



AXIS INSURANCE MANAGERS INC.

"Quality Insurance for Quality Clients"

1108 W. 8th Avenue | Vancouver, BC | V6H 3Z5

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CHOOSING AN INSURER

FINANCIAL INTEGRITY, REPUTATION AND MANAGEMENT OF INSURER SOLVENCY RISK

Placing your insurance with Axis Insurance Managers Inc. is just one part of the complex business of insurance. Behind Axis sits the actual insurers and underwriters who agree to accept the risk, and will be the corporations that have to pay out should a claim be made against the policy. Axis has relationships with all of the key insurers – large and small – and is able to write policies to suit your requirements exactly. With our years of experience, we will match your insurance needs with the right insurance company. Following is a brief outline of what we do on your behalf to choose an insurer.

A GLOBAL BUSINESS

Canada has a large Insurance industry comprises both domestic and international insurers. Authorized insurance companies are regulated in Canada through the Office of the Superintendent of Financial Institutions (OSFI). Unauthorized insurers can write certain classes of business in Canada, providing they comply with particular rules and regulations which relate to the payment of premium taxes levied by Provincial and/or Federal governments. However, the rules do not relate to the financial integrity of the unauthorized insurer so any solvency risk would be at the insured's peril.

AUTHORIZED INSURERS

The vast majority of insurance written in the Canadian market is through companies that are Authorized (or licensed) to underwrite and transact business in Canada. A significant portion of Canadian insurance business is conducted by foreign companies. Usually these companies are large multinational, US or European-based insurers that operate in Canada either as a branch office or a fully owned Canadian subsidiary of the international parent. Many of the largest insurers operating in Canada are easily recognizable brand names including Royal Sun Alliance, Aviva, AXA, Travelers, Chartis, Chubb and Lloyds (which has a special status in Canada). Being an authorized insurer in itself provides the consumer with a fair degree of protection. The OSFI enforces solvency regulations and asset controls. This is particularly important in the case of foreign companies as assets held in Canada cannot simply be removed from the country to bail out an overseas parent company. These circumstances were highlighted during the recent financial crises where AIG remained robust in the Canadian market due to its significant asset base here.

RATING AGENCIES

The insurance industry is closely followed by the major ratings agencies with AM Best specializing in the insurance industry. The rating scores issued by the agencies, particularly S&P and AM Best, is an important guide to the insurers' financial integrity. All insurers report regularly and these agencies have up-to-the-minute detail. At Axis we follow closely the financial security ratings of all insurers with whom we do business. Generally we only deal with those insurers who maintain a credit rating of A- or greater.

Relying on credit rating agencies alone is obviously not a complete solution - as the recent financial meltdown demonstrated. Neither an adequate credit rating score, nor being licensed in Canada, is enough on its own to alleviate concerns regarding solvency. Reserve and capital requirements may be strictly enforced but premium to capital ratios do not alone guarantee insurer solvency.



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AXIS MONITORING AND ANALYSIS

At Axis Insurance Managers we watch the insurance companies closely. We monitor performance levels, reputation and risk tolerance. We combine a technical approach based on commercial ratings with an intuitive professional insight based on our extensive experience, market relationships and global partnerships to assess trends in insurer performance. There are insurers with whom we will not transact business and others with whom we will only recommend using with extreme caution.

Our analysis is not only rooted in the solvency of the insurer as a whole, but also on a line of business basis - for example, when a new insurer steps into a difficult or highly volatile class of business, offering unrealistically low pricing to quickly gain market share, we may be negative towards placing business. This often happens in competitive markets as insurers can be tempted by the large premiums available. However, a long tail portfolio - where losses can develop over many years - may lead to an insurer's sudden withdrawal from an entire business class. Although remaining solvent on their entire portfolio, an insurer left to settle claims on a class from which they have withdrawn and where the underwriting and claims expertise is no longer available is not an ideal insurer - especially if the files of a particular line of business are in the hands of the lawyers. A company that has demonstrated a continued commitment to that business segment with a steady and profitable portfolio will be a much better fit for our clients.

THE AXIS DIFFERENCE

It may seem unimportant when you're beginning the process of choosing insurance, however, market security is a vital part of the unparalleled service you get from Axis. We work incredibly hard to ensure the insurance companies we use have undergone extensive quantitative and qualitative analysis. Our expert team has long experience in the global insurance industry which gives us a wide and deep understanding of the issues and changes that affect the worldwide insurance market.

Our approach at Axis is always to help you choose the best insurance - both in terms of premium and coverage, as well as an insurer that is authorized, financially secure and stable. We will deliver analysis, research and opinion on which insurer will suit your needs best - meaning you can have all the information at hand when you make your insurance decisions.

By choosing Axis, you can rest safe in the knowledge you're protected - for the long term.