

How Can I Determine the Financial Strength of My Insurance Company?

How do you compare life insurance companies? What features do you examine? What criteria do you use? How do you know what to look for? Making sure that your insurance company is financially sound is an important part of helping to ensure family security.

Fortunately, there are a number of independent companies that make these evaluations. These rating companies carefully examine each insurance company in the areas of profitability, debt, liquidity, and other factors. From the results of these examinations, they then issue overall ratings.

Looking up a company's rating will provide you with a snapshot of that company's financial health. Tracking the company's rating on a regular basis may give you some advanced warning of trouble.

The four most prominent rating companies are A.M. Best, Standard & Poor's, Moody's Investors Service, and Fitch Ratings. Each of these services uses slightly different criteria when rating companies. As a result, each may have a slightly different view of a given company. A.M. Best ratings are based on financial conditions and performance; Moody's, Fitch Ratings, and Standard & Poor's ratings are based on claims-paying ability.

You should be able to find copies of at least one of these ratings in the reference section of your local library. If you are unable to find them, or if the ratings in your library are outdated, you can contact the services directly. All four services will provide ratings over the phone.

A.M. Best Company: 908-439-2200, www.ambest.com

Standard & Poor's: 212-438-2400, www.standardandpoors.com

Moody's Investors Service: 212-553-0377, www.moody.com

Fitch Ratings: 800-893-4824, www.fitchratings.com