

Article 3 – Insurance Company Financial Stability Ratings - Important?

The financial strength of an insurer is often the most critical component of your financial future.

To operate effectively in today's insurance marketplace, strong and stable financial strength ratings are widely regarded as a necessity. There are many recognized rating agencies, such as A.M. Best and Standard & Poors, just to name a few.

Over 100 Years Experience and Expertise Rating Insurance Companies:

For many years, A.M. Best was the sole source of this type of analysis. Since the early 1980's, a handful of additional firms have joined the property-casualty insurer rating and financial analysis industry. Risk Managers and insurance professionals view these agencies as complementary; **banks view them as necessary and usually require a certain letter rating to satisfy loan requirements.**

2004 / 2005 Hurricane Seasons

Following the most active hurricane seasons in Florida's history there has been a lot of attention devoted to the issue of insurer insolvency. Insurer evaluation organizations have become a hot commodity. New rating organizations have appeared on the market, and well established rating companies have modified their methodology to reflect differences in financial conditions. New products have been developed providing access to specific insurer information.

Suffice it to say, analyzing insurers' overall performance and financial strength is a task that requires specialized skills.