



# A.M. BEST COMPANY, INC.

## Form NRSRO: Exhibit 3

# Credit Rating Monitoring & Dissemination

**Purpose:** The purpose of this policy is to formalize A.M. Best's practice for the monitoring of published credit ratings and the public dissemination of such ratings.

1. **Definitions:** When used in this policy, the term Credit Rating means any A.M. Best letter rating (as described in Section 2) that is disseminated to the public via press release, printed publication(s), or by other electronic means such as the A.M. Best website.
2. **Types of Credit Ratings Covered:** All Credit Ratings including Financial Strength Ratings in the rating categories "A++ through F" and Long-Term/Short-Term Issuer Credit, Bank Deposit, Corporate Debt and Structured Securities Ratings in the rating categories of "aaa through d/rs" and "AMB-1+ through d", where appropriate.
3. **Monitoring:** Except for credit ratings that indicate they do not entail ongoing surveillance (such as "pd" ratings), once a credit rating is published A.M. Best monitors and updates the rating by:
  - 3.1 reviewing the company's/issue's creditworthiness annually;
  - 3.2 initiating a formal 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;
  - 3.3 incorporating all cumulative experience obtained. Changes in ratings criteria, models and assumptions relevant to any type (class) of rating issued by A.M. Best shall be applied where appropriate to both initial ratings and any subsequent ratings issued as part of the annual/interim review processes in 3.1 and 3.2; and
  - 3.4 based upon the results of such review, update the rating on a timely basis.
4. **Dissemination:**
  - 4.1 **Distribution methods:**
    - 4.1.1 Business Wire News Service;
    - 4.1.2 A.M. Best's internal wire service (BestWire);
    - 4.1.3 A.M. Best's website ([www.ambest.com](http://www.ambest.com));
    - 4.1.4 Email notification lists directed toward subscribers and other media outlets created and managed by Corporate Communications; and
    - 4.1.5 A.M. Best printed publications such as BestWeek, Best's Insurance Reports and Best's Key Rating Guide.
  - 4.2 **Transparency and Timeliness of Credit Rating Disclosures:** All Credit Ratings shall be disseminated as soon as practicable following the finalization of the rating review process as outlined in CRC Policy I: Credit Rating Review & Assignment Policy.
    - 4.2.1 **Press Release** - Publicly Traded Organizations and Debt – Any Credit Rating (as defined in Section 2 above) action, pertaining to any member/security of a publicly traded company or where any other entity within an organization is publicly traded, will be publicly disseminated by means of a press release issued through the Business Wire news service (see Section 5 below). Credit Rating actions include rating affirmations, rating upgrades/downgrades, the assignment of "Under Review" modifiers, revisions to a rating "Outlook", the assignment of an initial rating, or the discontinuation of a rating. Immediately following Business Wire release,



such rating actions will be disseminated through BestWire, published on A.M. Best's Web site and may be forwarded to other media outlets at the discretion of Corporate Communications. The requirement to issue a press release does not apply to rated securities that mature, are called by the issuer, or are refinanced in the normal course of an organization's operations. Press releases shall include:

- 4.2.1.1 the rating effective date;
  - 4.2.1.2 an explanation of the key elements underlying the rating opinion;
  - 4.2.1.3 clear identification of any credit rating that is based on public data;
  - 4.2.1.4 the principal methodology(ies) or methodology version(s) that was used in determining the rating and the A.M. Best web address where a description of that methodology(ies) 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;
  - 4.2.1.5 a link to the "Terms of Use" on A.M. Best's web site;
  - 4.2.1.6 a statement as to 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; and
  - 4.2.1.7 for insurance-linked structured finance ratings -- announcements shall provide interested parties with sufficient information about the loss and cash-flow analysis performed by A.M. Best so that interested parties 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 an insurance-linked structured product is to changes in the underlying credit rating assumptions.
- 4.2.2 **Press Release** – Other – The following Credit Rating actions are also required to be disseminated to the public under the guidelines established in 4.2.1 above, other than Public Data ratings:
- 4.2.2.1 assignment of an initial Credit Rating;
    - 4.2.2.1.1 **Exception(s):** The assignment of "E" or "F" Financial Strength Ratings and/or the "rs" Issuer Credit Rating from a "Not Rated Category" (for example, an insurer assigned an NR-3 designation is placed under Regulatory Supervision; "E"/"rs") does not require the issuance of a press release.
  - 4.2.2.2 rating upgrades/downgrades to published Credit Ratings;
  - 4.2.2.3 discontinuation of a Credit Rating; and
  - 4.2.2.4 any other Credit Rating action that a rating committee believes would be of significant public interest.
- 4.2.3 **Public Dissemination of all Other Credit Ratings:** Any other Credit Ratings not subject to the requirements of Subsections 4.2.1 and 4.2.2 above will be disseminated to the public via posting to the Rating Center of A.M. Best's Web site and thereafter in A.M. Best printed publications.
- 4.3 **Administrative Errors** – In the event that A.M. Best has made public an incorrect credit rating (as defined in Sections 1 and 2 above), the discovery of such error will be immediately made public through the issuance of a press release that states: (1) where the incorrect publication of the rating has taken place, for example, an incorrect rating appears within the Rating Center on A.M. Best's Web site; and (2) the corrected credit rating.

- 5. Business Wire News Service Press Release Process:** In order to control the flow of information and to minimize the potential for the release of incorrect credit ratings, the following press release process is to be followed when utilizing Business Wire:
- 5.1 The analyst/team leader develop the content of the rationale and text for the press release and email a draft to the general AMB Corporate Communications mailbox.
  - 5.2 Corporate Communications edits text, if necessary, and returns the draft document via email to the analyst/team leader (discussing any revisions).
  - 5.3 Corporate Communications sends the draft release to Quality Assurance. Quality Assurance cross-checks the ratings to be made public in the press release against the ratings to be approved in Best's Publishing System (released to the Rating Center of Best's Web site).
  - 5.4 Quality Assurance emails analyst/team leader regarding any questions or discrepancies noted between the contents of the press release and BPS, copying Corporate Communications.
  - 5.5 Analyst/team leader revises press release/BPS, if necessary, and sends revised text to Corporate Communications if needed, copying Quality Assurance.
  - 5.6 Corporate Communications sends a clean copy of the press release to the analyst/team leader to send to the subject company. The analyst/team leader 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 for factual accuracy and to ensure that no confidential information is contained in the release.
  - 5.7 The analyst and team leader revise the press release, if necessary, and forward to Corporate Communications via email.
  - 5.8 Corporate Communications reviews the edits and discusses them with the analyst, and coordinates the time frame for the dissemination of the press release and BPS final approval.
  - 5.9 Corporate Communications emails the final draft release to the analyst, copying the team leader and Quality Assurance.
  - 5.10 Analyst enters any pertinent text into appropriate sections of BPS (Best's Insurance Reports) regarding the text of the press release.
  - 5.11 Quality Assurance emails Corporate communications when the rating(s) have been accurately proposed for release in BPS.
  - 5.12 Corporate Communications sends the press release to Business Wire for public distribution, and Business Wire notifies Corporate Communications when the release has crossed the wire.
  - 5.13 Corporate Communications posts the press release to the A.M. Best web site.
  - 5.14 Corporate Communications contacts the analyst/team leader to final approve the rating(s) in BPS. Quality Assurance notifies Corporate Communications when the ratings have been posted to the Web site.
  - 5.15 Corporate Communications emails the press release to BestWire for subscriber distribution.