

Finding a Reputable Insurance Company

Using Financial Rating Agencies

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Note: This information was developed to provide consumers with general information and guidance about insurance coverages and laws. It is not intended to provide a formal, definitive description or interpretation of Department policy. For specific Department policy on any issue, regulated entities (insurance industry) and interested parties should contact the Department.

When shopping for insurance, choosing the right company can be a critical decision. You should find out if the company holds a certificate of authority (license) to do business in Illinois, if it is financially sound, and if it has a significant complaint history.

Licensed insurance companies must meet Illinois financial standards and comply with Illinois insurance laws and regulations. If you buy insurance from an unlicensed company, the Department of Insurance will have little or no regulatory authority to assist you if you have a problem. Worse yet, if an unlicensed company becomes bankrupt, you will have no protection under any of the Illinois guaranty associations.

The Department of Insurance can provide you with the following information:

- Whether or not the company is licensed;
- Length of time the company has been licensed;
- A company's complaint statistic and the number of complaints received in recent years;
- A company's address and phone number; and
- A company's A.M. Best rating.

Call our Consumer Services Section at (312) 814-2420 or our Consumer Assistance Hotline toll free at (866) 445-5364.

Check with the Rating Agencies

Although the Department of Insurance does not rate the financial condition of insurance companies, there are many private rating services that conduct financial analyses and grade insurance companies. Each rating service uses its own criteria. Private ratings are therefore only opinions and carry no guarantee of accuracy. However, such ratings can provide you with some information about how private analysts view the financial condition of particular insurance companies.

You can obtain those ratings by phone, mail or via the Internet. Two of the services charge for the information. Many local libraries also subscribe to *Best's Insurance Reports*. When checking with a rating agency, be sure to ask for an explanation of its criteria so that you can fully understand the rating assigned to a particular company. You might also want to compare prior year ratings for that company. Listed below are five rating services which can provide rating information on insurance companies.

- **A.M. Best**
A.M. Best provides free ratings for up to three companies per call at (908) 439-2200 ext. 5742. Unlimited ratings can be accessed via their web address at <http://www3.ambest.com/ratings/default.asp>. A.M. Best also provides information for the following fees: printed copy of the rating for \$4.95; and full report of the company for \$35.00.
- **Demotech, Inc.**
Demotech, Inc. is an actuarial consulting and financial analysis firm that provides financial stability ratings of property and casualty insurers. You may search these ratings by visiting their website at <http://www.demotech.com>
- **Fitch**
Fitch provides free financial strength ratings for up to five companies per call at (800) 893-4824. Ratings are also available via their website at <http://www.fitchratings.com>.
- **Moody's**
Moody's provides free ratings for up to five companies per call at (212) 553-0377. Unlimited ratings can be accessed via their web address at <http://www.moodys.com>.
- **Standard & Poor's**
Standard & Poor's provides free ratings for up to five companies per call at (212) 438-2400. Requests can also be sent by email to: ratings_request@standardpoors.com.
- **TheStreet.com Ratings**
TheStreet.com provides all of their ratings for free on their website at <http://www.theStreet.com>. They can be reached at (800) 289-9222.

NOTE: The above links to other web sites are not maintained by the Department of Insurance. A link to another web site does not represent an endorsement of that site by our Department.

Helpful Tips When Shopping for Insurance

- **Find a reliable agent:** If you wish to buy insurance from an agent, look for a licensed agent (insurance producer) who is reliable and helpful in answering any questions you may have. Ask your family or friends for recommendations.
- **Shop carefully:** Insurance is expensive. Comparison-shopping is worth the time it takes. Obtain more than one estimate or quote. Remember, if it sounds too good to be true, it probably is.
- **Understand what you are buying:** Ask for a detailed explanation in layman's terms. Don't accept calculations or examples you don't understand.

- **Never permit high-pressure tactics:** Immediately report harassment by agents or company representatives to the Department of Insurance.
- **Do not be misled by advertising:** Only you can decide if a policy is the right one for you.
- **Fill out your application completely and accurately:** It is important to give correct and complete answers when applying for insurance. If you omit or misrepresent information, the company can void the contract.