

# Best's Rating Report



# GUARD<sup>®</sup> INSURANCE GROUP

GUARD INSURANCE GROUP

Wilkes-Barre, Pennsylvania



A-

## Associated With:

**IDB Holding Corporation Limited**  
**GUARD INSURANCE GROUP**

Mailing: P.O. Box A-H, Wilkes-Barre, PA 18703-0020

Web: [www.guard.com](http://www.guard.com)

Tel: 570-825-9900

Fax: 570-823-5930

AMB#: 018331

Associated Ultimate Parent#: 055854

### BEST'S FINANCIAL STRENGTH RATING

Based on our opinion of the group's Financial Strength, it is assigned a Best's Financial Strength Rating of A- (Excellent). The group's Financial Size Category is Class VIII.

tionous manner in which initial claim reserves are established. The rating also acknowledges the group's financial flexibility afforded through access to capital given the commitment of its ultimate parent, Clal Insurance Enterprises Holdings, Ltd. (Clal), to support GUARD's planned premium growth and domestic diversification initiatives. Partially offsetting these positive rating factors is the inherent risk associated with integrating new product lines and expansion into new states as well as the above average expense ratio relative to the peer composite. Despite these concerns, the outlook reflects the group's solid operating performance, improved capitalization, and commitment to maintain reserve adequacy.

**Best's Financial Strength Rating: A-**

**Outlook: Stable**

### RATING UNIT MEMBERS

GUARD Insurance Group		(AMB# 018331):	
AMB#	Company	Best's FSR	Pool %
010643	NorGUARD Insurance Company	A- p	50.00
000293	AmGUARD Insurance Company	A- p	35.00
000665	EastGUARD Insurance Company	A- p	10.00
010009	WestGUARD Insurance Company	A- p	5.00

### RATING RATIONALE

**Rating Rationale:** The rating of GUARD Insurance Group (GUARD) is based on the consolidated results of four members, NorGUARD Insurance Company, AmGUARD Insurance Company, EastGUARD Insurance Company, and WestGUARD Insurance Company, which operate through a pooling agreement. The rating reflects the group's strong capitalization and solid operating profitability achieved through management's disciplined underwriting initiatives as well as the cau-

### KEY FINANCIAL INDICATORS (\$000)

Year	Net Premiums Written	Pretax Operating Income	Total Admitted Assets	Policyholders' Surplus	Comb. Ratio
2005	200,636	9,138	555,211	124,243	102.7
2006	194,981	8,438	629,590	138,212	106.4
2007	197,678	19,462	714,689	165,324	99.9
2008	200,859	51,272	762,466	170,963	85.1
2009	191,996	31,838	767,226	194,370	92.5

(\*) Data reflected within all tables of this report has been compiled through the A.M. Best Consolidation of statutory filings.

### BUSINESS REVIEW

GUARD specializes in underwriting workers' compensation coverage for small- to medium-sized accounts. The group has cautiously diversified its operations throughout the East Coast, Midwest, Southeast, and California. GUARD's business strategy seeks a modest market share across many states, allowing the group to minimize its business concentration risk. The group acts as a workers' com-

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pensation servicing carrier for the NCCI in Delaware, Virginia, Georgia, and the District of Columbia. During 2008, GUARD introduced additional complementary lines of commercial property and casualty coverages aimed at small- to mid-sized businesses to better balance and diversify its operations. The group currently offers a business owners policy and either commercial umbrella or excess coverage in Pennsylvania, New Jersey, South Carolina, Maryland, and New York. GUARD also offers commercial auto coverage in Pennsylvania, South Carolina, and New Jersey.

A network of approximately 525 independent agents and brokers representing approximately 1,175 locations writes accounts which encompass a broad array of classifications — predominantly services, construction, retail, and manufacturing. The group's producer management process, which monitors results against a variety of quantitative and qualitative performance standards, is used to develop and reward the network of producers. The group utilizes early intervention, telephonic claims reporting, aggressive claims handling, and a managed care approach to case management to contain claim costs.

