



V N E W S O F A L U E

A.M. BEST UPGRADES TRAVELERS FINANCIAL STRENGTH RATINGS

A.M. Best Co. has upgraded the financial strength rating of the Travelers PC Pool to A++ (Superior) from A+ (Superior). A++ and A+ rated insurance carriers are considered to have a very strong ability to meet their obligations. The ratings reflect Travelers Property and Casualty's dominant market profile, superior financial performance, superior capitalization, conservative capital management, and focused management group.

Why are the ratings by A.M. Best important?

Independent ratings are the global standard for assessing the financial strength of insurance companies. Best's ratings system provides an overall opinion of an insurance company's ability to meet its obligations to policyholders. In recent years, ratings have become an increasingly important factor in consumers' decisions to purchase insurance. Today's insurance consumers are well aware of how regional, political, and economic instabilities can affect a marginal company. Best's ratings provide these consumers with the information necessary for an educated buying decision.

How are Best's ratings determined?

Best's ratings are based on a comprehensive evaluation of a company's financial strength, operating performance, and market profile as compared to A.M. Best's quantitative and qualitative standards. Letter-rated companies subscribe to Best's interactive approach and have satisfied Best's request for supplemental information and/or meetings with management.

Best's quantitative evaluation is based on an analysis of each company's reported financial performance for at least the past five years, using over 100 key financial tests and supporting data. These tests, which vary in their importance depending upon a company's characteristics, measure a company's absolute and relative performance in three critical areas: leverage/capitalization, profitability, and liquidity. This evaluation also uses National Association of Insurance Commissioners statement data submitted by each company.

The interpretation of these quantitative measurements involves the incorporation of more judgmental, qualitative considerations into the process. In some instances, qualitative considerations override the indicated quantitative rating of a company and vice-versa. Best's believes this balanced approach of evaluating a company on both quantitative and qualitative levels provides better insights of a company and results in more discerning and credible rating opinions.

What makes Travelers so strong?

Travelers P&C's significant franchise has contributed to its leading positions in the property/casualty industry as the third largest writer of commercial lines insurance and the second largest writer of personal lines insurance through independent agents. In addition, Travelers P&C has been one of the few successful acquirers in the property casualty arena, with its largest transaction being Aetna's property and casualty operations in 1996. The company has achieved significant cost savings and provided the group with greater economies of scale, broadened its distribution capabilities, and diversified its business mix.

Questions or concerns?

If you have any questions or need further information, please contact Steve Dickerson at 703-739-2346 or sdickerson@usisoutheast.com.

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Morgan & Cheves