

FCCI INSURANCE GROUP

Keys to Financial Success

Selecting the right insurance company is an important financial decision. Here are a few reasons to choose FCCI.

A.M. Best Company rates FCCI Insurance Group A- (Excellent) with a Stable outlook. FCCI’s rating is based on a comprehensive quantitative and qualitative analysis of FCCI’s financial strength, operating performance, and business profile consisting of in-depth financial evaluations including:

- **Operating performance** – For more than 10 consecutive years, FCCI has recorded profit and demonstrated stability.
- **Balance sheet strength** – Best’s Capital Adequacy Ratio (BCAR) score of 230.2 for FCCI exceeds A.M. Best’s minimum 130 requirement for A- rated companies.
- **Reserve quality** – FCCI appropriately sets reserves within recommended actuarial ranges.

Additional keys to our financial success include:

- **Our agents.** FCCI’s independent agents provide the initial assessment our underwriters need to help control risk.
- **Our underwriting philosophy.** Rather than rely solely on investment income, FCCI seeks to reduce losses and make a fair profit through conscientious risk management.
- **Our claims philosophy.** Properly allocating reserves and paying claims fairly and promptly is FCCI’s promise to the policyholder and a vital element of our financial success.
- **Our catastrophe management.** FCCI partners with highly rated reinsurance companies including GenRe (A++), MunichRe (A+), Swiss Re (A+) and several others.

See back for additional information.



PROTECTING BUSINESS, PROPERTY AND PEOPLE

BCAR Levels

Implied Balance Sheet Strength Rating

FCCI230.2

Secure:	Minimum BCAR
A++	175
A+	160
A	145
A-	130
B++	115
B+	100

Source: A.M. Best

Demonstrated Strength

To succeed, an insurance company must demonstrate over time financial strength and stability to withstand both natural and economic disasters.

In 2011’s challenging market, FCCI generated \$472.7 million in direct written premium and realized our 10th consecutive year of profit. FCCI’s equity based on generally accepted accounting principles reached \$589.2 million, and our statutory surplus increased to \$491.4 million, achieving the highest levels of both in our 53-year history.

With approximately \$1.8 billion in total cash and investments and an investment portfolio exceeding \$1.3 billion, FCCI provides stability and peace of mind you can count on.

Thank you for placing your trust in us.

Additional Information

Operating Performance

An insurer's operating performance demonstrates its financial strength and ability to meet ongoing obligations to policyholders. FCCI's operating performance has been consistently strong for more than a decade.

Balance Sheet Strength

Best's Capital Adequacy Ratio (BCAR) compares an insurer's adjusted surplus to the required capital necessary to support its operating and investment risks. FCCI's BCAR score of 230.2 means FCCI has 230.2% of the amount of capital A.M. Best calculates we need to be financially secure.

Reserve Quality

Reserve quality is another indicator reviewed by A.M. Best. FCCI does not discount workers' compensation loss and allocated adjustment expense reserves, although many other insurance companies do. FCCI's claims management and actuarial departments carefully reserve adequate funding to pay our obligations to claimants.

To learn more, go to www.ambest.com/ratings/methodology.

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Our Investment Philosophy

FCCI's claims reserves, surplus, and other free assets are invested in a conservative portfolio. Our invested assets of \$1.3 billion are allocated to stock mutual funds and a diverse blend of government and private bonds and other fixed income securities. The average quality rating of the fixed income investments is AA-. The duration remains low at 4.0 to limit our exposure to market shifts.

Our Reinsurance Program

Reinsurance plays an essential role in the risk spreading process and provides insurers with varying degrees of financial stability. A company's reinsurance program should be appropriate relative to its business, its policy limits, its underwriting risks, its catastrophe exposures and its financial capacity. In addition, a reinsurance program should include reinsurers of good credit quality, since in the event of a reinsurer's failure to respond to its share of a loss, the company would potentially have to absorb a large loss in its entirety. FCCI's reinsurance program involves treaty and facultative reinsurance with several of the top reinsurers in the marketplace.