



An income protection resource for  
individuals, families, and business owners



# Fulfilling promises

**How to choose a disability  
insurance company**

**We are Guardian®. Our company was started over 150 years ago by a group of forward-thinking individuals who recognized the value of working together to help protect what's important and plan for the future. We're known as The Guardian Life Insurance Company of America; those who know us, call us Guardian.**

We are a community of passionate individuals who believe in always doing the right thing and delivering on the promises we make to our customers — a promise to listen and to be there when you need us.

Over the years, we have acquired a number of firms that share this commitment and our strong set of core values.

The Berkshire Life Insurance Company of America, known as Berkshire Life, a Guardian company, is one such firm. A well-respected financial services firm that specializes in helping you protect your income, Berkshire Life has a strong history of providing high-quality income protection products to help you prepare for the unexpected — with your unique needs in mind. We are committed to helping you maintain financial health in the event of an injury or illness.

We look forward to serving you.

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# The importance of strength and stability

You have taken the initiative to assess your values, goals, and dreams. You have consulted with your financial professional and educated yourself on the opportunities available to you. And now that you've determined that disability insurance will be a vital part of your financial plan, you want to find the right product with the right company.

When it comes to protecting your future, making the decision to purchase disability insurance is not a luxury, but a necessity. For you and your family, it can mean the difference between retiring at 60 as you had planned rather than 70 — because you didn't have the coverage in place to protect you while you were disabled. As an employer or a business owner, it means having a comprehensive plan in place that's designed to attract and retain top talent and help protect your business.

Your income is the foundation of the life you created and the future you have planned. It is important for you to look at the financial strength and stability of any insurance company you are considering.

## **Why? Because a policy is a promise**

A disability policy is a promise to pay a benefit when you most need it — and a promise is only as good as the company that can honor it. The value that a disability policy represents is a major source of security for your family and your business. A disability policy is expected to be there many years into the future. Therefore, the long-term financial viability of the disability insurance company you are considering should be a major consideration. It is important to determine whether the company's track record is consistent with the statements made at the time of sale.



## **What this means to you**

### **You are accountable**

Whether it's for you, your family, business, employees, or clients — how do you make a responsible decision when it comes to choosing the company behind the policy?

### **You need to ask the right questions and get the facts**

The more financially secure the company, the more comfortable you can be with your decision.



# What should you know about a disability insurance company when purchasing a policy?

## The financial strength and stability of the company

You should review the following during your disability insurance selection process:

- **Financial ratings** – Several factors are evaluated for each insurance company by independent rating services. Their ratings are widely relied upon by individuals and businesses as essential indicators of financial strength and stability of insurance companies.
- **Capitalization ratio** – This is a measure of financial strength and an indicator of a company's ability to ride out uncertain economic times.
- **Net Investment Yield (NIY)** – The yield represents the net earned rate on all invested assets, excluding realized and unrealized gains and losses.

Using the preceding indicators and measurements may help you in selecting a company focused on strength, integrity and performance.





# Ratings

## What are they and why are they important?

**Independent, third-party rating services provide measures of the qualifications of insurance companies that might be under consideration**

When evaluating insurance companies, company ratings provide an excellent starting point. There are many financial facts to evaluate when choosing a solid insurance company. Because this is a time-consuming task even for professionals, many years ago, independent rating services were developed to evaluate the strength and stability of virtually all insurers. These rating services are impartial in their evaluations and provide a common ground for valid comparisons.

There are four major rating agencies that evaluate and publish ratings for insurance companies:

- Moody's
- Fitch
- Standard & Poor's (S&P)
- A.M. Best Company

For each insurance company being rated, each agency evaluates the firm's financial statements, interviews its management, and subsequently develops ratings based upon statistical models and certain qualitative measures. The cumulative result is a relative ranking of all the insurance companies that they have evaluated.

The benefit to having several companies produce their own ratings is that overall, there is less chance of something being missed or overlooked. Illustrating this point is a table called the Comdex Rankings. Comdex is not a rating, but a composite of all ratings that a company has received. Comdex percentile ranks the companies on a scale of 1 to 100 (with 100 being the best).



