



Commercial Property Insurer FM Global Reports

Strong Year in 2010

March 1, 2011

JOHNSTON, R.I., USA—FM Global, one of the world's largest business property insurers, announced today that it ended 2010 with a very strong underwriting and investment performance, which resulted in the company's largest surplus ever.

The mutual insurance company reported that, in 2010 policyholder surplus grew 16 percent to US\$7.3 billion—a company best—due to a combination of solid underwriting and investment results, despite an uptick in small- and medium-sized insured natural disasters and significant volatility in the financial markets. Gross premium in force grew by approximately 2 percent to US\$4.8 billion and net income was US\$687 million.

Additionally, the company posted a profitable combined ratio of 82.8 percent, better than forecast, due in large part to policyholders' diligent risk improvement efforts. FM Global's client (account) retention rate held firm at 94 percent—significantly higher than industry averages—and has consistently since 2004.

Among the company's 2010 highlights, FM Global:

Implemented its fifth and largest-ever **membership credit** of \$US420 million to policyholders due, in large part, to policyholders' diligent loss prevention efforts. By June 30, 2011, the company will have credited US\$1.7 billion to eligible policyholders since first introducing the membership credit in 2001.

Delivered 94 percent of its clients' master policies within 30 days of inception and nearly 70 percent on or before the policy's inception date—well above industry averages.

Celebrated its **175th anniversary** with policyholders, business partners and employees worldwide at hosted events in 25 cities.

Released the findings of three unprecedented research studies:

The Risk/Earnings Ratio: New Perspectives for Achieving Bottom-Line Stability: Findings from this study revealed businesses with stronger risk management practices than their peers enjoy more stable financial performance over the long term, including much lower earnings volatility.

Flirting with Natural Disasters: Why Companies Risk it All: This research report examined why some companies prepare for the risk of natural disasters while others don't in an effort to help business leaders better understand the psychological barriers that can affect their business decisions when addressing vulnerabilities to natural disasters. The report also provided solutions that can guide change in organizational decision-making behavior with regard to natural disaster risks.

Environmental Impact of Automatic Fire Sprinklers: After examining the environmental impact of fires, research findings of this study showed that greenhouse gases released by burning buildings can be reduced by 98 percent when automatic fire sprinklers are installed.

Received industry recognition as a result of third-party validation:

Ranked among best of the biggest U.S.-based property/casualty insurers for financial performance during the past decade (**Fitch Ratings**)

Received an Innovation Award (**Business Insurance**) and Risk Management Award (**British Insurance Awards**) for RiskMark®, the company's Web-based risk quality benchmarking tool for clients

Ranked number one for overall service by U.K. insurance buyers (**StrategicRISK**)

Ranked highest by corporate risk managers among insurance carriers in claims handling performance (**Greenwich Associates Large Corporate Insurance Study**)

Ranked number one by Canada-based risk managers for quality and client satisfaction

(*Greenwich Associates*)

Named "Best Commercial Property Insurer" (*Business Insurance*)

Received ratings affirmations from *A.M. Best (A+)* and *Fitch (AA)*, which remain unchanged since 2007

"As FM Global reflected on the past during its anniversary year, we revisited our core values, which are as relevant and steadfast today as they were 175 years ago," said *Shivan S. Subramaniam*, FM Global chairman and CEO. "What has changed, however, is that today we are protecting businesses that are vastly more sophisticated and global in scope. And as our clients formulate and implement strategies to better protect their businesses and make them more profitable in the future, we are right there with them, helping them keep their properties safe, and the value they provide, intact."

Subramaniam offered an additional positive outlook for the coming year and beyond.

"We are off to a great start in this new decade, building on the successes we've achieved in the previous decade. We are confident that we can continue to effectively meet our policyholders' needs and deliver a knowledge-based product that resonates with our clients. Our confidence in this endeavor is driven by a simple fact: our employees are focused, determined and passionate about what they do. This is a critical linchpin to our continued, long-term stability and success. And for that, we are most grateful."

About FM Global

For more than 175 years, many of the world's largest organizations have turned to FM Global to develop cost-effective property insurance and engineering solutions to protect their business operations from fire, natural disasters and other types of property risk. With clients in more than 130 countries, FM Global ranks #545 among *FORTUNE* magazine's largest companies in America and is rated A+ (Superior) by A.M. Best and AA (Very Strong) by Fitch Ratings. The company has been named "Best Property Insurer in the World" by *Euromoney* magazine, "Best Global Property Insurer" by *Global Finance* magazine and was voted "Best Commercial Property Insurer" in *Business Insurance's* 2010 annual Readers Choice Awards.

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