

Using AM Best Rating for Home Insurance Companies

One of the toughest issues you will face when deciding on a home insurance company is to compare insurance companies and determine whether the company is a stable company that has the ability to pay out on claims. A. M. Best's "Financial Strength Rating" is an independent analysis of an insurer's financial strength and ability to meet its ongoing insurance policy and contract obligations. The analysis is based on a comprehensive quantitative and qualitative evaluation of a company's balance sheet strength, operating performance and business profile.

Companies receive the following ratings:

- **Secure ratings:**
 - **Superior:** A++ and A+
 - **Excellent:** A and A-
 - **Good:** B++ and B+
- **Vulnerable ratings:**
 - **Fair:** B and B-
 - **Marginal:** C++ and C+
 - **Weak:** C and C-
 - **Poor:** D
 - **Under Regulatory Supervision:** E
 - **Rating Suspended:** S

If a company that you are considering does not have an AM Best rating, that does not mean it is a terrible company. But if there is no rating, you will need to perform much more due diligence in order for you to feel comfortable with your purchase decision. An AM Best ranking is not designed to be an end-all-be-all, but instead a help for you in your search for the right insurance.