

Best's Credit Ratings: Life – Sample Information Requests

Information to Be Furnished

Financial Statements

- Audited financial statements and independent audit reports (latest five years)

Investment Risk Items

For non unit-linked funds:

- Fixed-income securities split between government and corporate (include ratings)
 - Book and market values
 - Split by rating and duration
 - List of ten largest exposures per issuer/geographic region/industry
 - Illiquids including approach to managing default costs
- Equity securities
 - Split between common and preferred; within these categories split between non-affiliated private and public, and affiliated private and public; also, if any, provide details of investments in mutual funds and the maximum exposure per stock/per geographic region
 - Book and market values
 - List of ten largest exposures per issuer/geographic region/industry
- Real estate
 - Split between company-occupied and property held for investment purposes
 - Book and market values
- Mortgage loans: details of portfolio (proportion non-performing)
- Other loans: details of portfolio (proportion non-performing)
- Split/details of any other investment assets
- Average duration of:
 - Fixed-income portfolio
 - Preferred stocks
 - Average duration of mortgage loans

For unit-linked:

- Total funds

Credit Risk Items

- Reinsurance recoverables by company and rating
- Other recoverables by type
- Split of recoverables from agents/other intermediaries
- Bad debts and provisions made

Reserve Risk Items

- Independent and internal actuarial reports for last three years (if available)
- Reserves and statistics (gross and net) by line of business including method of calculation and assumptions used
- DAC development with method of calculation and assumptions used (US business)

Premium Risk Items

- Net new business premium and sum assured, split by business class
- Premiums per financial accounts and regulatory returns, split by product group

Business Risk Items

- Off-balance-sheet items, including:
 - Non-controlled assets
 - Guarantees for affiliates
 - Contingent liabilities
 - Bank liabilities
 - Collateralized assets
 - Letters of credit
 - Long-term leases
 - Derivative exposures

Other Items

- Please provide any details of capital restructuring planned.
- Embedded value reports (including assumption set) for the last three years
- SII or other regulatory returns and company's own assessment of economic value in life reserves (where embedded value reporting is not available)
- Latest business plan, including:
 - Current and prospective new business gross and written premium for the next three to five years by line of business
 - Material and reinsurance and retrocession arrangements (please include retention level and limits)
- Company's three-year experience analysis (mortality, morbidity, investment, persistency, and expenses not already in FCRs)
- Current and prospective organization charts
- At least five-year financial solvency projections (profit and loss and balance sheet) split by in-force and new business
- For the unit-linked assurance business, a "fees less expenses" revenue account is sufficient for the earnings projection. Please split by major business lines and by country/region as above.
- As above, given the following scenarios:
 - An equity and property shock of 30%
 - 10% increase in maintenance expenses
 - 10% increase in lapse rates
 - Please supply a sensitivity to an illiquid assets stress scenario involving an increase in default rates.



Find out more about getting a Best's Credit Rating.