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Best's Credit Ratings

Guide to Proper Use



Best's Credit Ratings – Guide to Proper Use

Introduction

This document contains guidelines for the proper use of:

- Best Credit Ratings
- A BestMark
- Best's Financial Size Category
- Public Preliminary Credit Assessments
- *Best's Credit Reports*, Rating Rationales and *Best's Rating Reports*
- Press Releases issued by AM Best

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Use of Best's Credit Ratings

Best's Credit Ratings (BCRs) include:

- Best's Financial Strength Ratings (FSRs)
- Best's Issuer Credit Ratings (ICRs)
- Best's Issue Credit Ratings (IRs).

BCRs are publically displayed and maintained on AM Best's website and can be verified using rating search tools. They are used by rated insurers, insurance professionals, distributors, consumers and other financial market participants worldwide.

BCRs can be communicated verbally, and in print and digital formats, following the guidelines below. BCRs can be compared and contrasted with competitors' BCRs during client sales presentations.

BCRs can be featured in both traditional and digital marketing materials: websites, print ads, brochures, web banner ads, social media, email signatures, business cards and more.

Companies have the option of using:

- Only the FSR
- Only the ICR or IR
- The FSR along with the ICR and/or IR

In addition, rated insurers can request that its agents and/or brokers, who are licensed by and have a contractual right to sell policies for them, be permitted to use their BCR. An appropriate representative of the rated insurer must contact AM Best's Office of Intellectual Property to get permission for an agent or broker to use its BCR. Agents and brokers must follow the same guidelines for proper use as the rated insurer.

What Needs to Be Included With BCRs

Proper attribution: A phrase such as "ABC Company has a Best's Credit Rating of A+" or "ABC Company is rated A+ by AM Best" must be included in print and digital content; or verbally on the radio, television or internet.



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A Print/Date stamp:

- **Printed content:** The current date, and wherever possible, the phrase, “For the latest Best’s Credit Rating, access www.ambest.com,” must be included when a BCR appears in printed material, such as brochures and other marketing collateral.
- **Dated publications:** Wherever possible, the phrase, “For the latest Best’s Credit Rating, access www.ambest.com,” must be included when a BCR appears in dated publications such as newspapers, magazines and professional journals.
- **Digital media:** An effective date, and wherever possible, the phrase, “For the latest Best’s Credit Rating, access www.ambest.com,” with the appropriate hyperlink, must be posted when a BCR appears on the internet or an intranet.

Any content used in connection with a BCR by rated insurers and/or their agents and brokers must be reviewed and approved by AM Best’s Office of Intellectual Property.

How BCRs Can Be Represented

BCRs are represented by the insurer’s latest assigned letter rating, and can include its Rating Category (with or without parentheses). Including the Rating Category with the letter rating is optional; however, the Rating Category cannot be presented without the letter Rating Symbol. The rating modifier, such as “u” (under review), or the rating outlook, should be included when displaying a BCR.

Below are examples of how to display FSRs:

- Rated A+ by AM Best
- Rated A+ (Superior) by AM Best
- AM Best: “A+”
- AM Best (A+)
- AM Best A+ rating
- A+ Superior
- A+ (Superior)
- A+ (Superior) by AM Best
- A+ Superior from AM Best
- A+ by AM Best
- “A+” AM Best
- AM Best Rating “A” (Excellent) to “A+” (Superior) with Positive Outlook
- A+ AM Best rated insurer

ICRs or IRs on a rated security are represented the same way as FSRs above, except using the ICR or IR “aaa” scale and the Rating Categories for that scale.

Best’s Financial Size Category

AM Best assigns a Best’s Financial Size Category (FSC) to letter-rated insurers, which is a convenient indicator of the company’s size. The FSC is represented by Roman numerals ranging from Class I (smallest) to Class XV (largest). The FSC is not part of the BCR and does not have to be displayed alongside the rating.

A rated insurer’s FSC can be displayed as:

- Financial Size Category of Class XV
- FSC of Class XV
- XV

When displaying the BCR and FSC together, the BCR and the FSC must be distinguished from one another, such as:

- A+ (Superior), Financial Size Category XV
- A+ (Superior), FSC XV
- A+ (Superior) from AM Best (XV Financial Size Category)
- AM Best rating of A+ (Superior), Financial Size Category of XV
- Rated A+ (Superior) by AM Best with a Financial Size Category of XV

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It is improper to display the FSC between the BCR and the Rating Category, such as:

- A+ Financial Size Category XV (Superior).

A rated insurer may substitute its ICR for its FSR and utilize the appropriate Rating Category on the “aaa” scale if a Rating Category is being included.

Public Preliminary Credit Assessments

A Preliminary Credit Assessment (PCA) is an independent opinion on the relative general credit strengths and weaknesses of a(n):

- Issuer
- Obligor
- Security
- Proposed transaction or financing structure

PCAs are primarily based on business plans, term sheets and AM Best's expectations of how the business plans will be executed. Generally, it is a one-time evaluation and is not monitored or updated after being given to the entity that requested it.