## Ratings as of 02/14/2024

Company	A.M. Best Company	S&P	Moody's	Fitch	Comdex
Northwestern Mutual Life Insurance Company	A++	AA+	Aaa	AAA	100
<b>Berkshire Life Insurance Company of America</b>	<b>A++</b>	<b>AA+</b>	<b>N/A</b>	<b>N/A</b>	<b>100</b>
Massachusetts Mutual Life Insurance Company	A++	AA+	Aa3	AA+	98
Principal Life Insurance Company	A+	A+	A1	AA-	91
Standard Insurance Company	A	A+	A1	N/A	82
Ameritas Life Insurance Corporation	A	A+	N/A	N/A	79
Unum Life Insurance Company of America	A	N/A	A3	A	73

Source: *VitalSigns*. Not all companies are ranked by all four rating agencies. Ratings are as of 02/14/2024 and are subject to change without notice.

Please consult with your financial professional for complete details concerning the ratings stated above. Some of the ratings reflect the performance of the parent company and/or other entities related to the issuing insurer.



### What this means to you

A Comdex rating can be thought of as a report card for insurance companies. By looking at the number from 1 to 100, you can easily find out the financial strength of an insurer. For example, if a company's Comdex ranking is 80, this means it scores higher than 80% of all other companies with two or more ratings.<sup>1</sup>

You have a choice — if not a responsibility — in selecting an insurance company based on your personal tolerance for company strength and safety.



# Capitalization ratio

## What is it and why is it important to you?

**The capitalization ratio shows the company's capital as a percentage of net admitted assets.<sup>2</sup>**

Most of the liabilities of any insurance company are composed of the reserves set aside to pay future claims. Capital represents the amount of assets in excess of those liabilities, and a high capitalization ratio indicates a greater proportion of these excess assets. It is calculated using the following formula:

Capital = Net Admitted Assets (excluding Separate Account Assets)

# Net Investment Yield

## What is it and why is it important to you?

Net Investment Yield (NIY, also known as Net Yield on Mean Invested Assets) is net investment income expressed as a percent of cash and invested assets, plus accrued investment income, minus borrowed money. Net Investment Yield comes from all invested assets.



### What this means to you

#### **Capitalization ratio**

The higher the capitalization ratio, the more confident you can be in making sure that the company that is issuing the policy is in a position to honor the promise of the policy — to protect and insure when it's needed most.

#### **Net Investment Yield**

The yield represents the net earned rate on all invested assets, excluding realized and unrealized gains and losses.



# Company values

## Why are they important to your buying decision?

Berkshire Life is a wholly owned subsidiary of Guardian, one of the largest mutual life insurance companies in the United States.

Unlike publicly held companies, mutual companies have no stockholders and therefore no conflicts between the short-term, quarter-to-quarter financial demands of Wall Street and the long-term interests of policyholders. We believe mutual companies are positioned to serve customers' interests by delivering high-quality insurance with the greatest degree of financial strength possible.

## Investment environment

### How does market performance impact your buying decision?

**Since disability insurance generally provides longer-term benefits, you should think carefully about what you want your policy to do for you over time, and what your comfort level is with exposing your coverage to market fluctuations.**

If you are not comfortable with market fluctuations, then understanding a company's investment philosophy and historical experience is extremely important. You may want to consider doing business with a company that:

- Is defensively positioned to withstand market swings;
- Is relatively conservative in taking insurance premium dollars and investing in a strong, well-diversified portfolio;
- Is known for thorough due diligence and an independent research process;
- Avoids risky investments; and
- Executes a risk management plan to protect capital in volatile financial markets.

This philosophy lends itself to building and maintaining the kind of strong capital and liquidity needed to pay disability claims.



### What this means to you

Independent rating agencies look well beyond company financials. They also have face-to-face interviews with senior executives of each firm they rate in order to get a sense of their vision and philosophy — and to help determine the integrity and foundation of their company's values.

Contact your financial representative to review rating reports and narratives from the major rating agencies.

# Choose Berkshire Life

When you compare the key financial strength indicators across companies, Berkshire Life is a top-tier company.

