

WRIGHT RISK MANAGEMENT



**BRINGING INTEGRATED
SERVICES TO THE CAPTIVE
INSURANCE MARKET**



Integrated Captive Insurance Services



**Wright Risk Management ...
a reputation for excellence**

The key to Wright Risk Management's successful programs and long term relationships is our experienced, knowledgeable and dedicated team of professionals with experience in risk management, insurance, reinsurance, law, finance and information technology. Our client-centered corporate culture fosters integrity, responsiveness and dedication with a strong emphasis on client satisfaction.

Wright Risk Management (WRM) has been a recognized leader in the alternative risk market since 1978. We partner with public and private entities as well as brokerage and insurance organizations to create successful risk financing solutions.

Wright Risk Management designs and manages comprehensive fully insured, self-insured and other risk financing programs, including captives, pools and risk retention groups. We have the necessary experience to develop full service risk financing solutions, working closely with clients to create a vehicle tailored to their individual needs. Since we are not insurance brokers, we often assist brokers in the creation of risk financing vehicles for their clients.

Recognizing that our clients have a variety of needs and requirements, we offer a unique **Integrated Captive Insurance Services** solution, which is critical in forming and operating a captive facility. We can provide captive and risk management services within a complete managed program customized to meet your needs, or we can offer specialty services in unbundled components including:

- Captive Feasibility Study
- Captive Design & Formation
 - Application
 - Plan of Operation
 - Incorporation
 - Charter & Bylaws
- Development of Captive Business Plan
- Liaison with Insurance Regulators
- Captive Licensing
- Domicile Management
- Books & Records Management
- Regulatory Monitoring & Compliance
- Information Systems & Technology
- Program Management
- Underwriting Management
- Claims Administration
- Litigation Management Services
- Loss Control Services
- Legal & Contract Services
- Statutory & GAAP Accounting
- Policy Issuance
- Premium Collection
- Rating
- Insurance Policy Drafting & Manuscript Policy Forms
- Reinsurance Design & Placement
- Fronting Arrangements

ALTERNATIVE RISK FINANCING

The captive market continues to flourish, particularly within the United States. This growth brings an increased need for qualified captive managers who understand the business and provide the necessary comprehensive services to form and manage your captive effectively. Our unique **Integrated Captive Insurance Services** solution gives you the security that all aspects of the captive are being handled properly and in accordance with regulatory requirements.

INTEGRATED CAPTIVE INSURANCE SERVICES

| CAPTIVE FORMATION SERVICES | CAPTIVE MANAGEMENT SERVICES | INSURANCE PROGRAM SERVICES |
|-----------------------------------|------------------------------------|----------------------------------|
| Feasibility Study | Domicile Management | Underwriting |
| Captive Design | Regulatory Monitoring & Compliance | Claims |
| Captive Incorporation | Books and Records | Loss Control/Risk Management |
| Business Plan & Plan of Operation | Statutory & GAAP Accounting | Litigation Management |
| Licensing | Fronting Arrangements | Policy Rating & Policy Issuance |
| Regulatory Coordination | Reinsurance Design & Placement | Premium Collection |
| Policy Drafting | Legal Services | Information Systems & Technology |

LEADERSHIP THROUGH EVERY PHASE OF CAPTIVE FORMATION





CAPTIVE FORMATION BENEFITS

Captive Underwriting and Investment Income

Captives facilitate the financing of risk. With favorable results the captive may generate underwriting income for its owners or shareholders, as well as investment income from the capital, premium and loss reserves. The captive can benefit from profits (premium in excess of the total loss costs) that otherwise would be retained by the commercial insurance market.

Improved Cash Flow

The captive has the benefit of increased cash flow from premium and loss reserves.

Program Design Flexibility

Captive programs can be specifically designed to meet the risk financing needs of the client, including the funding of large deductibles and self-insured retentions, as well as loss portfolio transfers.