## 2009 BUSINESS PRODUCTION AND PROFITABILITY (\$000)

Product Line	—Premiums Written—		% of Total NPW	Pure Loss Ratio	Loss & LAE Res.
	Direct	Net			
Workers' Comp .....	192,295	189,312	98.6	52.8	406,242
All Other .....	2,843	2,685	1.4	34.8	690
Totals .....	195,138	191,996	100.0	52.7	406,932

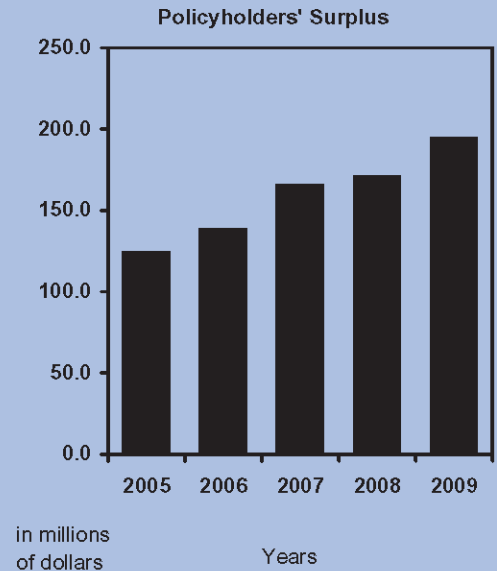
## Consolidated Balance Sheet Admitted Assets (\$000)

	12/31/2009	%
Bonds .....	\$472,278	61.6
Preferred stock .....	4,297	0.6
Common stock .....	36,763	4.8
Cash & short-term invest .....	42,590	5.6
Other non-affil inv asset .....	20,481	2.7
Investments in affiliates .....	5,728	0.7
Total invested assets .....	\$582,138	75.9
Premium balances .....	167,300	21.8
Accrued interest .....	4,570	0.6
All other assets .....	13,218	1.7
Total assets .....	\$767,226	100.0

## Liabilities & Surplus (\$000)

Loss & LAE reserves .....	\$406,932	53.0
Unearned premiums .....	88,896	11.6
All other liabilities .....	77,028	10.0
Total liabilities .....	\$572,856	74.7
Capital & assigned surplus .....	82,093	10.7
Unassigned surplus .....	112,277	14.6
Total policyholders' surplus .....	\$194,370	25.3
Total liabilities & surplus .....	\$767,226	100.0

## GUARD INSURANCE GROUP



## FINANCIAL SUMMARY (\$000) as of 12/31/2009

Policyholders' Surplus .....	\$ 194,370
Direct Premiums Written .....	\$ 195,138
Combined Ratio .....	92.5
Net Underwriting Income .....	\$ 12,588
Net Investment Income .....	\$ 19,249

# Best's Rating Report

## Why is this Best's® Rating Report important to you?

A Rating Report from the A.M. Best Company represents an independent opinion from the leading provider of insurer ratings of a company's financial strength and ability to meet its obligations to policyholders.

The A.M. Best Company is the oldest, most experienced rating agency in the world and has been reporting on the financial condition of insurance companies since 1899. The Financial Strength Rating **opinion** addresses the relative ability of an insurer to meet its ongoing insurance policy and contract obligations. The rating is not assigned to specific insurance policies or contracts and does not address any other risk, including, but not limited to, an insurer's claims-payment policies or procedures; the ability of the insurer to dispute or deny claims payment on grounds of misrepresentation or fraud; or any specific liability contractually borne by the policy or contract holder. A Financial Strength Rating is **not a recommendation** to purchase, hold or terminate any insurance policy, contract or any other financial obligation issued by an insurer, nor does it address the suitability of any particular policy or contract for a specific purpose or purchaser.

The company information appearing in this pamphlet is an extract from the complete company report prepared by the A.M. Best Company.

A Best's Rating is assigned after an extensive quantitative and qualitative evaluation of a company's financial strength, operating performance and market profile.

Best's Ratings are assigned according to the following scale:

### Secure Best's Ratings

A++ and A+	.....	Superior
A and A-	.....	Excellent
B++ and B+	.....	Good

### Vulnerable Best's Ratings

B and B-	.....	Fair
C++ and C+	.....	Marginal
C and C-	.....	Weak
D	.....	Poor
E	.....	Under Regulatory Supervision
F	.....	In Liquidation
S	.....	Rating Suspended

For the latest **Best's Financial Strength Ratings** and *AMB Credit Reports* visit the A.M. Best web site at [www.ambest.com](http://www.ambest.com). You may also obtain *AMB Credit Reports* by calling our Customer Service department at +1-908-439-2200, ext. 5742. To expedite your request, please provide the company's identification number (AMB #).