



A.M. BEST COMPANY, INC.

May 6, 2014

A.M. Best Publishes the Results of the Consultation Process for “Insurance Holding Company & Debt Ratings”

Effective 20 June 2013, The European Securities and Markets Authority (ESMA) has published new guidelines, CRA III, which have introduced a variety of new disclosure / consultation requirements where new criteria reports are introduced, or where material changes are made to the existing methodology. These include notifying ESMA when a consultation is beginning regarding a new criteria report, publishing details of individual responses, and publishing any changes following that consultation.

In accordance with Article 8.6(ab), the results of the consultation process for “Insurance Holding Company & Debt Ratings” are published below.

On January 20, 2014, A.M. Best requested public comment from market participants in the insurance industry and other interested parties regarding proposed revisions to the criteria report, “Insurance Holding Company and Debt Ratings.” The revisions were considered material and were expected to result in the movement of roughly a dozen debt ratings.

As a result of the consultation process, A.M. Best received only one formal response. This response related primarily to the manner in which the change would be applied in practice to the particular respondent as opposed to a comment on the methodology itself. In addition, the respondent made a request for A.M. Best to continue to seek to improve the granularity of its methodologies more generally and as such the comment did not relate to this particular methodology change. However, the respondent has requested anonymity and so the response will not be published on our website in accordance with Article 8.6(ab).

On May 6, 2014, the proposed revisions for “Insurance Holding Company & Debt Ratings” were made final. No additional changes were made as a consequence of responses to the consultation exercise. However, a single footnote to provide additional clarification was added on Exhibit 7 on page 7.