How to Choose a Disability Insurance Company
Fulfilling Promises

GUARDIAN®

A 2014 GUIDE THROUGH RELEVANT INDUSTRY INFORMATION
The Guardian Life Insurance Company of America (Guardian) 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 (Berkshire Life) — the nation’s number-one provider of non-cancellable individual disability income insurance.* 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.

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You have taken the initiative to assess your values, goals and dreams. You have consulted with your advisor and educated yourself on the opportunities available to you. And now that you’ve determined that disability insurance will be a vital part of your financial plan, you want to find the right product with the right company.

When it comes to protecting your future, making the decision to purchase disability insurance is not a luxury, but a necessity. For you and your family, it can mean the difference between retiring at 60 as you had planned rather than 70 — because you didn’t have the coverage in place to protect you while you were disabled. As an employer or a business owner, it means having a comprehensive plan in place that’s designed to attract and retain top talent and help protect your business.

Your income is the foundation of the life you created and the future you have planned. It is important for you to look at the financial strength and stability of any insurance company you are considering.

**WHY? BECAUSE A POLICY IS A PROMISE.**
A disability policy is a promise to pay a benefit when you most need it — and a promise is only as good as the company that can honor it. The value that a disability policy represents is a major source of security for your family and your business. A disability policy is expected to be there many years into the future. Therefore, the long-term financial viability of the disability insurance company you are considering should be a major consideration. It is important to determine whether the company’s track record is consistent with the statements made at the time of sale.
What should you know about a disability insurance company when purchasing a policy?

The financial strength and stability of the company.

You should review the following during your disability insurance selection process:

- **Financial Ratings** — Several factors are evaluated for each insurance company by independent rating services. Their ratings are widely relied upon by individuals and businesses as essential indicators of financial strength and stability of insurance companies.

- **Capitalization Ratio** — This is a measure of financial strength and an indicator of a company’s ability to ride out uncertain economic times.

- **Net Investment Yield** — The yield represents the net earned rate on all invested assets, excluding realized and unrealized gains and losses.

Using the preceding indicators and measurements may help you in selecting a company focused on strength, integrity and performance.

“Guardian continues to remain strong...

We are developing products and services to ensure we are here for our clients for generations to come. Instead of seeking quick-fix gains by making risky investments, our focus is always on building a strong financial foundation that will serve us well not only today, but in the years ahead.”

Deanna M. Mulligan
President and Chief Executive Officer
Independent, third-party rating services provide measures of the qualifications of insurance companies that might be under consideration.

When evaluating insurance companies, company ratings provide an excellent starting point. There are many financial facts to evaluate when choosing a solid insurance company. Because this is a time-consuming task even for professionals, many years ago independent rating services were developed to evaluate the strength and stability of virtually all insurers. These rating services are impartial in their evaluations and provide a common ground for valid comparisons.

There are four major rating agencies that evaluate and publish ratings for insurance companies:

- Moody’s
- Standard & Poor’s
- Fitch
- A.M. Best Company

For each insurance company being rated, each agency evaluates the firm’s financial statements, interviews its management, and subsequently develops ratings based upon statistical models and certain qualitative measures. The cumulative result is a relative ranking of all the insurance companies that they have evaluated.

The benefit to having several companies produce their own ratings is that overall, there is less chance of something being missed or overlooked. Illustrating this point is a table called the Comdex Rankings. Comdex is not a rating, but a composite of all ratings that a company has received. Comdex percentile ranks the companies on a scale of 1 to 100 (with 100 being the best).

For perspective, experts who write about the insurance industry will tell you that a Comdex of 95 or higher is considered an “extremely safe” company, 90 represents a “safe” company and a ranking of 85 indicates a “reasonably safe” company.*
Comdex Rankings as of September 2014

