

COMPANY OVERVIEW

Industrial Alliance Pacific Insurance and Financial Services Inc. (IAP), and IA American Life Insurance Company (IAA), are subsidiaries of Industrial Alliance Insurance and Financial Services Inc. (IA), a Canadian life and health insurance company.

Established in 1892 and built on a foundation of strength and reliability, IA's history of growth has demonstrated continuous, strategic growth with a focus on putting customers first.

1892 – Foundation of Alliance Nationale in Montreal.

1905 – Foundation of Industrial Life Insurance Company in Quebec City.

1982 – Acquisition by Industrial of The North West Life, now known as Industrial Alliance Pacific.

1985 – Acquisition of The North West Life Assurance Company of America.

1987 – Merger of Industrial and Alliance, and creation of Industrial-Alliance Life Insurance Company.

1988 – Acquisition of The National Life Assurance Company of Canada, located in Toronto.

1996 – Merger of Industrial Alliance and The Solidarity, a life insurance company based in Quebec City.

1999 – Acquisition of Seaboard Life Insurance Company (Vancouver) and merged into Industrial Alliance Pacific (IAP), United States Branch.

In 2007, the US Division offices were established in Scottsdale, Arizona furthering our commitment to growing the US market.

IAP and IAA's financial strength are respectively rated **A (Excellent)** and **A- (Excellent)** by **A.M. Best**, their third and fourth highest ratings. These ratings are assigned to companies that have achieved excellent overall performance and have a strong ability to meet their obligations to policyholders over a long period of time.

Today, the IA companies operate internationally in all regions of Canada and the United States. Collectively, they contribute to the financial well-being of **over 3 million customers**, employ more than 3400 people and **manage and administer over \$50 billion in assets**.

As we work towards the future, the foundation of IA's success remains unchanged. Just as we have demonstrated **for more than 115 years**, IA will continue to provide you with proven financial security products worthy of your trust.



iaamerican.com

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The Financial Strength of Industrial Alliance

Industrial Alliance Pacific Insurance and Financial Services Inc. (IAP), and IA American Life Insurance Company (IAA), are subsidiaries of Industrial Alliance Insurance and Financial Services Inc. (IA), a Canadian life and health insurance company serving customers since 1892.

IA's history of growth is built upon conservative and diversified financial decisions to ensure its long-term strength and stability. Considering the current economic environment, this strategy helps to keep IA in an enviable position in several respects.

IA Financial Strength

IA's financial strength can be measured by the solvency ratio which represents a company's ability to meet its long-term obligations. Expressed as a percentage, IA ended the second quarter of 2009 with a solvency ratio of 202%, which is higher than the company's target range of 175% to 200%.

For the Second Quarter 2009, IA recorded a net income to common shareholders of \$32.1 million compared to a net income to common shareholders of \$61.4 million for the same period in 2008. "We are very satisfied with the results for the quarter," stated Yvon Charest, IA President and Chief Executive Officer. "In general, the results continue to show a great deal of resilience to the current economic and financial environment. The leeway that we've developed in the last year to absorb significant market turndowns remains intact. We are continuing to focus on financial strength and positioning ourselves to take advantage of growth opportunities when markets become more stable."

IA Credit Ratings

Independent rating agencies, which evaluate the financial strength and capability of life and health insurance companies to meet their obligations to their policyholders and creditors, continue to assign ratings to IA at the upper end of the scale, ranking the company among the most solid institutions. IA holds a Financial Strength Rating of A (Excellent), the third highest rating, from A.M. Best and A+ (Strong) from Standard & Poors.

Canadian Financial System "Soundest in the World"

In October, 2008, the World Economic Forum reported that Canada's financial system was the "soundest in the world" receiving the number one ranking in their Global Competitiveness Survey. In contrast, the US was ranked 40th in the same report.

Canada has avoided government bailouts and has not experienced the failure of any major financial institution. Canadian Prime Minister Stephen Harper predicts Canada will emerge from the global financial crisis faster than any other country.

IA American Life Insurance Company

IA American Life Insurance Company will debut in 2010 with the full financial backing of IA. This new US subsidiary, headquartered in Scottsdale, AZ, will offer insurance products for American families.

On February 12, 2009, A.M. Best Co. affirmed the Financial Strength Rating of A (Excellent)* for IA and IAP. Concurrently, A.M. Best has assigned a Financial Strength Rating of A- (Excellent)** to IA American Life Insurance Company.

*The third highest rating given by A.M. Best.
**The fourth highest rating given by A.M. Best.