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# Best's Credit Ratings For Captives

An Overview

Financial Strength Single-Parent Captives Alternative Risk Transfer Captives  
Risk Management Operating Performance Best's Credit Ratings Protected Cell Captives  
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# Best's Credit Ratings for Captives – An Overview

## About AM Best

Founded in 1899, AM Best is the world's largest credit rating agency specializing in the insurance industry and insurance-linked securities. Best's Credit Ratings are an assessment of an insurer's financial strength, creditworthiness and their ability to honor obligations to policyholders.

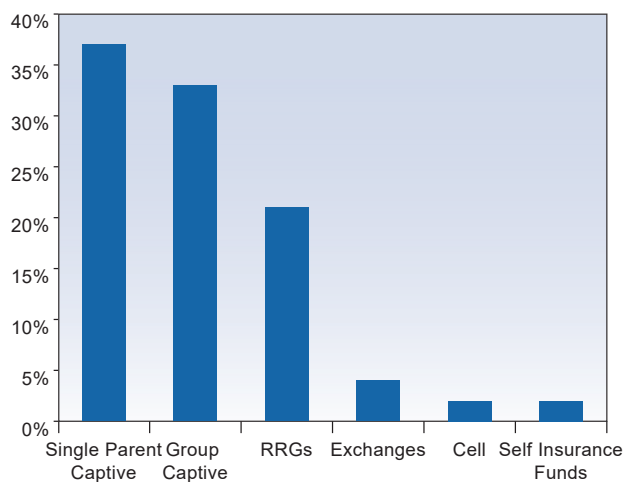
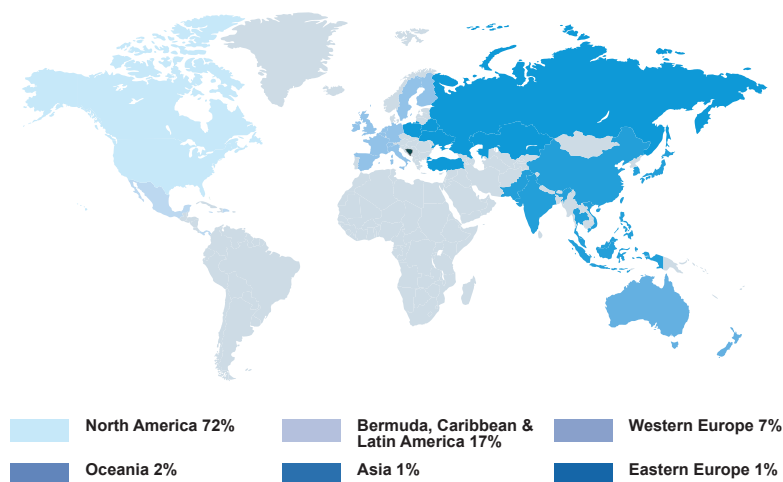
Best's Credit Rating Methodology (BCRM) and Alternative Risk Transfer (ART) criteria for captives provide a comprehensive, transparent explanation of the captive rating process, and our analysts have a deep knowledge of captives and how they are different from standard commercial insurance companies.

We provide 3,600 ratings on companies of all sizes in more than 95 countries, including over 200 alternative risk transfer entities and 300 mutual companies. Headquartered in the United States, the company does business in over 100 countries with regional offices in London, Amsterdam, Dubai, Hong Kong, Singapore and Mexico City.

## The Value of an AM Best Credit Rating for Captives

- AM Best is the only Nationally Recognized Statistical Rating Organization (NRSRO) focused solely on insurance.
- We rate single-parent and group captives, risk retention groups (RRGs) and protected cell captives in a number of domiciles.
- We rate new formations, startups and companies of all sizes.
- We provide captive owners/managers with an independent, third-party assessment of balance sheet strength, operating performance, business profile and enterprise risk management.
- Our interactive rating process serves as a roadmap for practicing sound risk management and effective business strategy.
- Our analysis offers valuable insight into a captive's organization, its management, governance and track record.
- A Best's Credit Rating establishes a captive's acceptability and credibility with third parties, including regulators, reinsurers and other counterparties.
- Our rating process addresses single-parent captives as a critical component of its parent's risk management program.
- A Best's Credit Rating may further the ability to attract and retain member insureds.
- We have extensive access to insurance data and market intelligence, covering thousands of companies worldwide through analytical resources and news coverage that provide a critical perspective.

