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# Insurance Company Rating Systems

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## 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.

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## 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.

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## 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.

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## 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.

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**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.

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# Disclosure Notice

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The information that follows is intended to serve as a basis for further discussion with your financial, legal, tax and/or accounting advisors. It is not a substitute for competent advice from these advisors. The actual application of some of these concepts may be the practice of law and is the proper responsibility of your attorney. The application of other concepts may require the guidance of a tax or accounting advisor. The company or companies listed below are not authorized to practice law or to provide legal, tax, or accounting advice.

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