PCAs are expressed using the same AM Best credit rating scales used for BCRs. However, because PCAs are not a BCR or statement of fact, they can never be presented as a credit rating in any type of communication. They may be disclosed publicly and displayed by the requesting entity for a maximum of 180 calendar days.

What Needs to Be Included With PCAs

Proper attribution: PCAs must be referenced with the designation of “pca.” A phrase such as “ABC Company has a Preliminary Credit Assessment of A+ pca from AM Best” needs to be included in print and digital content; or verbally on the radio, television or internet.

A Print/Date stamp:

- **Printed content:** The current date must be included when a PCA appears in printed material, such as brochures and other marketing collateral.
- **Dated publications:** No date stamp is needed when a PCA appears in dated publications such as newspapers, magazines and professional journals.
- **Digital media:** An effective date must be posted when a PCA appears on the internet or an intranet.

Additional information on PCAs can be found in the Guide to Best's Credit Ratings on AM Best's website.

Best's Credit Reports, Rating Rationale and Best's Rating Reports

Best's Credit Reports

Best's Credit Reports provide a comprehensive analysis of an insurer's financial results and performance at the time a Best's Credit Rating is assigned. It includes the company's:

- BCR
- Financial performance
- Key performance indicators
- Detailed analysis

A company is provided with one copy of its *Best's Credit Report* upon receiving its rating. It may not be reproduced in any manner for internal or external use, including print and digital copies; and cannot be posted to an internet or intranet site.

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Rating Rationales

Rating Rationales are part of a company's *Best's Credit Report*. It summarizes the research and analysis behind the assignment of a Best's Credit Rating, and includes the following financial and operating performance factors:

- Balance sheet strength
- Operating performance
- Business profile
- Enterprise risk management (ERM)
- Outlook
- Rating drivers

A company may not use its Rating Rationale in marketing collateral or post on its website. A company can, however, use direct quotes from its Rating Rationale in company materials such as press releases or its annual report, as long as it is not a select portion that changes the context of the copy; and accompanied by its FSR.

Best's Rating Reports

Best's Rating Reports document AM Best's opinion of an insurer's financial strength and operating performance at the time of the rating assessment.

Best's Rating Reports can be used for:

- Verification of AM Best's opinion of a company's stability to policyholders, potential clients, employees, stockholders and investors
- Agent and broker recruitment
- Presentations and proposals
- Trade shows
- Sales and training materials
- Corporate relations

Best's Rating Reports may only be purchased by the insurance entity, parent organization or lead company of a carrier that has a current *Best's Credit Report*. They are produced in English and other languages, and are available in preprinted and digital formats. The rated insurer can provide its agents and brokers with preprinted *Best's Rating Reports* to distribute to their clients; however, they cannot be copied.

If a BCR changes, the rated insurer should promptly stop distributing any *Best's Rating Reports* containing the outdated rating and contact the AM Best's Ratings Reports Services team at rating.reports@ambest.com.

Further information on *Best's Rating Reports*, including ordering details, can be obtained by contacting AM Best's Rating Report Services team at (908) 439-2200, ext. 5117, or rating.reports@ambest.com.

Press Releases Issued by AM Best

In addition to being publishing on the AM Best website, rating announcements can also be distributed through AM Best press releases. Press releases are distributed through multiple channels, including:

- BusinessWire
- AM Best's website
- BestWire
- Best's News Service
- Emails to preferred publishers

A rated insurer can reference its BCR in an AM Best press release in the following manners:

- **Link/Hyperlink:** A URL or online text can link back to AM Best's website for the full press release and rating disclosure
- **Redistribution:** Print or digital copies of the complete AM Best press release can be distributed
- **Website:** A digital copy of the AM Best press release can be posted on the rated company's website

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Redistributed press releases cannot be modified and must be presented in their entirety, including the AM Best copyright notice.

A rated insurer can use direct quotes from a press release for company materials such as press releases and its annual report, as long as it is not a select portion that changes the context of the copy.

Questions regarding the use of press releases should be directed to AM Best's Public Relations staff:

- Jim Peavy: (908) 439-2200, ext. 5644, or james.peavy@ambest.com
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BestMark and Leveraging Financial Strength

Rated insurers assigned a FSR symbol of B+ or higher can showcase their Best's Credit Rating by requesting a BestMark, a well-known icon customized with their assigned level of financial strength. A BestMark shows the financial industry, agents, brokers, customers, prospects and consumers verification of their financial strength, and that the insurer has undergone AM Best's rigorous rating process.

A company's BestMark can be featured in both traditional and digital marketing materials: websites, print ads, brochures, web banner ads, social media, email signatures, business cards and more.

Insurers can provide permission for its agents and/or brokers to use BestMark once the rated company has provided approval to AM Best via bestmarkinsurers@ambest.com.

To obtain a BestMark or for further information, please contact bestmarkinsurers@ambest.com.

Contact us or visit www.ambest.com

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