

Insurance Company Rating Systems

A.M. Best

| Grade | Interpretation |
|--------|---|
| A++/A+ | Superior. Very strong ability to meet obligations. |
| A/A- | Excellent. Strong ability to meet obligations. |
| B++/B+ | Good. Good ability to meet obligations. |
| B/B- | Fair. Adequate ability to meet obligations. |
| C++/C+ | Marginal. Reasonable ability to meet obligations. |
| C/C- | Weak. Currently has the ability to meet obligations. |
| D | Poor. Below minimum standards. |
| E | Under regulatory supervision. |
| F | In liquidation. |
| S | Rating Suspended – usually due to insufficient information. |

Standard and Poor's

| Grade | Interpretation |
|---------------|--|
| AAA | Extremely strong financial security. Highest safety. |
| AA+/AA/AA- | Very strong financial security. Highly safe. |
| A+/A/A- | Strong financial security. More susceptible to economic change than highly rated companies. |
| BBB+/BBB/BBB- | Good financial security. More vulnerable to economic changes than highly rated companies. |
| BB+/BB/BB- | Marginal financial security. Ability to meet obligations may not be adequate for long-term policies. |
| B+/B/B- | Weak financial security. An unfavorable business environment will probably reduce its ability to meet obligations. |
| CCC+/CCC/CCC- | Very weak. Currently able to meet obligations. Highly vulnerable to adverse economic conditions. |
| CC | Extremely weak. Questionable ability to meet obligations. |
| R | Regulatory action. Under supervision of insurance regulators. |
| NR | Not rated. No opinion is expressed about the firm's financial condition. |

Insurance Company Rating Systems

Moody's

| Grade | Interpretation |
|----------------|---|
| Aaa | Exceptional security. Unlikely to be affected by change. |
| Aa1/Aa2/Aa3 | Excellent security. Lower than Aaa because long-term risks appear somewhat larger. |
| A1/A2/A3 | Good security. Possibly susceptible to future impairment. |
| Baa1/Baa2/Baa3 | Adequate security. Certain protective elements may be lacking. |
| Ba1/Ba2/Ba3 | Questionable security. Ability to meet obligations may be moderate. |
| B1/B2/B3 | Poor security. Assurance of punctual payment of obligations is small over the long run. |
| Caa | Very poor security. There may be elements of danger regarding the payment of obligations. |
| Ca | Extremely poor security. Companies are often in default. |
| C | Lowest security. Extremely poor prospects of offering financial security. |

Fitch

| Grade | Interpretation |
|---------------------------|---|
| AAA | Exceptionally strong. Unlikely to be affected by change. |
| AA+/AA/AA- | Very strong. Moderate risk factors. Very strong ability to meet obligations |
| A+/A/A- | Strong. Moderate risk factors. Strong ability to meet obligations. |
| BBB+/BBB/BBB- | Good. Risk factors may be somewhat high. Good ability to meet obligations. |
| BB+/BB/BB- | Moderately weak. Uncertain ability to meet obligations. |
| B+/B/B- | Weak. Poor ability to meet obligations. |
| CCC+/CCC/CCC- CC+/C/C- | Very weak. Insurers in any of these ratings viewed as having poor ability to meet obligations. |
| DDD/DD/D | Distressed. Insurers have either failed to meet obligations or are under regulatory supervision/intervention. |
| NR | Not rated. |

Insurance Company Rating Systems

Weiss Ratings

| Grade | Interpretation |
|---------|---|
| A+/A/A- | Excellent financial security. Strong ability to deal with economic adversity. |
| B+/B/B- | Good financial security. Severe economic conditions may affect this company. |
| C+/C/C- | Fair financial security. Susceptible to downturns in the economy. |
| D+/D/D- | Weak financial security. Could impact policyholders. |
| E+/E | Very weak financial security. Significant risk, even in a stable economy. |
| F | Failed. Under supervision of state insurance commissioners. |
| U | Unrated. |

Note: Some of the classifications of the above rating companies are broken down into more levels than illustrated. The financial strength of an insurance company is a very important factor to consider in purchasing life insurance or annuities.