## Berkshire Life has staying power

100

Comdex  
Rankings

4.7%

Capitalization  
Ratio<sup>3</sup>

4.91%

Net Investment  
Yield<sup>4</sup>

Company	Assets as of 12/31/2023	Ratings as of 02/14/2024 (VitalSigns)
Berkshire Life Insurance Company of America	Admitted assets: \$4.8 billion Surplus: \$0.2 billion	A.M. Best: A++ Standard & Poor's: AA+

These are the results on which you should be basing your decisions when choosing a disability insurance company. Before you think price, before you consider the value — think about the *promise*. It is the foundation for evaluating the value of the product. The weaker your foundation, the weaker your choice — regardless of value or price.

## Key 2023 accomplishments

- Berkshire Life continued to be a leader in non-cancellable individual disability income insurance.<sup>5</sup>
- Berkshire Life's ratings were affirmed.
- Berkshire Life paid \$451 million in disability income benefits.

## Awards and recognition

Delivering on a promise to be there for our customers is part of our long-standing tradition, and this promise to deliver carries through to our customer care.

DALBAR, one of the industry's leading evaluation experts, has recognized our company as an industry leader in customer service excellence in consecutive years (2015-2019).



# Berkshire Life's disability insurance product offerings

## Personal income protection

Berkshire Life engineers disability income products, such as **Provider Choice**, to help you protect yourself from the financial impact of a disability. No matter how prepared you are, accidents and illnesses do happen — and disability can be the outcome.

When evaluating any disability policy, it's important to consider the functionality of the policy in its entirety to determine if the coverage can truly provide value and financial assistance during a time of considerable strain. Berkshire Life's **Provider Choice** policy was built for high performance, during and after a disability — to help you maintain your financial responsibilities and preserve your lifestyle.

## Small business protection

Business owners may not consider the impact a disability can have on their business, and the detrimental effect that disability can have on the value of their business. Berkshire Life takes an integrated approach to help business clients maintain a healthy business strategy, by offering:

- Overhead Expense Disability Insurance;
- Disability Buy-Out Insurance;
- Business loan protection; and
- Key person coverage.

## Worksite benefits

Small to mid-size employers are seeking ways to enhance their existing disability insurance benefits while controlling costs. Berkshire Life's **Supplemental Income Protection Program** provides the flexibility to:

- Help employees protect more of their income, with multiple funding options available;
- Help protect sources of executive income often uninsured, such as bonuses and 401(k) contributions; and
- Provide an easy way for employees to sign up for disability income insurance at work with portable, discounted rates and simplified underwriting. Coverage is offered on a guaranteed standard issue basis.



- 1 The Balance, What is a Comdex Ranking? (Nov. 29, 2021); Updated May 22, 2022.  
<https://www.thebalance.com/what-is-the-comdex-ranking-of-your-insurancecompany-3993970>
- 2 The capitalization ratio shows the company's capital as a percentage of net admitted assets. It is a measure of financial strength and an indicator of a company's ability to ride out uncertain economic times.
- 3 Five-year average. Source: Berkshire Life Insurance Company of America, as of year-end 2023.
- 4 Source: VitalSigns. Five-year average from company statutory annual statements, as of year-end 2023.
- 5 Premium basis, as reported by LIMRA.

Ratings are as of 02/14/2024 and are subject to change without notice.

Financial information concerning Berkshire Life Insurance Company of America as of 12/31/23 on a statutory basis: Net Admitted Assets = \$4.8 billion; Liabilities = \$4.9 billion (including \$1.1 billion of Reserve); Surplus = \$0.2 billion.

Individual disability insurance policy Forms 18ID, 18UD, and 18GI underwritten and issued by Berkshire Life Insurance Company of America, Pittsfield, MA, a wholly owned stock subsidiary of The Guardian Life Insurance Company of America, New York, NY. Product provisions and availability may vary by state. In New York: These policies provide disability insurance only. They do not provide basic hospital, basic medical or major medical insurance as defined by the New York State Insurance Department. For policy form 18ID, the expected benefit ratio is 50%. For policy forms 18UD, 18GI, 18UD-F, and 18GI-F, the expected benefit ratio is 60%. The expected benefit ratio is the portion of future premiums that the company expects to return as benefits, when averaged over all people with these policy forms.

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