J&SCOVERAGE
聯合保險業務公司

Is your insurance company financially sound?

How do I know if my insurance company is financially secure?

It would be difficult for any individual to accurately evaluate the financial security of an insurance company. Insurance companies have complex balance sheets, further complicated by legal requirements to keep a certain level of capital in reserve to pay for potential future losses.

For this reason, several private organizations are in the business of analyzing insurance company solvency on an ongoing basis. These firms issue ratings for every insurance company, based on their evaluation of each organization's assets, liabilities and overall financial health.

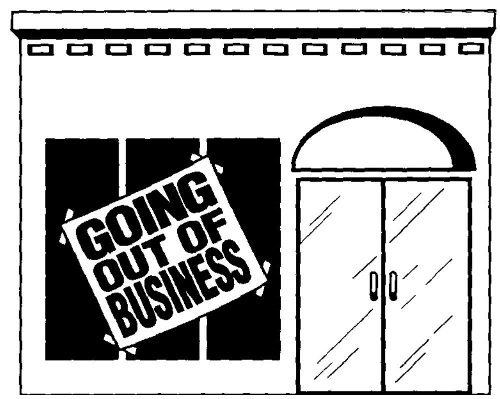
We have access to the rating reports of these organizations; we can help you to address any concerns or questions you might have about the financial security of your insurance company.

Are most insurance companies financially stable?

With few exceptions, yes. Insurance companies generally have strong balance sheets, and a long history of conservative, sound investing policies.

What would cause an insurance company to become insolvent?

Some insurance companies-those which invested heavily in commercial real estate during its peak in the late 1980s-have seen their investments drop in value significantly as real estate values fall. Likewise, some companies invested in "junk" bonds when they offered a strong return, only to see them drop in value. A company with a large percentage of its assets in one or both of these areas could well find itself in financial distress.



Would I still be protected if my company became insolvent or financially impaired?

Generally, yes. If your insurance company was declared insolvent, you'd be protected under state law. The state has a mechanism-a state guaranty fund-to ensure that the claims of an insolvent company's policyholders would be covered. There may be some limits on certain claims, but most policyholders would be protected in the case of a company insolvency. (Note: non-admitted companies that are not licensed in the state are not covered by the guaranty fund.)

Is the insurance industry going to be the next savings and loan crisis?

Economic experts throughout the country have said no. They believe that the conditions which are causing problems in the two industries are very different.

Economists point to several factors which differentiate insurance companies from savings and loans:

- In 1989, 23 property/casualty companies were declared insolvent. In the same year, 328 savings and loans went out of business;
- Insurance company insolvencies cost state guaranty funds (those entities created to make sure that policyholders are paid if their company becomes insolvent) $775 million in 1989, and less than $3 billion in total from 19851989. In comparison, the savings and loan bailout has been estimated at well over $150 billion;
- Insurance company assets tend to be more diversified than those of financial institutions; • Insurance companies usually do business over a broader geographical area than do most banks or savings and loans; and

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- Insurance companies have a greater financial cushion than commercial banks or savings and loans.

Any last advice?

Be sure to talk to your professional insurance agent if you have any questions about the security of your insurance policy or the company that writes it. Remember, we're here to help you-and to make sure that you're comfortable with your insurance purchases.

Your Professional Insurance Agent ... We want you to know about the insurance you're buying.