



A.M. BEST COMPANY, INC.

Form NRSRO: Exhibit 7

Required Financial Reports and Accounting Records, Prohibited Conflicts

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. **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 three years after the date the record is made or received.

 - 5.1 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.