

# allrisks<sup>®</sup>

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GUIDING PRINCIPLES

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# ALL RISKS' GUIDING PRINCIPLES

All Risks, Ltd., the nation's premier independent wholesale insurance sales organization, is dedicated to profitably serving the needs of our partners, Retail Insurance Brokers and Insurance Carriers.

## INDEPENDENCE

All Risks is committed to remaining independent. As an independent wholesale broker, our success is in alignment with our independent retail insurance broker clients.

Independence gives us a competitive advantage. Our private ownership structure allows us to make management and investment decisions without concern for short-term share price. We are focused on building the strongest organization possible, not boosting quarterly earnings. We will make decisions that create the greatest long-term benefit for the organization and our employees.

A cost of independence is that we have no holding-company safety net. Our security is 100% based on a shared commitment to All Risks' success.

## OUR PARTNERS

We recognize that the development of enthusiastically satisfied customers is essential to our success. Our business is conducted as a three-way partnership; serving as the intermediary between our Clients – retail insurance brokers who allow us to find the proper markets for their insureds and our Carriers – the strategic partners that insure the risks that we place.

## OUR CLIENT PARTNERS

All Risks is customer focused. We will work to understand the needs of our retail broker clients and to be structurally organized to meet those challenges. Our goal is to have our clients think of us first when they attempt to place a risk into the specialty insurance marketplace. As we cannot credibly serve as partner and competitor, we will not compete with our clients through our traditional excess and surplus lines operating units.

We offer our clients a broad spectrum of solutions with emphasis on four areas: Large Account Brokering, Proprietary Specialty Programs, Contract Binding, and Specialty Personal Lines. We recognize that the markets, skill sets, and infrastructure necessary to support these initiatives vary significantly. Dedicated specialists will attend to these diverse disciplines. Through careful focus and resource allocation, we will become the best facility available to our clients in these given fields. In each of our specialties, our customers should expect and receive service that exceeds all other available resources.

We carefully select our retail broker partners and focus our resources where our abilities and interests best match. Our operating units will manage their retail distribution forces independently. We will select only professional, financially sound retail brokers who are committed to building a partnership with All Risks. We will use surveys and marketing tools to ensure that our teams continue to deliver world-class service.

## OUR CARRIER PARTNERS

We will focus on generating profitable results for our carriers. We will seek to consolidate our business with those carriers who value the wholesale distribution system and have identified wholesale brokers as their principal marketing resource. We commit to our carriers that we will always provide all of the pertinent information that we have regarding any risk being submitted to them. We will never be guilty of failing to furnish information that is germane to underwriting a risk, simply because the underwriter did not ask us the right question.

We will work with our carriers to form the deepest partnerships possible; expanding contracts to drive more profitable business to our carrier partners. We expect that our carriers will recognize the benefits of partnership



with our agency by considering us a preferred client and to demonstrate this through a fair compensation structure, assistance in broadening our product base and joint efforts to improve efficiencies. We will expect that our partners will help to facilitate our goals by supporting our expansion wherever possible. We will continually review our carrier relationships to identify which carriers consider All Risks a preferred client, so that we can better focus on these relationships.

## OUR EMPLOYEES AND OUR SPIRIT

Through recognition, appreciation, and fair management practices, All Risks will foster an environment that is rewarding, engaging, and fulfilling, and one in which everyone is treated with respect and dignity. Our management practices will be based on the best that our people are capable of, rather than the worst that a few can do.

Each member of the All Risks team helps to create and nurture our environment. We expect all of our team members to exhibit the following characteristics: honesty, integrity, honor, hard work, ethical behavior, courage, commitment, professionalism, loyalty, collaborative participation and a positive attitude toward the way we conduct our business.

All Risks' success depends on the people we hire, develop and retain. An entrepreneurial spirit permeates our company atmosphere. Every person's ideas and talents are valued, regardless of their position, and everyone contributes to the company's success.

All Risks offers an exciting and challenging environment that combines hard work and fun. We will pursue only the best and brightest talent and we will provide compensation that is commensurate with performance.

