

A.M. Best Releases Video on Startup Insurance Company Ratings

Business Editors

OLDWICK, N.J.--(BUSINESS WIRE)--March 31, 2009--*A.M. Best Co.* has released an online video interview explaining how and why start-up insurance and reinsurance companies receive a rating.

Does A.M. Best assign ratings to start-up companies; the simple answer is yes.

"There is a common misconception in the marketplace in certain jurisdictions and states that A.M. Best does not rate start-ups," says Anthony Diodato, group vice president. "That goes back decades ago when there was a requirement that a company needed representative operating experience. Since the mid-90s' that requirement no longer exists and A.M. Best will assign a rating to any company willing to interact and share information with us.

"A.M. Best feels it's important to get out our opinion to the marketplace," continues Mr. Diodato. "If it's to a homeowner buying a policy, someone buying an auto policy, a risk manager or small business owner who is putting their faith in an insurance company, we feel it's important to give our opinion from an independent source on the ability of that insurance company to meet its obligation to pay those claims."

In addition, companies have interacted with A.M. Best to obtain a rating; however, the rating has not been made public. "Our position for initial ratings is if the company chooses not to accept the rating, it remains confidential," says Stefan Holzberger, assistant vice president. "So what the market in many cases doesn't see is how many management teams come to A.M. Best with a business plan that does not quite generate the rating they want or they need. And, as a result, those ratings do not become published interactive financial strength ratings."

To learn more about the how and why of rating start-up companies, please view the video interview at <http://www.ambest.com/multimedia/StartupRatings.html>. A full written transcript of the video is also available on the same Web page.

Also, please access the rating methodologies referenced in the video, "Frequently Asked Questions: Rating Start-Up Reinsurers," and "Rating New Company Formations."