withdraw a credit rating, with respect to securities or money market instruments issued by an asset pool or as part of any asset-backed or mortgage-backed securities transaction, unless all or a portion of the assets within such
pool or part of such transaction also are rated by the nationally recognized statistical rating organization, where such practice is engaged in by the nationally recognized statistical rating organization for an anticompetitive purpose;

Example: A.M. Best issues or threatens to issue a lower initial Credit Rating, lowers or threatens to lower an existing Credit Rating, refuses to issue a Credit Rating, or withdraws or threatens to withdraw a Credit Rating on an asset-backed securities transaction unless all or a portion of the underlying assets are also rated by A.M. Best where the purpose of requiring that the underlying assets be rated by A.M. Best is intended to reduce competition among credit rating agencies.

Depending on the circumstances listed in (a) through (d) above, Employees should be aware that, “threatening to condition,” “threatening to issue,” “threatening to modify,” “threatening to lower,” and “threatening to withdraw” could include directly, indirectly, or implicitly threatening to take these actions. Similarly, “offering to issue” and “offering to modify” could include directly, indirectly, or implicitly offering to take these actions. Additionally, item (d) above could include “threatening to refuse” to issue a rating directly, indirectly or implicitly.

(e) The nationally recognized statistical rating organization issues or maintains a credit rating with respect to an obligor or security where the nationally recognized statistical rating organization or a person associated with the nationally recognized statistical rating organization made recommendations to the obligor or the issuer, underwriter, or sponsor of the security about the corporate or legal structure, assets, liabilities, or activities of the obligor or issuer of the security;

(f) The nationally recognized statistical rating organization issues or maintains a credit rating where the fee paid for the rating was negotiated, discussed, or arranged by a person within the nationally recognized statistical rating organization who has responsibility for participating in determining credit ratings or for developing or approving procedures or methodologies used for determining credit ratings, including qualitative and quantitative models;

(g) The nationally recognized statistical rating organization issues or maintains a credit rating where a credit analyst who participated in determining or monitoring the credit rating, or a person responsible for approving the credit rating received gifts, including entertainment, from the obligor being rated, or from the issuer, underwriter, or sponsor of the securities being rated, other than items provided in the context of normal business activities such as meetings that have an aggregate value of no more than $25.00;

(h) A.M. Best is prohibited from issuing an initial public credit rating for a security or money market instrument issued by an asset pool or as part of any asset-backed or mortgage-backed securities transaction that is not already publicly rated by another nationally recognized statistical rating organization, or thereafter maintain a credit rating on such instrument, that was paid for by the issuer, sponsor, or underwriter of the security or money market instrument unless A.M. Best disclosed the initial rating engagement and other required information to other nationally recognized statistical rating organizations and has obtained the necessary representations from the issuer, sponsor or underwriter of the securities.
Notwithstanding any provision to the contrary in this Policy or any other Best Policy, any action by A.M. Best or by any Employee which violates, or might reasonably be expected to lead to or result in a violation of, the provisions set forth in this Section 3.1 is strictly prohibited.

3.2 **Ban on Representations.**

Pursuant to Section 15E(f) of the Securities Exchange Act of 1934 and Article 10 of Regulation (EC) 1060/2009, A.M. Best and each of its Employees are prohibited from representing or implying in any manner whatsoever that A.M. Best has been designated, sponsored, recommended, or approved, or that A.M. Best’s abilities or qualifications have in any respect been passed upon, by the United States or any agency, officer, or employee thereof, or any other non-U.S. Government or regulatory body.
A.M. BEST COMPANY, INC.
POLICIES AND PROCEDURES

Subject: Required Financial Reports and Accounting Records, Prohibited Conflicts
Number: C-30

Effective Date: 06/22/07
Revision Date: 04/10/09
09/09/10

This policy applies to A.M. Best Company, Inc. and its subsidiaries.

