



**Security Circle**<sup>®</sup>

Standard & Poor's Security Circle Icons are awarded to insurers that voluntarily underwent Standard & Poor's toughest review and achieved one of its top four ratings for financial strength.

### **AAA**

An insurer rated 'AAA' has **EXTREMELY STRONG** financial security characteristics. 'AAA' is the highest Insurer Financial Strength Rating assigned by Standard & Poor's.

### **AA**

An insurer rated 'AA' has **VERY STRONG** financial security characteristics, differing only slightly from those rated higher.

### **A**

An insurer rated 'A' has **STRONG** financial security characteristics, but is somewhat more likely to be affected by adverse business conditions than are insurers with higher ratings.

### **BBB**

An insurer rated 'BBB' has **GOOD** financial security characteristics, but is more likely to be affected by adverse business conditions than are higher rated insurers.

An insurer rated 'BB' or lower is regarded as having vulnerable characteristics that may outweigh its strengths. 'BB' indicates the least degree of vulnerability within the range; 'CC' the highest.

### **BB**

An insurer rated 'BB' has **MARGINAL** financial security characteristics. Positive attributes exist, but adverse business conditions could lead to insufficient ability to meet financial commitments.

### **B**

An insurer rated 'B' has **WEAK** financial security characteristics. Adverse business conditions will likely impair its ability to meet financial commitments.

### **CCC**

An insurer rated 'CCC' has **VERY WEAK** financial security characteristics, and is dependent on favorable business conditions to meet financial commitments.

### **CC**

An insurer rated 'CC' has **EXTREMELY WEAK** financial security characteristics and is likely not to meet some of its financial commitments.

### **R**

An insurer rated 'R' is under **REGULATORY SUPERVISION** owing to its financial condition. During the pendency of the regulatory supervision, the regulators may have the power to favor one class of obligations over others or pay some obligations and not others. The rating does not apply to insurers subject only to nonfinancial actions such as market conduct violations.

### **NR**

An insurer rated 'NR' is **NOT RATED**, which implies no opinion about the insurer's financial security.

**Plus (+) or minus (-)** signs following ratings from 'AA' to 'CCC' show relative standing within the major rating categories.

**'Pi' Ratings**, denoted with a 'pi' subscript, are Insurer Financial Strength Ratings based on an analysis of published financial information and additional information in the public domain. They do not reflect in-depth meetings with an insurer's management and are therefore based on less comprehensive information than ratings without a 'pi' subscript. 'Pi' ratings are reviewed annually based on a new year's financial statements, but may be reviewed on an interim basis if a major event that may affect an insurer's financial security occurs. 'Pi' ratings are not subject to potential CreditWatch listings. 'Pi' ratings may also carry (+) and (-) designations to indicate their standing within categories.

Quantitative ratings, denoted with a "**q**" **subscript**, were discontinued in 1997 and are being replaced by the **pi subscript**.

**CreditWatch** highlights the potential direction of a rating, focusing on identifiable events and short-term trends that cause ratings to be placed under special surveillance by Standard & Poor's. These events may include mergers, recapitalizations, voter referenda, regulatory actions, or anticipated operating developments. Ratings are put on CreditWatch when such an event or a deviation from an expected trend occurs and additional information is needed to evaluate the rating. A listing, however, does not mean a rating change is inevitable and, whenever possible, a range of alternative ratings will be shown.

CreditWatch is not intended to include all ratings under review, and rating changes may occur without the ratings having first appeared on CreditWatch. The "positive" designation means that a rating may be raised; "negative" means that a rating may be lowered; "developing" means that a rating may be raised, lowered, or affirmed.

**National Scale Ratings**, denoted with a prefix such as 'mx' (Mexico) or 'ra' (Argentina), assess an insurer's financial security relative to other insurers in its home market.

## **About the ratings**

A Standard & Poor's Insurer Financial Strength Rating is a current opinion of the financial security characteristics of an insurance organization with respect to its ability to pay under its insurance policies and contracts in accordance with their terms. Health maintenance organizations and similar health plans are assigned Insurer Financial Strength Ratings with respect to their ability to pay claims in accordance with their terms.

This opinion is not specific to any particular policy or contract, nor does it address the suitability of a particular policy or contract for a specific purpose or purchaser. Furthermore, the opinion does not take into account deductibles, surrender or cancellation penalties, timeliness of payment, nor the likelihood of the use of a defense such as fraud to deny claims. For organizations with cross-border or multinational operations, including those conducted by subsidiaries or branch offices, the ratings do not take into account the potential that may exist for foreign exchange restrictions to prevent financial obligations from being met.

Insurer Financial Strength Ratings are based on information furnished by rated organizations or obtained by Standard & Poor's from other sources it considers reliable. Standard & Poor's does not perform an audit in connection with any rating and may on occasion rely on unaudited financial information. Ratings may be changed, suspended, or withdrawn as a result of changes in, or unavailability of such information or based on other circumstances.

Insurer Financial Strength Ratings do not refer to an organization's ability to meet nonpolicy (i.e. debt) obligations. Assignment of ratings to debt issued by insurers or to debt issues that are fully or partially supported by insurance policies, contracts, or guarantees is a separate process from the determination of Insurer Financial Strength Ratings, and follows procedures consistent with issue credit rating definitions and practices.

Insurer Financial Strength Ratings are not a recommendation to purchase or discontinue any policy or contract issued by an insurer or to buy, hold, or sell any security issued by an insurer. A rating is not a guaranty of an insurer's financial strength or security.