



A.M. BEST COMPANY, INC.

Form NRSRO: Exhibit 3

Credit Rating Division Recordkeeping

Purpose: The purpose of this policy is to standardize file maintenance, document storage, retention, and handling of information, related to the company's credit rating operations. A.M. Best may revisit this policy if subsequent developments in business practices, requirements, or the law necessitate modifications.

1. **From the Effective Date forward** the Rating Division will conform to the practices and procedures established in this policy.
2. **Types of Credit Ratings Covered:** All credit ratings issued by A.M. Best, including Long-Term and Short-Term Issuer Credit Ratings, Financial Strength Ratings, Bank Deposit Ratings, Structured Securities Ratings, Corporate Debt Ratings as well as indicative ratings and preliminary assessments, are covered by this policy.
3. **Responsibilities:** Primary Analysts are responsible for the maintenance of a complete Analytic Record (as defined in section 4 and 6 below) of companies/issuers within their respective portfolios.
4. **Records Subject to this Policy:** In conjunction with its ratings services, A.M. Best receives information from or about entities that it rates in various forms, including physical (print) documents, electronic formats (emails, 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, as well as documents produced by A.M. Best and its analysts relating to the production and assignment of credit ratings. For the purposes of this policy:
 - 4.1 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 decisions.
 - 4.2 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.
 - 4.3 All records identified in this section 4 shall comprise the "Analytic Record."
5. **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 Primary Analyst or Team Leader, 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.
6. **Analytic Record/File Organization:** The Analytic Record of a company/issuer may consist of physical and electronic Documents and Work Papers. Physical (print) Documents and Work Papers shall be stored in folders labeled with the company's/issuer's name and A.M. Best number and electronic Documents and Work Papers shall be stored on A.M. Best's 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 A.M. Best analysts in attendance. All analysts' notes should be filed in the Analytic Record.
 - 6.1 **Duplicate Records:** Maintenance of any redundant or duplicate files, for example, Rating Committee Recommendations, Documents or Work Papers that a member of a rating committee receives for the purpose of deliberations, is strictly prohibited. Identical information, for example, a company/issuer forwards a traditional print Document that has already been received by A.M. Best in electronic form and included in the Analytic Record, should also not be retained. The following are exceptions to this policy:
 - 6.1.1 Analysts in different rating departments (P/C, L/H, Int'l) who each have direct responsibility for different members of a group may maintain duplicate files.



6.1.2 A file is maintained by the responsible Team Leader.

6.1.3 A file is maintained by the head of an analytical group, for example, Personal Lines within the Property/Casualty Department.

7. **Access to Records/Files, Handling of Information:**

7.1 **Physical Files:** Physical files/Documents will be: (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 A.M. Best or received from companies/issuers; or (2) “secured” within the responsible analyst’s work area. Physical files/Documents may be stored in an Analyst’s work area during the rating review process or other legitimate business reasons.

7.2 **Network/Electronic Files:** Electronic Documents and Work Papers shall be maintained on limited access drives on A.M. Best’s internal network. 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 physical files/Documents into A.M. Best’s internal network, such Files/Documents must be maintained in accordance with section 7.1 above or in other designated “secure” areas while awaiting the scanning process to be completed. Physical Files/Documents that are considered “Material Confidential Information” must at all times be maintained in accordance with subparagraph 7.3.1 below and shall not be subject to scanning until the requirements of subparagraph 7.3.2 are satisfied.

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

Additionally:

7.3.1 Non-public information that could reasonably be expected to influence the market price of a security should be clearly marked “Material Confidential Information” when received and must be “secured” within the analyst’s work area in order to prevent unauthorized persons from gaining access to such materials. Examples of such materials would include non-public information concerning acquisitions, mergers, capital restructurings, large unexpected reserve charges, etc.

7.3.2 When such information is no longer deemed to be “Material Confidential Information”, 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.

8. **Records:** A.M. Best has adopted a Rating Division recordkeeping/record retention policy in furtherance of and consistent with U.S. federal securities laws and its credit rating division business practices. Should jurisdictions in which AM. Best operates outside the United States mandate more restrictive practices than those established in this policy, such offices shall notify the Chief Rating Officer and the Compliance Officer of the more restrictive nature of the requirements, and such offices will conform to the applicable local regulatory standards.

8.1 **Rating Division records required to be made and retained:**

8.1.1 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. Documenting the divergence in this manner will make it part of the Rating Division’s established procedures and methodologies and, therefore, will be adhering to the requirements contained in the Securities and Exchange Commission’s rules for implementing the Credit Rating Agency Act of 2006. Failing to document when the divergence will be permitted or required will expose A.M. Best to potential violations of such rules.

8.1.2 Records Evidencing Rating Actions:

8.1.2.1 **Rating Committee Presentation- including:**

8.1.2.1.1 the required information outlined in section G. of CRC Policy 2, “Credit Rating Review and Assignment Policy”

Note: The BPS Recommendation Form (including all attachments linked to the BPS form thru 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.