<table>
<thead>
<tr>
<th>Company</th>
<th>A.M. Best Company</th>
<th>S&amp;P</th>
<th>Moody’s</th>
<th>Fitch</th>
<th>Comdex</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northwestern Mutual Life Insurance Company</td>
<td>A++</td>
<td>AA+</td>
<td>Aaa</td>
<td>AAA</td>
<td>100</td>
</tr>
<tr>
<td>Berkshire Life Insurance Company of America</td>
<td>A++</td>
<td>AA+</td>
<td>N/A</td>
<td>AA+</td>
<td>99</td>
</tr>
<tr>
<td>The Guardian Life Insurance Company of America</td>
<td>A++</td>
<td>AA+</td>
<td>Aa2</td>
<td>AA+</td>
<td>98</td>
</tr>
<tr>
<td>Massachusetts Mutual Life Insurance Company</td>
<td>A++</td>
<td>AA+</td>
<td>Aa2</td>
<td>AA+</td>
<td>98</td>
</tr>
<tr>
<td>Metropolitan Life Insurance Company</td>
<td>A+</td>
<td>AA-</td>
<td>Aa3</td>
<td>AA-</td>
<td>95</td>
</tr>
<tr>
<td>Principal Life Insurance Company</td>
<td>A+</td>
<td>A+</td>
<td>A1</td>
<td>AA-</td>
<td>91</td>
</tr>
<tr>
<td>Ameritas Life Insurance Corporation (UNIFI Companies)</td>
<td>A</td>
<td>A+</td>
<td>N/A</td>
<td>N/A</td>
<td>83</td>
</tr>
<tr>
<td>Standard Insurance Company</td>
<td>A</td>
<td>A+</td>
<td>A2</td>
<td>A</td>
<td>80</td>
</tr>
<tr>
<td>UNUM Life of America</td>
<td>A</td>
<td>A</td>
<td>A2</td>
<td>A</td>
<td>78</td>
</tr>
</tbody>
</table>

Source: VitalSigns, September 2014. Not all companies are ranked by all four rating agencies.

Please consult with your financial advisor for complete details concerning the ratings stated above. Some of the ratings reflect the performance of the parent company and/or other entities related to the issuing insurer.

What this means to you is...

Industry experts find that the difference between choosing a company with a Comdex of 98 versus 93 is the difference between “extremely safe” versus “safe.”*

You have a choice – if not a responsibility – in selecting an insurance company based on your personal tolerance for company strength and safety.

* Source: Richard M. Weber, MBA, CLU, AEP; and Chris Hause, FSA, MAAA, CLU; Life Insurance as an Asset Class: Managing a Valuable Asset.
Capitalization Ratio: What is it and why is it important to you?

The capitalization ratio shows the company’s capital as a percentage of net admitted assets.

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. It is calculated using the following formula:

\[
\text{Capitalization Ratio} = \frac{\text{Capital}}{\text{Net Admitted Assets (Excluding Separate Account Assets)}}
\]

Net Investment Yield: What is it and why is it important to you?

Net Investment Yield (NIY, also known as Net Yield on Mean Invested Assets) is net investment income expressed as a percent of cash and invested assets, plus accrued investment income, minus borrowed money. Net Investment Yield comes from all invested assets.

What this means to you is...

<table>
<thead>
<tr>
<th>Capitalization Ratio</th>
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<tbody>
<tr>
<td>The higher the capitalization ratio, the more confident you can be in making sure that the company that is issuing the policy:</td>
</tr>
<tr>
<td>• Has the financial endurance to handle severe market volatility; and</td>
</tr>
<tr>
<td>• Is in a position to honor the promise of the policy — to protect and insure when it’s needed most.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net Investment Yield</th>
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<tr>
<td>The yield represents the net earned rate on all invested assets, excluding realized and unrealized gains and losses.</td>
</tr>
</tbody>
</table>
Company Values: Why are they important to your buying decision?

Unlike publicly held companies, mutual companies have no stockholders and therefore no conflicts between the short-term, quarter-to-quarter financial demands of Wall Street and the long-term interests of policyholders. We believe mutual companies are positioned to serve customers’ interests by delivering high-quality insurance with the greatest degree of financial strength possible.

Investment Environment: How does market performance impact your buying decision?

Since disability insurance generally provides longer-term benefits, you should think carefully about what you want your policy to do for you over time and what your comfort level is with exposing your coverage to market fluctuations.

If you are not comfortable with market fluctuations, then understanding a company’s investment philosophy and historical experience is extremely important. You may want to consider doing business with a company that:

- Is defensively positioned to withstand market swings;
- Is relatively conservative in taking insurance premium dollars and investing in a strong, well-diversified portfolio;
- Is known for thorough due diligence and an independent research process;
- Avoids risky investments; and
- Executes a risk management plan to protect capital in volatile financial markets.

