

Moody's Ratings Definitions

Moody's Insurance Financial Strength Ratings are opinions of the ability of insurance companies to repay punctually senior policyholder obligations and claims. The ratings indicate the likelihood of the company meeting its obligations pursuant to its insurance policies. Moody's analysts meet with insurance companies to analyze the structure and prospects for the company. The factors that are analyzed include quality of assets, product mix, capital adequacy and company management (both its style and strategy).

The ratings are shown with nine symbols ranging from the highest financial security (Aaa) to the least (C).

Strong Companies

Aaa Insurance companies rated Aaa offer exceptional financial security. While the financial strength of these companies is likely to change, such changes as can be visualized are most unlikely to impair their fundamentally strong position.

Aa Insurance companies rated Aa offer excellent financial security. Together with the Aaa group, they constitute what are generally known as high-grade companies. They are rated lower than the Aaa companies because long-term risks appear somewhat larger.

A Insurance companies rated A offer good financial security. However, elements may be present which suggest a susceptibility to impairment sometime in the future.

Baa Insurance companies rated Baa offer adequate financial security. However, certain protective elements may be lacking or may be characteristically unreliable over any great length of time.

Weak Companies

Ba Insurance companies rated Ba offer questionable financial security. Often the ability of these companies to meet policyholder obligations may be very moderate and thereby not well safeguarded in the future.

B Insurance companies rated B offer poor financial security. Assurance of punctual payment of policyholder obligations over any long period of time is small.

Caa Insurance companies rated Caa offer very poor financial security. They may be in default on their policyholder obligations or there may be present elements of danger with respect to punctual payment of policyholder obligations and claims.

- Ca Insurance companies rated Ca offer extremely poor financial security. Such companies are often in default on their policyholder obligations or have other marked shortcomings.
- C Insurance companies rated C are the lowest rated class of insurance company and can be regarded as having extremely poor prospects of ever offering financial security.

Moody's applies numerical modifiers 1, 2 and 3 in each generic rating category from Aa to Caa. The modifiers 1 indicates that the security ranking is in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking and the modifier 3 indicates that the issue ranks in the lower end of its generic rating category.

For more information contact Moody's Investor Service at 99 Church Street, New York, NY 10007 (212) 553-1658.