Paragraphs (a)(1), (a)(3), (a)(4), (a)(5), (a)(6) and (b)(1) of Rule 17g-2 of the Exchange Act require A.M. Best, as a Nationally Recognized Statistical Rating Organization (NRSRO), to make and retain, retain and/or furnish the following records/reports to the Securities and Exchange Commission (SEC) as follows:

1. Records required to be made and retained. A NRSRO must make and retain the following books and records, which must be complete and current:

   1.1 Records of original entry into the accounting system of A.M. Best and records reflecting entries to and balances in all general ledger accounts of A.M. Best for each fiscal year.

   1.2 An account record for each person (for example, an insurance company, issuer, underwriter, or other person) that has paid A.M. Best for the issuance or maintenance of a credit rating indicating:

      1.2.1 The identity and address of the person; and

      1.2.2 The credit rating(s) determined or maintained for the person.

   1.3 An account record for each subscriber to the credit ratings and/or credit analysis reports of A.M. Best indicating the identity and address of the subscriber.

   1.4 A record listing the general types of services and products offered by A.M. Best during the most recently ended fiscal year.

   1.5 Where possible, a record indicating the type of company purchasing services and products other than the account record requirements under subsection 1.2 and 1.3 as follows:

      1.5.1 Institutional/retail asset management firms;

      1.5.2 Securities underwriting/investment banking firms; and

      1.5.3 Insurance brokerage firms.
2. Records required to be retained. A NRSRO must retain the following books and records:

2.1 Significant records (for example, bank statements, invoices, and trial balances) underlying the information included in the annual financial reports furnished by A.M. Best to the SEC.

3. Requirement to furnish records upon request. A.M. Best must furnish the SEC or its representatives with legible, complete, and current copies, of those records required to be retained pursuant to sections 1 and 2 of this policy, or any other records of A.M. Best subject to examination under section 17(b) of the Securities Exchange Act (15 U.S.C. 78q(b)) that are requested by the SEC or its representatives.

4. Reports required to be furnished annually.

4.1 A.M. Best must annually, not more than 90 calendar days after the end of its fiscal year (December 31), furnish the SEC, at the SEC’s principal office in Washington, DC, with the following financial reports as of the end of its most recent fiscal year:

4.1.1 Audited financial statements. The audited financial statements must:

4.1.1.1 Include a balance sheet, an income statement and statement of cash flows, and a statement of changes in ownership equity;

4.1.1.2 Be prepared in accordance with generally accepted accounting principles; and

4.1.1.3 Be certified by an accountant who is qualified and independent in accordance with federal securities laws.

4.1.2 An unaudited financial report providing revenue in each of the following categories (as applicable) for the fiscal year:

4.1.2.1 Revenue from determining and maintaining credit ratings;

Prohibited Conflict: A.M. Best is prohibited from issuing or maintaining a credit rating on any rated entity from which revenue received for rating such entity, in the most recently ended fiscal year, equaled or exceeded 10% of the total net revenue (as defined in Form NRSRO) of A.M. Best.

4.1.2.2 Revenue from subscribers;

4.1.2.3 Revenue from granting licenses or rights to publish credit ratings; and
4.1.2.4 Revenue from all other services and products (include descriptions of any major sources of revenue).

4.1.3 An unaudited financial report providing the total aggregate and median annual compensation of Credit Analysts for the fiscal year.

   Note to section 4.1.3: In calculating total and median annual compensation, deferred compensation may be excluded, provided such exclusion is noted in the report.

4.1.4 An unaudited financial report listing the 20 largest rated entities (obligors) and subscribers that used A.M. Best credit rating services by amount of net revenue attributable to the rated entity or subscriber during the fiscal year. The list must also include any other issuer of securities, such as structured securities transactions, or any securities underwriter, that used credit rating services if the net revenue attributable to the issuer or securities underwriter during the fiscal year equaled or exceeded the net revenue attributable to the 20th largest obligor or subscriber. Include the net revenue amount for each person on the list. This requirement differs from the rules to implement the Credit Rating Agency Act of 2006 in that the SEC has asked that A.M. Best report obligors as its primary business rather than issuers.