This philosophy lends itself to building and maintaining the kind of strong capital and liquidity needed to pay disability claims.

What this means to you is...

Independent rating agencies look well beyond company financials. They also have face-to-face interviews with senior executives of each firm they rate in order to get a sense of their vision and philosophy—and to help determine the integrity and foundation of their company’s values.

Contact your financial representative to review rating reports and narratives from the major rating agencies.
Choose Berkshire Life and Guardian

When you compare the key financial strength indicators across companies, Berkshire Life and Guardian are on top.

Berkshire Life and Guardian have staying power.

<table>
<thead>
<tr>
<th></th>
<th>Berkshire Life</th>
<th>Guardian</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Tier Comdex Rankings</td>
<td>99</td>
<td>98</td>
</tr>
<tr>
<td>Best in class Capitalization Ratio(^1)</td>
<td>17.9%</td>
<td>15.5%</td>
</tr>
<tr>
<td>Net Investment Yield</td>
<td>5.9%</td>
<td>4.9%</td>
</tr>
</tbody>
</table>

These are the results on which you should be basing your decisions when choosing a disability insurance company. Before you think *price*, before you consider the *value* — think about the *promise*. It is the foundation for evaluating the value of the product. The weaker your foundation, the weaker your choice — regardless of value or price.

Key 2013 Accomplishments

- Berkshire Life was #1 in non-cancellable individual disability income insurance.\(^2\)
- Berkshire Life and Guardian’s ratings were affirmed.
- Berkshire Life paid more than $289.3 million in disability income benefits in 2013 alone.
- Known for its innovation, Berkshire Life added Student Loan protection to its Disability Income product portfolio, already one of the broadest in the industry.

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\(^1\) Five-year average.

\(^2\) Premium basis as reported by LIMRA.

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Financial information concerning Berkshire Life Insurance Company of America as of 12/31/13 on a statutory basis: Net Admitted Assets = $3.5 billion; Liabilities = $2.9 billion (including $0.6 billion of Reserve); Surplus = $0.6 billion.

Financial information concerning The Guardian Life Insurance Company of America as of 12/31/13 on a statutory basis: Net Admitted Assets = $42.1 billion; Liabilities = $37.1 billion (including $32.7 billion of Reserve); and Surplus = $5.0 billion.
Berkshire Life’s Disability Insurance Product Offerings

Personal Income Protection

Berkshire Life engineers disability income products, such as ProVider Plus, to help you protect yourself from the financial impact of a disability. No matter how prepared you are, accidents and illnesses do happen — and disability can be the outcome.

When evaluating any disability policy, it’s important to consider the functionality of the policy in its entirety to determine if the coverage can truly provide value and financial assistance during a time of considerable strain. Berkshire Life’s ProVider Plus policy was built for high performance, during and after a disability — to help you maintain your financial responsibilities and preserve your lifestyle.

Small Business Protection

Business owners may not consider the impact a disability can have on their business, and the detrimental effect that disability can have on the value of their business. With Business ProVider,™ Berkshire Life takes an integrated approach to help business clients maintain a healthy business strategy with:

- Overhead Expense Disability Insurance.
- Business Reducing Term Disability Insurance.
- Disability Buy-Out Insurance.

Worksite Benefits

Small to mid-size employers are seeking ways to enhance their existing disability insurance benefits while controlling costs. Berkshire Life’s Supplemental Income Protection Program provides the flexibility to:

- Help employees protect more of their income at no additional cost to the company.
- Help protect sources of executive income often uninsured, such as bonuses and 401(k) contributions.
- Provide an easy way for employees to sign up for disability income insurance at work with portable, discounted rates and simplified underwriting. Coverage is offered on a guaranteed standard issue basis.
ProVider Plus Disability Insurance Policy Forms 1400, 1500, or 1600; Overhead Expense Insurance Policy Form 4200; Disability Buy-Out Insurance Policy Form 3100 or 3200; and Income ProVider Policy Form 1200 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 (Guardian), New York, NY, Business Reducing Term Insurance Policy Form AH55-A provided by Guardian.

Product provisions and availability may vary by state. Optional riders are available for an additional premium.

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