

## BOLLINGER GOLF PROGRAM – FINANCIAL STABILITY

Dear Customer:

For more than twenty years, Bollinger has provided quality insurance programs. As most of you know, our partnership with AIG enables us to offer excellent coverage for your golf course clients. However, comprehensive coverage and service is only part of the equation.

A recent survey published in *Business Insurance* showed that risk managers rank insurer financial stability as their #1 concern. In the past decade, more than 200 insurers have failed. A few property casualty providers who wrote golf courses are now out of the business including Reliance, Legion, Kemper, Royal, Cigna and Atlantic Mutual while others have stopped offering golf course programs altogether. The comprehensive coverage provided under our club insurance programs would mean nothing if our partner, AIG, wasn't there to pay the claim, now and into the future.

AIG is rated A++ superior, the highest financial strength rating of A.M. Best AIG is able to maintain its top credit rating because they underwrite their business properly and understand the importance of rate adequacy. Even with all the uncertainties in the insurance industry today, there are some carriers buying market share that have weak balance sheets and poor long-term debt ratings. One has to ask, "Will they be around to pay future claims?" Who knows.

When it comes time to advise your golf club clients about their insurance program, along with coverage and price, we strongly recommend that you advise your clients of each proposed carrier's financial strength rating and long-term debt rating. This information will help your clients make the right business decision and will assist them in meeting their fiduciary obligations to their respective clubs. This may also help your office meet the requirements of your E&O carrier.

I want to thank you for your business, your loyalty and for the trust you have placed in Bollinger over the years. It is most appreciated.

Sincerely,

Thomas N. Marks  
Executive Vice President

*P.S. Do not forget to call your underwriter to learn more about our new products – Accident Insurance/Identity Theft Coverage and our greatly enhanced Package Policy.*

# Concerned about insurer financial security? You should be.

## Did you know...

- Risk managers rank insurer financial security as their No. 1 concern.<sup>1</sup>
- Over 200 insurers failed in the past decade. Many went from "A" or "A-" to insolvency in little over a year.<sup>2</sup> There were four times as many rating downgrades as upgrades in 2003.<sup>3</sup>
- Guaranty funds are not designed to cover large insureds or many classes of commercial lines claims. Many state funds cap claims at \$300,000, and nearly half of all states exclude companies with a net worth of more than \$50 million from making claims on their guaranty funds. The risks are even greater if you do business with an insurer based in a foreign jurisdiction.
- When purchasing insurance for "long-tail" lines, insurer viability is critical. After all, D&O claims can take up to seven years to mature; environmental claims up to 12 years; auto liability cases up to five years; premises liability up to eight years; and mass tort matters more than two decades.
- Appropriate due diligence requires brokers and insurance buyers to check long-term debt ratings from major credit rating services. Debt ratings can be a key indicator of an insurer's long term financial viability.
- Most companies maintain strict guidelines on investing in non-investment grade corporate bonds ("junk bonds"). Companies should maintain similarly strict risk management standards to avoid "junk insurance."
- Many insurers that hold financial strength ratings of "A-" hold long-term debt ratings of "BBB-," just one step away from junk.
- No carrier holding A.M. Best's highest financial strength rating (A++) has become insolvent since the rating category was introduced.<sup>4</sup>

## How do the AIG Companies Measure Up?

- AIG Companies hold the highest financial strength ratings from the insurance industry's principal rating agencies.
- AIG holds the top credit ratings available from the leading rating services.
- AIG Companies have been writing complex, specialty lines for decades. This longevity is testimony to our market commitment, underwriting discipline and skill.
- AIG Companies have unparalleled experience and resources to support policyholders in claims, including more than 500 experts dedicated exclusively to complex, high-severity claims.

**When you buy insurance from the AIG Companies, you know we'll be there for you.  
How does your insurer rate?**

Insurance and financial services provided by member companies of American International Group, Inc., 70 Pine Street, Department A, New York, NY 10270

2004RIMS Benchmark Survey Business Insurance  
Rising Number of PIC Company Impairments Continues Trend A.M. Best March 10 2003  
<sup>3</sup> Insurer Failures in 2003 Decline to Five Year Low Standard & Poor's March 2 2004  
<sup>4</sup> Best's Impairment Rate and Rating Transition Study-1977 to 2002 A.M. Best Match 1 2004



**WE KNOW RISK:**