8.1.2.1.2 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 8.1.1 above.

8.1.2.2 Record of Rating Committee(s) – including:

8.1.2.2.1 the name of any credit analyst(s) that participated in determining the proposed credit rating(s) presented to a rating committee(s);

8.1.2.2.2 the name of each credit analyst that voted in a rating committee(s) that resulted in the approval of a rating(s);

8.1.2.2.3 whether the credit rating(s) was solicited or unsolicited;

8.1.2.2.4 the effective date of the credit rating(s);

8.1.2.2.5 a record of each credit rating determined.

Note: From April 10, 2009, the record of each credit rating outstanding must include, dating back to June 2007, 1) the rating action (whether it is an initial rating, affirmation of a rating, upgrade of a rating, downgrade of a rating, a rating that is placed Under Review or removed from Under Review, and any changes to a rating Outlook; 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.

8.1.3 Structured securities transactions:

8.1.3.1 In addition to the applicable requirements of section 8.1.2 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:

8.1.3.1.1 Determining credit ratings for the unrated assets;

8.1.3.1.2 Performing credit assessments or determining private credit ratings for the unrated assets;

8.1.3.1.3 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

8.1.3.1.4 Determining credit ratings or private credit ratings, or performing credit assessments for the unrated assets by taking into consideration (but not necessarily adopting) the credit ratings of another nationally recognized statistical rating organization.

8.1.3.2 Record of Material Deviation - 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”.

8.1.4 A record to be made public on A.M. Best's web site in XBRL format that contains the information required to be made and retained in section 8.1.2.2.5 for a random sampling of 10% of the ratings in each category of ratings (Item 7 of Form NRSRO) where A.M. Best 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.

8.2 Rating Division records required to be retained:

8.2.1 Internal records, including nonpublic information and work papers, used to form the basis of a credit rating issued by A.M. Best.

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

8.2.3 External and internal communications, including electronic communications, received and sent by A.M. Best that relate to initiating, determining, maintaining, changing, or withdrawing a credit rating.

8.2.4 Internal documents that contain information, analysis, or statistics that were used to develop a procedure or methodology to treat the credit ratings of another nationally recognized statistical rating organization for the purpose of determining a credit rating for a security or money market instrument issued by an asset pool or part of any asset-backed or mortgage-backed securities transaction.

8.2.5 For each security or money market instrument identified in the record required to be made and retained under section 8.1.3 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 A.M. Best but rated by another nationally recognized statistical rating organization were treated for the purpose of determining the credit rating of the security or money market instrument.

8.2.6 Records Concerning Third Party Complaints – Any written communications received from persons not associated with A.M. Best that contain complaints about the performance of a credit analyst in initiating, determining, maintaining, monitoring, changing, or withdrawing a credit rating.

Note: A copy of any written complaint required to be retained in accordance with provision 8.2.6 must be immediately forwarded to the Compliance Officer and the Executive Vice President – Ratings Services.

8.3 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 8.3.1 and any other publicly available information which may be listed in other subsections of section 8.3 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 8.1 of this policy.

8.3.1 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)

8.3.2 Other Documents/Communications/Information:

- Non-Public information provided by the company/issuer (earnings forecasts, etc.)
- Requests by A.M. Best for non-public 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 A.M. Best 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

8.3.3 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

8.3.4 Documents Supporting/Evidencing Securities or Other Significant Transactions:

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

- 9. Legal/Outside Party Document Requests Related to Ratings Activities:** Any Employee or Director of A.M. Best becoming aware of any regulatory/legal action related to A.M. Best's ratings activities and/or formal information requests from regulatory, governmental or other parties with legal interests should notify the Chief Rating Officer 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 A.M. Best 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 A.M. Best. All material subject to retention under this policy, either received or generated by A.M. Best, following such date that the Analytic Record is "frozen", shall be treated in accordance with this policy.
- 10. 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 addition time periods required by local regulatory standards in jurisdictions in which A.M. Best operates outside the United States, shall be disposed of in an appropriate manner as soon as practicable, generally during the subsequent rating cycle. All such non-public information provided to A.M. Best shall be completely destroyed or shredded. A.M. Best's Oldwick, London and Hong Kong offices maintain sealed containers within the rating departments for disposal of such documents by employees. Documents placed in these containers are shredded by contracted parties.
- 11. 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 A.M. Best 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:
- 11.1** Accounting maintains records, such as invoices, for rating services provided by A.M. Best and all other products and services that may have been purchased by such companies/issuers.
- 11.2** Information Services is responsible for maintaining data bases containing financial information, company reports (text) and the Rating History of all ratings assigned by A.M. Best. Files or records relating to any companies/issuers rated

by A.M. Best by non-rating Divisions/Departments shall be maintained in accordance with the policies and procedures established by such Division or Department.

12. Record retention periods. The records required to be made and/or retained pursuant to this policy must be retained for three years after the date the record is made or received.

12.1 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.

13. 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 8.1 and 8.2 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.