



	AM Best Rating	Description	AM Best Opinion
S E C U R E	A++, A+	Superior	Superior ability to meet their ongoing insurance obligations
	A, A-	Excellent	Excellent ability to meet their ongoing insurance obligations
	B++, B+	Good	Good ability to meet their ongoing insurance obligations.
V U L N E R A B L E	B, B-	Fair	Fair ability to meet their ongoing insurance obligations. Financial strength is vulnerable to adverse changes in underwriting and economic conditions.
	C++, C+	Marginal	Marginal ability to meet their ongoing insurance obligations. Financial strength is vulnerable to adverse changes in underwriting and economic conditions.
	C, C-	Weak	Weak ability to meet their ongoing insurance obligations. Financial strength is vulnerable to adverse changes in underwriting and economic conditions.
	D	Poor	Poor ability to meet their ongoing insurance obligations. Financial strength is vulnerable to adverse changes in underwriting and economic conditions.

A.M. BEST FINANCIAL SIZE CATEGORY (FSC)



Assigned by A.M. Best, the Financial Size Category (FSC) is based on adjusted policyholders' surplus (PHS) and is designed to provide a convenient indicator of the size of a company in terms of its statutory surplus and related accounts. Many insurance buyers only want to consider buying insurance coverage from companies that they believe have sufficient financial capacity to provide the necessary policy limit to insure their risks. Although companies utilize reinsurance to reduce their net retention on the policy limits they underwrite, many buyers still feel more comfortable buying from companies perceived to have greater capacity.

Financial Size Category	Adjusted Policy Holder Surplus (\$millions)	Financial Size Category	Adjusted Policy Holder Surplus (\$millions)
FSC I	Less than 1	FSC IX	250 to 500
FSC II	1 to 2	FSC X	500 to 750
FSC III	1 to 5	FSC XI	750 to 1,000
FSC IV	5 to 10	FSC XII	1,000 to 1,250
FSC V	10 to 25	FSC XIII	1,250 to 5,000
FSC VI	25 to 50	FSC XVI	5,000 to 2,000
FSC II	50 to 100	FSC XV	2,000 or greater
FSC III	100 to 200		



A.M. Best Rating Below Standards

- ▶ As a part of our proposal, we have included a quotation for coverage through a carrier who does not meet our carrier standard (A.M Best rating of A- or higher)
- ▶ Either this was the only company we could find willing to provide a quotation, or we may have provided you with an alternate quote (at a higher premium)
- ▶ We have provided you with A.M. Best rating definitions, so you can make an informed decision when placing your insurance coverage. Your choice of carrier should be made by weighing the pluses and minuses of pricing, service, and carrier financial condition.
- ▶ We will provide any additional available information you may request to assist you in this decision. Please let us know if you have any questions.

Non - Rated Carrier

- ▶ Accordingly you should be aware that we are unable to adequately evaluate this insurance company under our carrier financial standard (A.M Best A- or higher)
- ▶ An alternate quotation through A.M Best - rated carrier may have been provided. Your choice of carrier should be made by weighing the positives and negatives of pricing, service, and carrier financial condition.
- ▶ We will provide any additional available information you may request to assist you in this decision. Please let us know if you have any question.
- ▶ This carrier is not rated by the A.M. Best Company because it does not meet Best's minimum standard for rating or has chosen not to participate in the A.M. Best rating process.

Group Self-Insurance Fund

- ▶ As part of our Proposal, we have included a quotation for coverage through a group self-insurance fund.
- ▶ Group self-insurance can take advantage of less restrictive state regulations regarding capitalization, which may result in premium savings compared to standard insurance company programs.
- ▶ Group self-insurance funds are not protected by the State Insurance Guaranty Association, which protects the policies written by admitted carriers in case of insolvency.
- ▶ Should premiums collected for the group be insufficient to pay claims, assessments can be imposed on all group members. This agreement is what allows the self-insurance group to operate without the high level of capitalization required by insurance carriers.
- ▶ The informed buyer should weigh the benefits of lowered cost against the possibility of assessments and lack of Guaranty Association protection.
- ▶ If you have any questions regarding the self-insurance fund, please let us know