



Understanding Insurance Company Financial Stability Ratings

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Choosing a **financially strong** insurance company is important when buying health insurance. You want the company to still be in business when you have claims, which can be 20 to 30 years from now.

Insurance companies selling insurance in Iowa have met the minimum legal standards to be licensed by the State of Iowa Insurance Division. This licensure doesn't mean the company has a high financial stability rating.

Several independent rating agencies evaluate the financial stability of insurance companies. The rating for an individual insurance company is an **opinion** as to its financial strength and ability to pay claims in the future. When evaluating a company, a rating agency may consider a company's balance sheet strength, operating performance and business management and strategies.

Many companies have high ratings. To find rating information, review marketing materials, ask an agent or contact a company. Although ratings are published, the Internet is the best source of the most current information. If you don't have Internet access at home, other sources are available. All public libraries in Iowa have computers with Internet access, and the librarian will be happy to assist you. Many senior centers also have computers and Internet access.

Consider several issues when using ratings to evaluate a company:

- Ratings don't provide information on cost, customer service or satisfaction or the quality of an individual policy.
- Consumers should make sure they have the most recent rating available because the condition of a company can change.
- Not all licensed insurance companies choose to be evaluated by all of the rating services.
- Comparing ratings from different rating services can be tricky. Each rating agency has its own rating scale, and the agency may change its scale or the symbols and descriptions it uses. Letter ratings and descriptive words don't have the same meaning for each agency. Read how the agency defines the ratings and descriptions it uses.

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The most recognized of the rating agencies are listed in the following table with telephone numbers. Some agencies give you free information and others charge a fee. If you are reading this fact sheet on the SHIP website, you can go directly to each agency's website by clicking on its name.

Rating scales use letters from A to F with numbers added in some cases. The table below shows the scales currently used by each rating agency.

**When buying health insurance,
look for a company with a high rating.**

*Insurance Company Financial Stability Ratings				
<u>A. M. Best Company</u> (908)439-2200	<u>Fitch Investors Service</u> 1-800-893-4824	<u>Moody's Investor Service</u> (212)553-0377	<u>Standard & Poor's</u> (212)438-2400	<u>Weiss Research, Inc.</u> (800)289-9222
A++	AAA	Aaa	AAA	A+
A+	AA+	Aa1	AA+	A
A	AA	Aa2	AA	A-
A-	AA-	Aa3	AA-	B+
B++	A+	A1	A+	B
B+	A	A2	A	B-
B	A-	A3	A-	C+
B-	BBB+	Baa1	BBB+	C
C++	BBB	Baa2	BBB	C-
C+	BBB-	Baa3	BBB-	D+
C	BB+	Ba1	BB+	D
C-	BB	Ba2	BB	D-
D	BB-	Ba3	BB-	E+
E	B+	B1	B+	E
F	B	B2	B	E-
	B-	B3	B-	F
	CCC	Caa	CCC	
	DD	Ca		
		C		

* The Iowa Insurance Division and SHIP do NOT endorse any private rating service.

IF you have questions, the Senior Health Insurance Information Program or SHIP can help.

Website: www.TheRightCallIowa.gov

E-mail: ship@iid.iowa.gov

Toll-free: 1-800-351-4664 (TTY 1-800-735-2942)



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