



## **ATOL CRITERIA FOR BOND OBLIGORS**

1. Bonds will be accepted from banks and insurance companies which meet the CAA's minimum financial rating requirements. To assess ratings, the CAA will use information published by rating agencies. Where such information is not publicly available, obligors will be asked to provide evidence of their rating direct to the CAA.
2. The CAA will require all obligors to have at least a minimum financial rating of "normal investment level", which for example would be Standard & Poor's rating BBB or Moody's ratings, D for banks and Baa for insurance companies. Where any one rating falls below these levels, the CAA will base its assessment on the lower rating. Where a bank financial rating falls below our minimum requirement, we may continue to accept bonds, if other issuer ratings applicable to the bank offer good financial security. Such decisions are usually likely to apply only where the bank fails to meet our minimum financial strength rating by a single notch.
3. For banks that meet the minimum rating, there is no other limitation on the size of bonds which may be provided, apart from the general limits set out in paragraph 7.
4. For insurance companies rated AAA or AA by Standard & Poor's and Aaa and Aa by Moody's, there are no limitations on the size of bonds, except the general limits at paragraph 7.
5. For insurance companies rated A+ by Standard & Poor's and A by Moody's, total exposure will be limited to £150 million, with a maximum individual bond limit of £30 million.
6. All other insurance companies which meet the minimum requirement will be considered on an individual basis, but will normally be limited to providing individual bonds of no more than £10 million.
7. Generally, the CAA will not accept a bond in excess of £30 million for an individual licence holder and consequently, when an ATOL holder's requirement reaches this level they will be expected to have more than one obligor. If the level of bonding exceeds £60 million, then a further obligor will be required. Beyond £90 million the CAA will not expect any obligor to provide more than one third of the total bond requirement. When the bond requirement reaches £200 million and above the amount that may be covered by an individual obligor will be limited to 25%.