Reward for Favorable Claim Experience

The benefit of favorable loss experience may not be fully recognized in the commercial market with a reduction in premium. Formation of a captive can eliminate the need to aggregate your good results with poor industry results, allowing for premium to be commensurate with loss experience and stabilized over time.

Incentive for Loss Control

The formation of a captive provides incentive for the captive and its owners to implement effective loss control programs. Proactive loss control, safety prevention and educational programs provide the basis for overall favorable captive results.

Direct Access to the Reinsurance Market

As a licensed insurance company, a captive can purchase reinsurance protection (excess of loss and aggregate stop loss) directly from the reinsurance market. Direct access to the reinsurance market may result in better value with lower costs than the commercial market, as well as access to increased capacity, unregulated forms, rules and rates, and manuscript policy forms. Direct access to reinsurance may also allow for an opportunity to earn ceding commissions from the reinsurance transactions.

Rate Stabilization and Independence from Commercial Market Fluctuations

The captive owners exercise control over their captive companies, which include how claims are handled, investment strategy, underwriting and rates. Coverage which was previously unavailable or unaffordable in the traditional market may be placed in the captive.

How WRM Captive Insurance Services Benefit You:

Wright Risk Management's Integrated Captive Insurance Services are designed to bring you all the services you need. We save you money while delivering the highest level of coordinated, value-added benefits.

- Effective communication among underwriting, claims and legal resulting in lower loss costs
- Overall, positive impact on captive results through effective underwriting, claim handling and loss control
- Economical solutions include reduced administration fees, elimination of data coordination/transfer through different vendors, and cost-effective handling
- Fully coordinated approach toward risk evaluation, control and claims handling
- Increased client satisfaction through effective communication and responsiveness



GETTING STARTED

A **captive feasibility analysis** is a key element in determining the financial and operational impact of a captive on an organization.

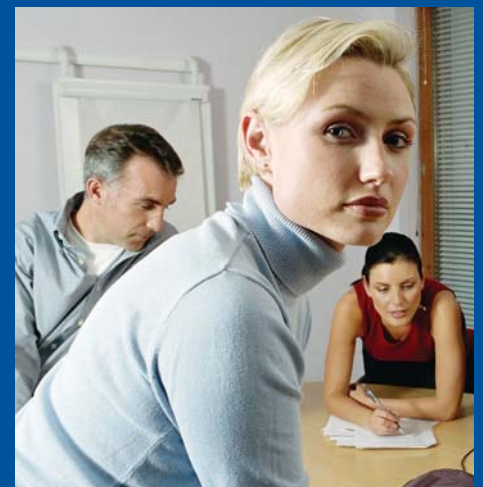
The feasibility analysis may also be utilized as a mechanism to facilitate management approval to form a captive and to develop information for reinsurance and fronting carrier arrangements. In addition, it can be used to create the foundation for a preliminary business plan and the captive regulatory application and approval process.

Our captive feasibility analysis includes:

- Identification and review of objectives
- Review of financial statements and annual reports
- Review of risk management profile and current risk financing program
- Exposure, hazard and loss analysis
- Domicile selection with analysis of tax impact, regulations, domicile infrastructure to service the captive and the prospective captive owners financial and operating profile
- Captive organizational structure
- Program cost comparisons
- Captive business plan

We design and form captive facilities based on individual client needs and requirements. Our design and formation includes the following:

- Domicile Application
- Interview with Regulator
- Plan of Operation
- Captive Incorporation
- Development of Charter and Bylaws



CAPTIVE FORMATION BENEFITS (CONTINUED)

Reduced or Stabilized Insurance Costs

Captives operate more efficiently than the commercial market and at a lower cost level with the elimination of insurance company administrative and frictional costs, as well as residual market costs. Often times there is a trading of dollars with the commercial insurance carrier, particularly in the working loss layer. A captive provides for the opportunity to stabilize insurance costs in a fluctuating insurance market by building surplus, or funding losses over time without being adversely affected by the market.

