

## ICRA LANKA'S INSURANCE FINANCIAL STRENGTH RATING SCALE

- [SL]AAA:** The Highest Insurance Financial Strength rating assigned by ICRA Lanka. Indicates fundamentally strong position. Prospect of meeting policyholder obligations is the best.
- [SL]AA:** High Insurance Financial Strength rating assigned by ICRA Lanka. Risk factors are modest and may vary slightly. Prospect of meeting policyholder obligations is high and differs from AAA only marginally.
- [SL]A:** Adequate Insurance Financial Strength rating assigned by ICRA Lanka. Prospect of meeting policyholder obligations is adequate. The risk factors are more variable and greater in periods of economic stress and any adverse changes in business /economic circumstances as may be visualized, may alter the fundamental strength.
- [SL]BBB:** Moderate Insurance Financial Strength rating assigned by ICRA Lanka. The protective factors are below average and adverse changes in business /economic circumstances are likely to affect the prospect of meeting policyholder obligations.
- [SL]BB:** Inadequate Insurance Financial Strength rating assigned by ICRA Lanka. The protective factors fluctuate in case of changes in business /economic conditions and prospects of meeting policyholder obligations are more likely to be affected by such changes.
- [SL]B:** Weak Insurance Financial Strength rating assigned by ICRA Lanka. Risk factors indicate that policyholder obligations may not be met when due. Adverse changes in business /economic conditions could result in inability /unwillingness to service policyholder obligations.
- [SL]C:** Very weak Insurance Financial Strength rating assigned by ICRA Lanka. Indicates fundamentally poor position. Such companies may often be on the verge of default on policyholder obligations.
- [SL]D:** Lowest Insurance Financial Strength rating assigned by ICRA Lanka. Indicates fundamentally very poor position. Such companies may often be in default on policyholder obligations or are likely to be placed under supervision by insurance regulator.

For the Rating categories [SL]AA through to [SL]C the sign of + (plus) or – (minus) may be appended to the Rating symbols to indicate their relative position within the Rating categories concerned. Thus, the Rating of [SL]AA+ is one notch higher than [SL]AA, while [SL]AA- is one notch lower than [SL]AA.