   Note to 4.1.4: A person is deemed to have “used credit rating services" if the person is any of the following: an obligor that is rated by A.M. Best (regardless of whether the obligor paid for the credit rating); an issuer that has securities or money market instruments subject to a credit rating of A.M. Best (regardless of whether the issuer paid for the credit rating); any other person that has paid A.M. Best to determine a credit rating with respect to a specific obligor, security, or money market instrument; or a subscriber to the credit ratings, credit ratings data, or credit analysis of A.M. Best. The calculation of net revenue attributable to a person includes all revenue earned by A.M. Best for any type of service or product, regardless of whether related to credit rating services, and net of any rebates and allowances paid or owed to the person by A.M. Best.

4.1.5 An unaudited report of the number of credit rating actions (upgrades, downgrades, placements under review and withdrawals) taken during the fiscal year in each class of securities for which A.M. Best is registered.

4.2 Each financial report that must be furnished to the SEC pursuant to section 4 of this policy must have attached a signed statement by a duly authorized person associated with A.M. Best that the person has responsibility for the report and, to the best knowledge of the person, the financial report fairly presents, in all material respects, the financial condition, results of operations, cash flows, revenues, and analyst compensation, as applicable, of A.M. Best for the period presented.
5. Additional Financial Recordkeeping Requirements – A.M. Best Europe – Ratings Services Limited (AMBERS). European securities laws require the following records:

5.1 AMBERS shall disclose to the public on its web site the names of the rated entities or related third parties where the lead analyst is employed by AMBERS from which AMBERS receives more than 5% of its annual revenue.

5.2 the account records relating to fees received by AMBERS from any rated entity or related third parties

5.3 the account records for each subscriber of AMBERS to the credit ratings or related services

5.4 Records and audit trails referred to in this Section shall be kept at AMBERS premises for at least five years and be made available upon request to the competent authorities of the Member States concerned.

5.5 annually, the following information:

5.5.1 a list of the largest 20 clients of AMBERS by revenue generated from them; and

5.5.2 a list of those clients of AMBERS whose contribution to the growth rate in the generation of revenue of AMBERS in the previous financial year exceeded the growth rate in the total revenues of AMBERS in that year by a factor of more than 1.5 times. Any such client shall be included on the list only where, in that year, it accounted for more than 0.25% of the worldwide total revenues of the A.M. Best at global level.

Note for 5.5.2: For the purposes of this point, "client" means an entity, its subsidiaries, and associated entities in which the entity has holdings of more than 20%, as well as any other entities in respect of which it has negotiated the structuring of a debt issue on behalf of a client and where a fee was paid, directly or indirectly, to the credit rating agency for the rating of that debt issue.

5.5.3 financial information on the revenue of AMBERS divided into fees from credit rating and non-credit-rating activities with a comprehensive description of each

5.6 The records required to be made in Section 5 shall be retained for a period of not less than five years. Where the registration of AMBERS is registration is withdrawn, such records will be retained for an additional three years.

6. Record/report retention periods. The records required to be retained pursuant to sections 1 and 2 of this policy, and the reports required to be furnished annually pursuant to section 4 of this policy, must be retained for five years after the date the record is made or received.
6.1 Manner of retention. An original, or a true and complete copy of the original, of each record/report required to be retained pursuant to this policy must be maintained in a manner that makes the original record/report or copy easily accessible to the principal office of A.M. Best.
Form NRSRO: Exhibit 8

Information About A.M. Best’s Credit Analysts and Persons Who Supervise Credit Analysts.

Total number of credit analysts:

A.M. Best’s Rating Division employs 128 credit analysts (including supervisors) with an average of nearly 9 years tenure at A.M. Best and over 18 years of industry experience.

All credit analysts are required to have a minimum of a Bachelor degree or the equivalent in locations outside the United States. The majority have advanced degrees, including PhD; MBA/MS/MA; Actuarial; CPA and CFA designations. Many associates also hold advanced industry designations.

