
A.M. BEST COMPANY

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March 4, 2010

By Electronic Mail

Ms. Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F. Street, NE
Washington, DC 20549-1090

Re: Proposed New Rule 17g-7 for Nationally Recognized Statistical Rating
Organizations (File Number S7-28-09)

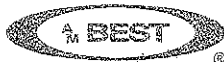
Dear Ms. Murphy:

A.M. Best Company (A.M. Best) is registered with the U.S. Securities and Exchange Commission as a Nationally Recognized Statistical Rating Organization (NRSRO). We appreciate the opportunity to provide comments on proposed new rule 17g-7.

NEW RULE 17g-7 – CREDIT RATING REPORTS ON REVENUES

The Commission is proposing a new rule – Rule 17g-7 – that would require an NRSRO to make publicly available on its Internet Web site a consolidated report, for the fiscal year, that lists each person that paid the NRSRO to issue or maintain a credit rating the percent of the net revenue attributable to the person that was earned from providing services and products other than credit rating services, and the relative standing of the person in terms of the person's contribution to revenue. A.M. Best objects to the proposal to require public disclosure of the percent of revenues the NRSRO receives from non-credit rating products and services primarily due to the anti-competitive nature of the rule, particularly on smaller NRSROs. Additionally, such disclosures could be misleading to users of ratings.

In addition to its credit rating services, A.M. Best offers insurance related publications, news and data products and services. For example, our Information Services division, which is walled off from ratings services (see Form NRSRO Exhibit 4) houses what we believe to be the largest and most reliable database of insurance data. As a result, it is not uncommon for a rated entity to purchase raw industry data for its own use, for example, conducting competitive analysis. For these reasons, we believe that a requirement to publish



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the percent of revenue received from a rated entity for purchasing non credit rating services could be misinterpreted by users of ratings.

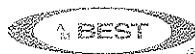
If adopted, Rule 17g-7 would require A.M. Best to disclose to its non credit rating agency competitors a proprietary list, by name, of its non-credit rating services clients – including the relative size (percent of non credit rating services revenue) of those clients. The anti-competitive nature of this rule is of particular concern to us since we rate the vast majority of U.S. domiciled insurers, which would essentially require us to provide to our non credit rating agency competitors a substantial portion of our proprietary non credit rating services client base. Because our non NRSRO competitors will naturally act on this unparalleled federally mandated “windfall opportunity” to target, on an ongoing basis, our non credit rating services clients, the adoption of this proposed rule could have a materially adverse impact on our non credit rating services business. We note that our competitors in these products and services are not required by law or rule to provide us a “roadmap” to target their client base.

We acknowledge and publicly disclose on Form NRSRO Exhibit 6 the potential conflict of interest relating to offering both credit rating services and non rating products and services and have erected firewalls and put in place policies and procedures to mitigate the potential undue influence that non rating services could have on our ratings business. We also provide the Commission with a substantial amount of information related to non ratings products and services in Form NRSRO Exhibits 10 and 12 and also note the Commission’s ability to require more detailed information be made available in the examination process.

The adoption of the proposed rule also would appear to contradict, at least in spirit, other rules adopted by the Commission related to potential conflicts of interest. For example, the Commission has determined that analysts should not be involved in the commercial relationship between the company and a rated entity and has adopted a rule designed to mitigate this potential conflict of interest. The requirement to publish on our website the proposed rule 17g-7 information is inconsistent with the intention of a previously adopted rule that was designed specifically to shield analysts from undue influence arising from the commercial relationship between A.M. Best and rated entities.

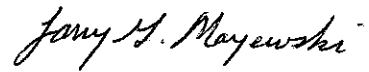
We believe the Commission can ultimately accomplish what we perceive to be the Commission’s ultimate intent for rule 17-g-7, public disclosure of material conflicts of interest, by requiring an NRSRO to annually disclose in Exhibit 6 a list of persons that represented 5% or more of the NRSRO’s net revenue.

While we oppose the public disclose requirements of proposed new rule 17g-7 for the reasons stated above, should the Commission adopt the rule, 17g-7 should apply to all NRSROs, regardless of the business model of the NRSRO. The Commission has already determined that both issuer-pay and subscriber-pay business models are subject to potential conflicts of interest and requires that the relevant conflicts of interest be disclosed on Exhibit 6 of Form NRSRO.

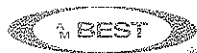


We appreciate the opportunity to provide comments on proposed new rule 17g-7. We look forward to working with Commission staff on the proposal and would be happy to answer any questions you or Commission staff may have.

Sincerely,



Larry G. Mayewski
Executive Vice President
A.M. Best Company



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