## OUR EXPECTATIONS

All Risks will continue to strive for growth and expansion. We will never be satisfied with the "status quo." We grow not for the sake of growth but instead to build a more stable foundation for our employees, to bring greater services to our clients, and to bring more opportunities to our carrier partners.

We commit to continued reinvestment in the firm. The strengthening and expansion of All Risks is of greater priority than annual income. We expect that we will maintain our long-term average annual organic growth rate of 18%. To offset the impact of soft markets and economic downturns on our long-term performance, in most years we will target growth in the 20-25% range.

Our unique culture, our guiding principles, and the dedication of our employees will allow us to grow and expand at a more rapid pace than our competitors.

## OPEN DOORS/OPEN COMMUNICATION

We promise to maintain an open environment. Our management structure will be built on the fewest tiers of reporting relationships possible, with senior managers accessible to all employees at all times. We foster a culture of open communication and teamwork throughout all operating units, where every employee will not only know that management listens, but also one in which they will have contact with the senior management team several times annually. We expect our team members at all levels of the organization to be outspoken leaders in charting the best direction for their segment of the organization.

## BUILDING FOR THE LONG TERM

All Risks believes in controlled, managed growth. We will seek to grow organically and through acquisition. We will continue to hire people new to the excess and surplus lines business, invest in their career, and assist them in developing a social bond with their coworkers and the organization. We will fuel growth by developing new products and expanding our talented sales force.



States with a concentration of surplus/specialty lines premiums are our priority for expansion. This effort will continue to be driven by people first and marketplace second. We will not promote expansion until we have identified qualified and talented teams who fit our unique culture.

We will target teams with product and sales expertise in specialty areas and program classes that we believe can deliver profitable returns to our carrier partners. Despite the emphasis on growth, we will always protect the foundation of All Risks and not jeopardize what has been built thus far. We will not overextend financially or assume debt where we cannot pay for these initiatives from current profits.

Whenever possible, we will correlate payment for performance at all levels of the organization. This will include offering bonus incentives to non-production employees for their individual performance that is above and beyond the salary expectations of the job. We will challenge our teams to do more with fewer people. Our goal is to build retained income and not headcount. This will further insulate us from market downturns. Metrics will be developed and distributed to all employees who impact financial performance bringing together the connection between compensation and job performance expectations.

Our leaders will avoid building a large bureaucracy. We will seek to keep senior staff and senior administrative support to a minimum. We will regularly review our corporate administrative expenses in comparison with their utility in helping to facilitate sales growth. While our infrastructure must support our employees, goals, and growth, we will seek to reduce support costs as a proportion of our retained commissions. Quality control and information technology will emphasize excellence and efficiency, allowing us to do more with less. Senior management will lead the direction of quality control and information technology investments. While we expect that support infrastructure will facilitate sales growth, we do not expect that it will drive sales growth. We will regularly review our expenditures to measure their value in relation to expense.

Our philosophy is to operate our company in a manner that will, as best as possible, level the cycles of the insurance business. We will continue to focus on building an organization with many diversified revenue streams. From a financial standpoint, we will not allow the company to become disproportionately dependent on any one facet of operations. Using budgets as a guide, we will continue to assess our ability to withstand the downturn of specific production units with an eye toward the overall financial strength and stability of All Risks.

## ACCOUNTABILITY AND ENTREPRENEURSHIP

The attainment of All Risks' goals requires an entrepreneurial, yet disciplined, approach to the way we conduct our business, where results are measured regularly and where we hold each other accountable for the commitments that we make. We will expect individuals and teams working within the corporate structure to view their role as building their own businesses within the company, leading them to take proprietary interest, initiative, and responsibility for their ventures.

It is management's promise to All Risks' employees that we will be involved, focusing on leadership toward accomplishment of the principles listed in this document and the goals of the organization, but not be so intrusive as to stifle individual entrepreneurial spirit and initiative.

## DEDICATION TO OUR PRINCIPLES AND CULTURE

We are unwavering in our dedication to these guiding principles. They are the foundation for our long-term success. We understand that our business changes and we will continually re-examine our focus, our initiatives and our investments to be certain that they are in alignment with market demands, using the guiding principles as our roadmap.

