

# Choosing the Right Insurance Company

The Guardian Life Insurance Company of America is one of the largest mutual life insurance companies in the United States, providing high quality, affordable insurance and financial products.

Guardian owns several independent subsidiaries, including Berkshire Life Insurance Company of America — the nation's #1 provider of non-cancellable individual disability income insurance.<sup>1</sup> Each subsidiary is a financially strong organization that functions as a separate, independent entity, with a conservative management style that benefits Guardian. Our high quality products are backed by the assets of the issuing subsidiary.

The insurance carrier you choose is as important as the policy you recommend. Your clients trust you to provide them with information that will help secure their financial future. Help clients choose the company that's right for them by asking these questions.

## Why is Strength and Stability Important?

*An insurance policy is a promise to perform in the future*

It's important to look at the financial strength and stability of any insurance company you are considering because a policy is a promise — and a promise is only as good as the company that can honor it. Because an insurance policy is expected to perform many years in the future, the long-term financial viability of the insurance company you choose should be a major concern.

## Why do Ratings Matter?

*Independent, third-party rating services provide essential qualification measures*

Ratings are an indicator of financial strength and independent rating services provide essential measures of the qualifications of insurance companies. Four major ratings agencies evaluate the strength of insurance companies based on review of the company's financial statements and management interviews, then publish ratings based upon their statistical models and certain qualitative measures. Each rating agency has a slightly different system when it comes to rating or "grading" companies. Here are our ratings:

Name	Relationship	Assets as of 12/31/09	Ratings as of December 2010
Berkshire Life Insurance Company of America	Wholly owned stock subsidiary	Admitted Assets: \$2.6 billion Liabilities: \$2.2 billion (including \$2.0 billion of reserves) Surplus: \$4.2 billion	A.M. Best Company A++ Standard & Poor's AA+ (as of January 2011)
The Guardian Life Insurance Company of America	Parent Company	Admitted Assets: \$30.9 billion Liabilities: \$26.7 billion (including \$23.5 billion of reserves) Surplus: \$4.2 billion	A.M. Best Company A++ Fitch AA+ Moody's Investors Services Aa2 Standard & Poor's AA+



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## What does the Comdex ranking mean to you and your clients?

*A gauge to measure the relative strength of a company*

Comdex is a composite of all major ratings (minimum of two ratings) that a company has received. The Comdex percentile ranks the companies on a scale of 1 to 100 (with “1” being the weakest and “100” the strongest), in relation to other companies that have been evaluated by the four independent ratings services. The result is a number that can be used to gauge the relative strength of a company.

### Financial Strength Ratings as of 12/2010

*As ranked by Comdex*

Company	A.M. Best Company	S & P	Moody's	Fitch	Comdex
Northwestern Mutual Life Insurance*	A++	AAA	Aaa	AAA	100
The Guardian Life Insurance Company of America*	A++	AA+	Aa2	AA+	98
Berkshire Life Insurance Company of America	A++	AA+	N/A	N/A	N/A
Massachusetts Mutual Life Insurance*	A++	AA+	Aa2	AA+	98
Metropolitan Life Insurance Company	A+	AA-	Aa3	AA-	95
Principal Life Insurance Company	A+	A	Aa3	AA-	92
Standard Insurance Company	A	AA-	A1	A+	88
Union Central Life Insurance Company	A	A-	N/A	A	86
UNUM Life of America	A	A-	A3	A	76

\*Mutually held companies

Source: Vital Signs December 2010

## What is a Capitalization Ratio and why does it matter?

*The capitalization ratio is an indicator of a company's ability to ride out uncertain financial times.*

Most of the liabilities of any insurance company are composed of the reserves set aside to pay future claims. Capital represents the amount of assets in excess of those liabilities, and a high capitalization ratio indicates a greater proportion of these excess assets. Capitalization is calculated as:

$$\frac{\text{Capital}}{\text{Net Admitted Assets (excluding Separate Account Assets)}}$$

### Capitalization = Claims Paying Ability

*Top Carriers Ranked by Five-Year Average*

Company	2005	2006	2007	2008	2009	Average
Berkshire Life Insurance Company of America	15.9%	16.9%	17.6%	17.8%	17.7%	17.2%
The Guardian Life Insurance Company of America	15.6%	16.1%	16.3%	14.7%	15.9%	15.7%
Massachusetts Mutual Life Insurance	12.8%	13.1%	13.4%	11.4%	11.4%	12.8%
Standard Insurance Company	13.2%	12.4%	12.6%	12.1%	12.4%	12.6%
Northwestern Mutual Life Insurance	12.8%	13.5%	13.4%	11.1%	11.0%	12.4%
UNUM Life of America	9.7%	10.6%	9.9%	8.8%	9.9%	9.8%
Principal Life Insurance Company	8.3%	7.9%	7.6%	8.0%	8.0%	8.0%
Union Central Life Insurance Company	8.3%	8.1%	7.8%	6.0%	8.4%	7.7%
Metropolitan Life Insurance Company	6.5%	6.3%	7.7%	6.9%	6.7%	6.8%

\*All information provided was obtained from each company's statutory statements.

## Why does the company's investment philosophy matter?

*Investing for the long term helps companies avoid risky business practices in pursuit of short-term profits.*

Guardian's investment philosophy starts with sound asset allocation strategies that attempt to optimize expected long-term returns within well-defined risk parameters while benefiting from diversification strategies designed to reduce risk. Our portfolio managers employ a disciplined investment decision-making process, which is fundamentally based on proprietary research. Striking the right balance between managing risk, protecting capital, and generating healthy long-term returns is one of our highest priorities.

## How do key strengths help you evaluate a Disability carrier?

Consider the importance of working with a solid, financially strong company. The balance of ratings, claims paying ability and the asset to liability ratio shows the long term commitment to their policyholders. When you partner with a carrier and their subsidiaries you need to feel secure and comfortable with your decision and with how they manage their commitments.

Carrier	Comdex*	Capitalization Ratio	Surplus Growth 3 Year CAGR <sup>2**</sup>	Asset to Liability Ratio <sup>***</sup>
Berkshire Life Insurance Company of America	N/A	17.6%	8.5%	120%
The Guardian Life Insurance Company of America	98	15.9%	4.5%	120%
Massachusetts Mutual Life Insurance	98	11.4%	6.0%	108%
Metropolitan Life Insurance Company	95	6.7%	4.4%	105%
Northwestern Mutual Life Insurance	100	11.0%	-1.2%	108%
Principal Life Insurance Company	92	8.0%	3.2%	104%
Standard Insurance Company	88	12.4%	7.5%	109%
Union Central Life Insurance Company	86	7.7%	4.5%	106%
UNUM Life of America	76	9.9%	0.3%	108%

\* Vital Signs December 2010

\*\* Compound Annual Growth Rate. Based on Surplus plus Asset Valuation Reserve.

\*\*\* National Association of Insurance Commissioners (NAIC)

## Help your clients choose the right insurance company.

*Share the facts.*

<sup>1</sup> 2009 LIMRA U.S. Individual DI Insurance Participants Report, based on annualized premium.

Individual disability income products are underwritten and issued by Berkshire Life Insurance Company of America, Pittsfield, MA, a wholly owned stock subsidiary of The Guardian Life Insurance Company of America, New York, NY.



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