



## RLI Fidelity News

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### RLI fourth quarter, 2008 results

In a difficult final quarter and year, RLI turned in solid results. These included fourth quarter operating earnings of \$28.3 million (\$1.30 per share) and a combined ratio of 81.5. For the year, we posted operating earnings of \$109.1 million (\$4.99 per share) and a combined ratio of 84.2.

[Read the full earnings release.](#)

[See all RLI year-end reports.](#)

### RLI = Strength

Producers seek strength and stability in carriers, and that is exactly what you'll find at RLI.

**Capacity** - \$25 million  
**Paper** - RLI Insurance Company is admitted and licensed in all 50 states and the District of Columbia

**Rating** - A+ by both A.M. Best and Standard & Poor's

**Treasury Listed** - \$71,511,000 limit as of 2008

### RLI Fidelity Team

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### Opening new territories

Dear Valued Partner,

Big news: California has approved our filling! We're putting together a marketing trip out West for early May. It's still a little cold here in the Northeast, despite the calendar saying it's spring. But I'm glad the doldrums of late January and February are behind us.

Traditionally, the seasonality of the fidelity market means we see increased renewal activity in March and April. We're seeing those April and May submissions start to sprout up. Thank you to those who've sent in opportunities recently.

The quiet time during January and February saw us furthering our capabilities by improving and developing automation and process. Our goal is to out-respond and out-service our competition. As always, please feel free to let us know how we're doing!

I encourage you to read our short Case for Co-Surety. It challenges you to consider it as an alternative in these uncertain times.

### Producer Practice Tip

#### Case for Co-Surety

If you are wondering -- what is co-surety? -- we're glad you asked.

In these uncertain times about the direction of many markets, co-surety is an option you should consider. You may be more familiar with similar terms such as "quota-share," "syndication," or "co-indemnity." Fidelity underwriters say "co-surety" because fidelity bonds and commercial crime policies were born out of the surety bond world.

As carriers' financial strength ratings come under fire, large blocks of limit become less available and appetites change for certain classes of risk. Co-surety offers many benefits, including:

- By building a consensus in the market, it raises the

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- risk above the individual whims of a particular market.
- By taking a smaller share in the risk, carriers may be more willing to be flexible in pricing and terms.
  - By bringing in multiple markets, you benefit from the collective knowledge and experience of all.
  - By not creating a shock loss to one particular carrier, it may be willing to continue supporting the market rather than take unreasonable positions.

There are other benefits, all of which can be summed up by saying volatility and variability of results can be better controlled.

I encourage you to bring this topic up with your clients and your markets. Let's talk more about it the next time we see each other. Or pick up the phone or drop us an e-mail, anytime.

## Corporate News

### Our financial strength makes us different



2008 was a year for the economic record books. The subprime mortgage fallout, the liquidity crisis and the general economic downturn put downward pressure on our economy. The Dow was down 34 percent on the year and the S&P 500 index dropped by 37 percent.

Yet RLI stock increased nearly 10 percent.

This was also a year of unprecedented turbulence in the insurance marketplace. The U.S. saw 75 disasters, tying the

highest year on record according to FEMA. Floods, tornadoes, wildfires and hurricanes hit a number of insurers with large property and catastrophe-related losses.

Yet RLI's overall combined ratio was 84.2 and our financial strength rating by A.M. Best remains A+ (Superior).

In 2009, when you and your customers are looking for a solid, secure business partner, look to RLI.

Click on the image of our new ad, which will appear in industry publications throughout the year, to [see a larger version \(PDF, 257kb\)](#)

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