## AM Best Global Captive Coverage and Type



# Best's Credit Ratings for Captives – An Overview

## Value for the Industry

- Only international rating agency dedicated exclusively to the insurance industry
- World's leading provider of insurer Financial Strength Ratings (FSRs) by company coverage
- Foremost rating coverage of the global reinsurance segment
- Leading rating agency for ART (captives) coverage
- Key rating agency used by global broker security teams
- Data and research covering 16,000 (re)insurance companies worldwide
- Largest and most comprehensive insurance database providing unique insights by segment and line of business
- Published rating methodology on all key insurance industry segments
- Leading position in international reinsurance hubs—including comprehensive coverage of Lloyd's/London market, Bermuda, Zurich and Singapore
- Leading rating agency for (re)insurance in the emerging markets of MENA and South and Central Asia

## Market Coverage

- Property/Casualty (Non-life)
- Life and Annuity
- Health
- Reinsurance
- Mutual Insurers
- Startup Reinsurers
- Alternative Risk Transfer (ART) Vehicles—Captives, Pools and Risk Retention Groups
- Protection & Indemnity (P&I) Clubs
- Debt—Corporate Debt, Preferred Stock and Hybrid Securities, Commercial Paper, Insurance-based Liability or Asset-backed Securitizations, Closed-block Monetizations
- Fronting Companies
- Title Insurance
- Surety Companies
- Takaful, Retakaful and Co-operative Insurers
- Lloyd's and its Syndicates

## Best's Credit Rating Users

- Insurance Companies
- Agents
- Brokers
- Policyholders
- Financial Institutions
- Investors and Investment Professionals
- Employee Benefits Managers
- Debt and Equity Research Analysts
- Corporate Risk Managers
- Reinsurers
- Captive and Alternative Risk Managers
- CFOs and Boards of Directors
- Consumers
- Government Agencies
- Regulators
- Academics

### Best's Credit Rating Scale

Translation of Issuer Credit Ratings to Financial Strength Ratings

Long-Term ICR	FSR
aaa, aa+	A++
aa, aa-	A+
a+, a	A
a-	A-
bbb+, bbb	B++
bbb-	B+
bb+, bb	B
bb-	B-
b+, b	C++
b-	C+
ccc+, ccc	C
ccc-, cc	C-
c	D

### AM Best Credit Rating Definitions

- **Best's Issuer Credit Rating (ICR):** An independent opinion of an entity's ability to meet its ongoing financial obligations, issued on either a long- or short-term basis
- **Best's Financial Strength Rating (FSR):** An independent opinion of an insurer's financial strength and ability to meet its ongoing insurance policy and contract obligations
- **Best's Issue Credit Rating (IR):** An independent opinion of credit quality assigned to issues that gauges the ability to meet the terms of the obligation, issued on a long- or short-term basis
- **Best's National Scale Rating (NSR):** A relative measure of creditworthiness in a specific local jurisdiction that is issued on a long-term basis and derived exclusively by mapping the NSR from a corresponding global Issuer Credit Rating (ICR) using a transition chart

AM Best assigns three types of Best's Credit Ratings for insurance companies. All are independent opinions based on a comprehensive quantitative and qualitative evaluation of a company's balance sheet strength, operating performance, business profile, enterprise risk management and, where appropriate, the specific nature and details of a rated debt security. They are not a warranty of a company's financial strength and ability to meet its obligations to policyholders or other financial obligations.



AM Best is a global credit rating agency, news publisher and data analytics provider specializing in the insurance industry. For more information, visit [www.ambest.com](http://www.ambest.com).

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