

Mid-Sized Group Cell Captives

RISK



Insurance Mega-trends

- *The big one...the continual movement by organizations into the alternative risk transfer (ART) market, namely through the use of captives, self insurance, risk retention groups and large deductibles.*

Dr. Robert Hartwig, President, Insurance Information Institute
"The End of Insurance?" ROUGH NOTES, Mar 30, 2009

Alternative Market Mechanisms

*Comprise 30% of U.S. commercial lines insurance premiums
(\$98Bn of \$327 Bn in 2006 – Conning)*

- ***Captives***
 - *Single Parent; Group*
 - *Rent-A-Captive*
 - *Protected Cell Captive*
- ***Self Insurance***
 - *SIRs; Direct Excess*
 - *Large Deductibles; Cash Flow Plans*
- ***Risk Retention Groups***

Captives Worldwide

- ***5,390 Worldwide Captives in 2009***
 - *960 in Bermuda*
 - *777 in Cayman Islands*
 - *557 in Vermont*

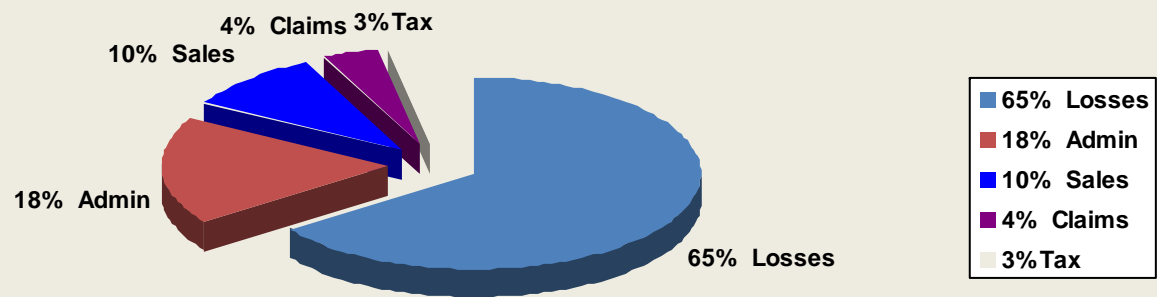
Alternative Market Lines

- ***43% Workers Comp***
- ***35% Liability***
- ***12% Automobile***
- ***10% Property***

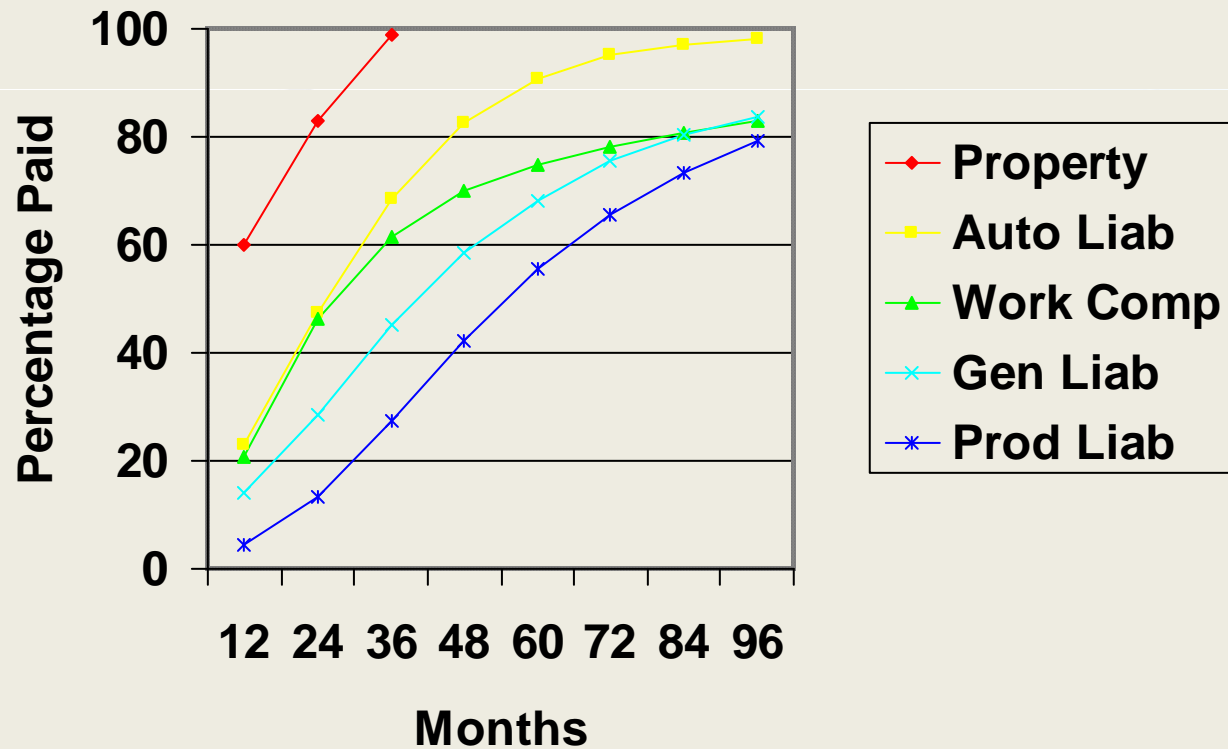
Why Use Alternative Markets?