Opportunities for Improved Claims Handling and Control

Owning a captive offers the opportunity to have a more focused and uniform approach toward claim handling, yielding overall better results through active involvement in claim handling process and decisions.

Control of Risk Management

Captive owners can effectively control their risk management objectives and be able to adapt to changing market conditions, which may include changing retention levels, adding new exposures to the captive, or insuring unrelated risks.

Potential Tax Advantages

Premiums may be deductible to the owners or insureds as a business expense. Captives potentially have a favorable tax advantage (or tax deduction) with regard to its loss reserves for unpaid claims. Despite these benefits, a captive should not be formed exclusively for tax reasons and we recommend seeking advice from your tax advisor.

Tailored or Manuscript Coverage

The use of a captive may provide broader coverage for difficult to place risks with manuscript policy forms, or risks uninsurable in the commercial market.

THE KEY TO SUCCESS

Wright Risk Management's effective programs and solutions help foster long term business relationships. However, the true key to our success is our experienced, knowledgeable and dedicated team of professionals with experience in risk management, insurance, reinsurance, law, finance and information technology. WRM professionals are dedicated to designing better ways of financing and managing your risks. Our client-centered corporate culture fosters integrity, responsiveness and dedication with an emphasis on client satisfaction.

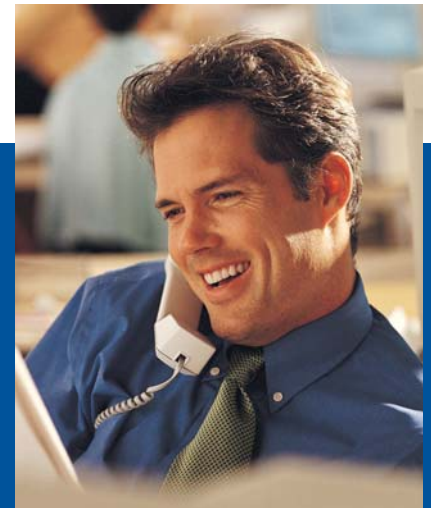
We seek to make the process of risk financing and risk management as easy as possible for you. We handle all the details so that you can attend to your normal business operations. With more than two decades of experience developing customized programs, WRM will be here to help manage your risks over the long term and select the right captive structure to meet your specific needs such as:

- Pure or Single Parent Captives
- Group Captives
- Risk Retention Groups
- Risk Purchasing Groups
- Association Captives
- Agency Captives
- Sponsored Cell/Segregated Account Captives
- Rent-A-Captives

Our professional services include underwriting, claims, accounting, loss control, risk management, legal and information technology. We have the capability to work within multiple onshore and offshore captive domiciles, selecting a domicile suitable to the individual needs of each client.

We manage a broad array of coverage types including:

- Professional Liability
- Workers Compensation
- Contractors Liability
- Medical Malpractice Liability
- Environmental Liability
- Employment Practices Liability
- Directors and Officers
- General Liability
 - Premises
 - Products
 - Completed Operations
 - Contractual Liability
- Errors & Omissions
- Commercial Automobile (liability and physical damage)
- Trucking (liability and physical damage)
- Public Officials Liability
- Law Enforcement Liability
- School Board Legal Liability
- Commercial Property
- Inland Marine
- Builders Risk



Leadership through every phase of captive formation

“WRM is a conservative company of experts, a company with creative edge, a company which prides itself on its satisfied clients – clients who report that they have received quality and responsive services, superior protection, and that they have saved money by retaining Wright Risk Management.”

*William J. Fishlinger,
Chairman and CEO*



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WRIGHT RISK MANAGEMENT

experienced ... knowledgeable ... professional

DISCOVER YOUR ALTERNATIVES

Wright Risk Management helps organizations find better solutions for managing and financing risk. Since our founding in 1978, WRM clients have been able to reduce exposure to risk, expand coverage, strengthen protection, stabilize costs, and enhance efficiency. We invite you to learn more about Wright Risk Management's Captive Insurance Division.

www.wrightrisk.com



Wright Risk Management

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