

Royal Neighbors... Strength and Stability

Q. *How can I know that Royal Neighbors is strong and stable?*

A. Not only do we have strong oversight by our board of directors and outside accounting firms, but we are heavily regulated by the state insurance departments where we are licensed to do business.

In addition, Royal Neighbors' financial strength is clearly evidenced by the industry's most widely accepted measures of a company's ability to meet its long-term obligations.

For example, the solvency ratio measures a company's assets against its liabilities. Royal Neighbors' solvency ratio is 1.47, compared to the industry average of 1.09.

Yet another indicator of Royal Neighbors' financial strength is its A.M. Best rating of A-Excellent (4th highest of 15 possible ratings as of April, 2009). The A.M. Best rating represents the opinion of A.M. Best Company, an independent rating service, as to the insurer's overall financial strength and ability to meet the obligations of policyholders.

Q. *Does Royal Neighbors have the resources to pay any and all claims?*

A. Yes. We are well-positioned to fulfill our responsibilities to pay members' claims. As regulated by state insurance laws, we are required to maintain reserve products. This helps ensure that we have adequate funds in reserve to pay claims.

We also maintain a substantial surplus as measured by the surplus ratio—the percentage of total assets held by an insurance company to provide for unexpected losses. Our surplus ratio is 31.8%, far above the estimated industry average of 8.6%.

Never once have we failed to fulfill a contractual obligation to a member or a beneficiary.



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Q. *Could problems in the financial services industry cause my insurance premiums to go up?*

A. Generally no. The premiums are determined by the terms of your contract and can only be adjusted according to those terms.

Q. *Are the cash values in my retirement annuity still growing?*

A. Yes, the cash value is continuing to grow at current rates. Royal Neighbors offers only fixed annuity products which means that you have a minimum guaranteed rate on your annuity and this protects you from market volatility.

Q. *Do you offer other options to ensure the safety of my financial portfolio?*

A. Royal Neighbors' whole life insurance products offer the combination of death protection and some elements of cash accumulation. Their steady, tax-deferred returns are attractive considering the recent declines in the stock market. The cash values can provide money to help with temporary needs or emergencies and riders can be added to make your coverage even more valuable.



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