Total number of credit analyst supervisors:

Of the 128 credit analysts listed above, 46 have supervisory roles. These positions include Associate Director and Managing Senior Financial Analysts (11), Director (3), Assistant Vice Presidents (18), Senior Director (1), General Managers and Vice Presidents (8), Managing Director (1), Group Vice Presidents (3), and the Senior Vice President – Rating Services. Credit analysts in supervisory roles average nearly 13 years tenure at A.M. Best and 24 years of industry experience.

In addition to the minimum requirements listed above, credit analyst supervisors typically have five or more years of related industry experience and the expertise and ability to effectively train credit analysts in A.M. Best credit rating methodologies/criteria and the policies and procedures used throughout the credit rating process. These individuals also typically maintain strong written and/or verbal communications skills, contributing to or overseeing A.M. Best research projects and making outside presentations regarding industry trends and A.M. Best’s rating process.

Reporting lines and responsibilities:

Financial Analysts (FA), Senior Financial Analysts (SFA), and some more experienced Associate Financial Analysts (AFA) are responsible for the primary oversight and analysis of a specified portfolio of credit ratings. SFAs are typically more experienced credit analysts that follow larger, more complex portfolios and contribute regularly to A.M. Best industry research, statistical studies and internal projects. More junior AFAs are not responsible for primary oversight and analysis of a specific portfolio of credit ratings. These more junior AFAs assist primary analysts in performing analytic functions that are necessary for the issuing and monitoring of a credit rating. AFAs, FAs and SFAs typically report to an Associate Director or Managing Senior Financial Analyst (MSFA) or an Assistant Vice President (AVP).

Each Associate Director, MSFA, Director, Senior Director, GM and AVP supervises a team of analysts, providing oversight, guidance and support to the credit analysts on their team. GMs and AVPs are typically more experienced, have broader supervisory responsibilities, and regularly contribute to or
oversee A.M. Best research, statistical studies and internal projects. Associate Directors, MSFAs, Director, Senior Director and AVPs generally report to a GM, Vice President (VP) or Managing Director. VPs, GMs and Managing Directors typically report to a Group Vice President (GVP).

GVPs and certain VPs are responsible for the oversight and management of the credit analysts for an entire industry segment. GMs and Managing Directors are responsible for the oversight and management of the credit analysts within our subsidiary offices and work with a responsible GVP. The GVP or VP is ultimately responsible for the credit ratings, research, and project management for all activities related to their respective industry segment. This includes responsibility for the consistent execution of corporate rating procedures and policies. The GVPs serve as Chair of the Rating Committee for their industry segment. GVPs and one VP, report to a Senior Vice President (SVP).

The Senior Vice President – Rating Services is the head of A.M. Best’s Rating Division and as such is responsible for the operations of the Division.

Credit Rating Policy Committee:

The Credit Rating Policy Committee (CPRC) is responsible for the establishment, maintenance and appropriateness of all A.M. Best definitions, criteria, methodologies, and the policies and procedures related to the rating process. The CPRC is chaired by the GVP of Credit Rating Criteria and Analytics (CRCA) and includes four other senior members of the CRCA unit. Members of the CPRC average over 11 years of tenure at A.M. Best and over 23 years of industry experience.
Form NRSRO: Exhibit 9

Information Regarding A.M. Best’s Designated Compliance Officer

David A. Brey is Vice President and Compliance Officer of the A.M. Best Company.

Dave joined the company in 1989 and prior to his appointment as compliance officer served in a number of analytical and managerial roles within the rating division. During his tenure as an analyst and manager, Dave was responsible for assisting or leading in the development of many of A.M. Best’s rating methodologies, policies, procedures, electronic system requirements and its Code of Conduct.

In 2006, the compliance officer function was transferred from the Rating Division to Operations in order to facilitate reporting lines that were independent of the rating Division. Dave currently reports directly to the Chairman and President of A.M. Best Company.

In his role as Compliance Officer, Dave is responsible for administering A.M. Best’s policies and procedures related to the prevention of misuse of nonpublic information, the management of conflicts of interests and compliance with securities laws and the rules and regulations established thereunder. Dave is a graduate of the University of Arizona and is a full time employee.