- ***RECOUP* a significant share of insurance companies' profits on your business**
- ***EARN* investment income on your loss reserves**
- ***DEFER* taxes on profits and investment income**
- ***CONTROL* how your claims are settled**

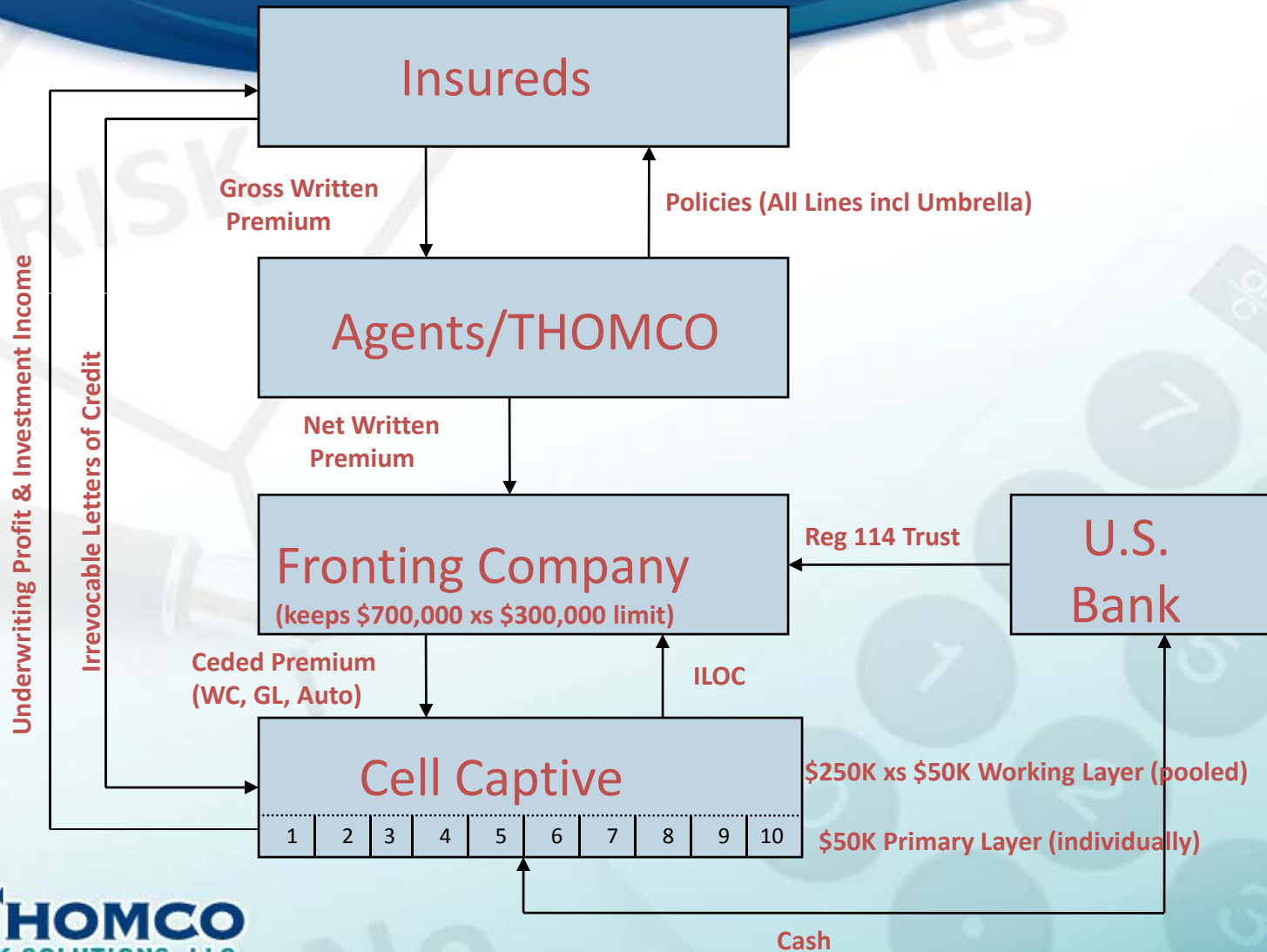
Premium Allocation



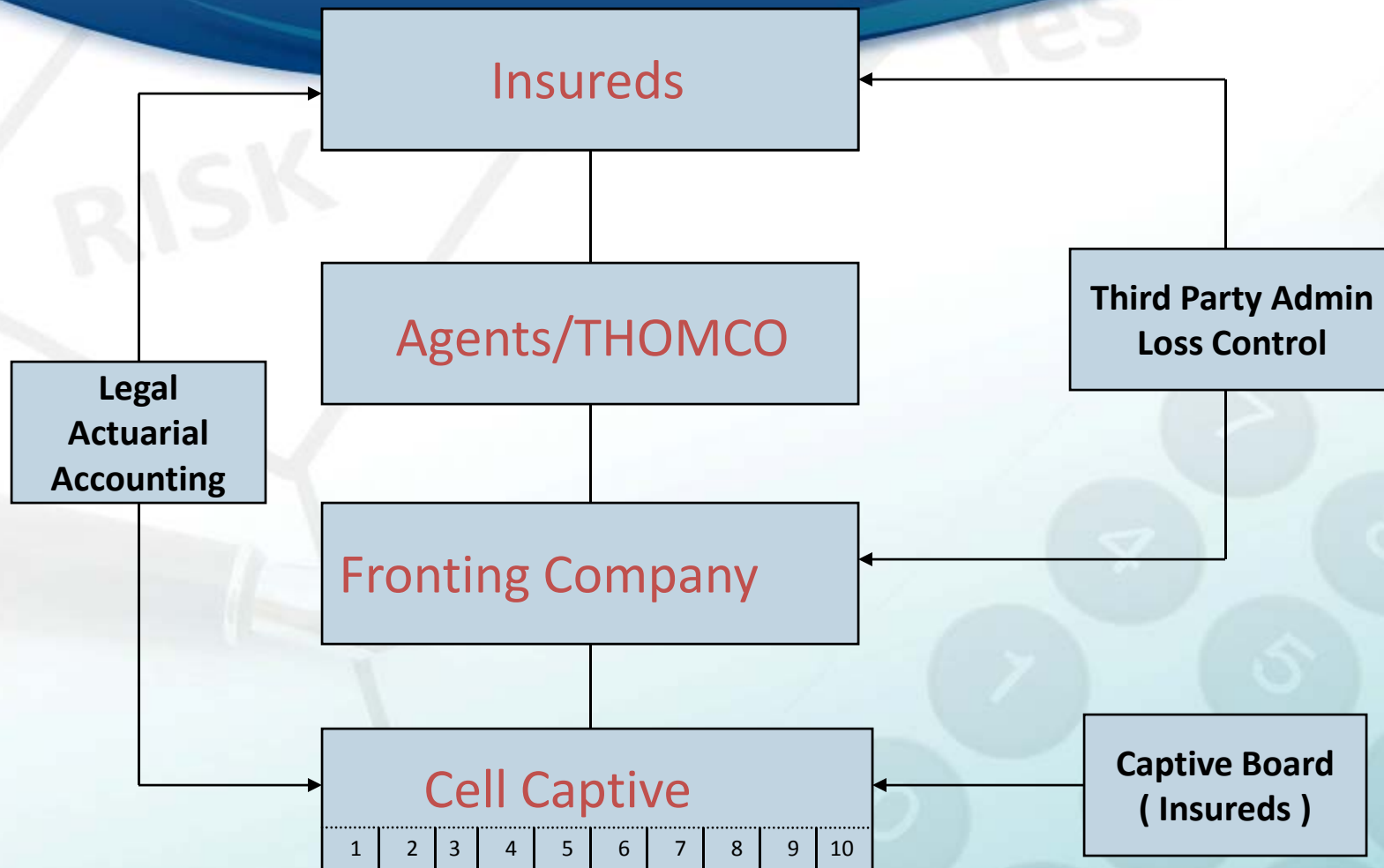
Loss Payout Patterns



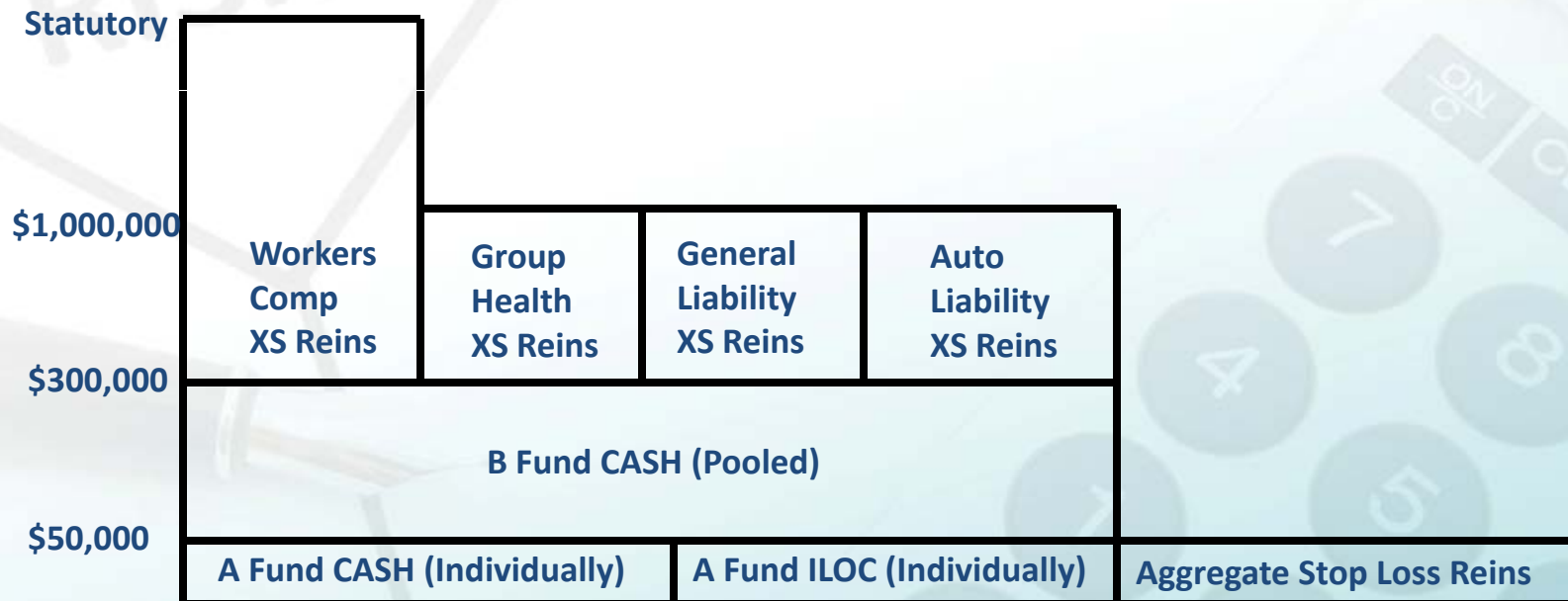
Cell Captive Cash Flow



Cell Captive Services



Cell Captive Structure



Mid-Size Company Testimonials

- The Captive structure provides mid-sized companies the cost effective risk management tools previously only available to the largest companies. The Captive ***dramatically rewards*** companies that best manage their risks and ***shields them from rate increases*** simply based on market conditions.
- The Captive has allowed us to be ***largely immune*** from external insurance market conditions.

Want to “right size” your premiums?

- PROBLEM: Your annual premiums always exceed your annual losses so you are ***subsidizing*** others
- PROBLEM: Your annual losses always exceed your annual premiums so you will be ***cancelled***
- SOLUTION: Control your Cost of Risk and “***right size***” your premiums

Complimentary Loss Cost Analysis

Please send us:

- Most Recent Financial Statement
- Copies of Current Policies
- 5 Year Hard Copy Carrier Loss Runs (plus current policy year)



RISK

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