

DETAILED BUSINESS PLAN

(Submit Separate Document)

A. PURPOSE

Introduction and Background - Describe the overall circumstances that led to the efforts to organize the captive insurance company (Company”) including current and emerging market situations relative to the business the Company will insure.

Insurance Company Formation - Explain how transferring risk to the Company will address the issues and concerns described above.

Plan of Operation – What business will the Company insure and what exposures to loss will it underwrite?

Goals – Describe the overall long-term risk transfer benefits and/or profitability to be achieved by the Company.

B. COMPANY OVERVIEW

Legal Business Description – Company name, legal form of the business, home office location and principal place of business.

Management Team – Provide a summarized list of the management staff and description of their responsibilities.

Board of Directors – Provides a summarized list of all of the directors.

Outside Support – Identify individuals and/or forms that will provide services to support the Company’s operations and describe the services that will be provided.

Organizational Chart – Illustrate the Company’s operations include subsidiary, affiliate and/or contracted operations, lines of authority within department, if applicable and corporate responsibilities either within the Business Plan or as a separate document.

C. MARKET ANALYSIS

Market Definition – Define the principal risk transfer needs of participants in the market segment that will generate business for the Company. Describe how these participants will benefit from the Company’s insurance program(s).

Competition/Alternatives – Describe facilities or other sources that could provide the risk assumption/risk factor capabilities that will be offered by the Company. Discuss changes in economic conditions that might influence the Company’s ability to do business in any legal or legislative changes that could adversely affect the Company’s long-term plans.

D. RISK ASSUMPTION/RISK TRANSFR

Coverage and Reinsurance – Describe the type of risk and limits that will be assumed by the Company, the risk transfer mechanism or transaction that will be employed, and reinsurance to be used, if any. Described the transaction flow and the process that will be used to track results.

Risk Management Program – Outline the risk management program(s), if any and describe how it will be used to mitigate exposures to loss. How are the results of the risk management program factored into underwriting analysis and evaluation of exposure to loss?

E. IMPLEMENTATON PLAN

Strategy – Outline the approach that the Company will take to develop, maintain and support its insurance programs and the methods that will be used to improve and expand business capabilities.

Program Management and Administration – Describe the guidelines and procedures that will be used to program capabilities to client/participants including policy issuance or other evidence of insurance as applicable.

F. FINANCIAL PROJECTIONS

Pro Forma Assumptions – Describe the amount and source of initial capitalization, projections by line of business for premium loss and loss adjustment expenses and underwriting expenses. Describe treatment of policyholder dividends and all tax obligations. Provide five-year financial projections in the separate required projection report.

Actuarial Feasibility Study – Provide overview of the actuarial opinion and analysis to support the risk assumptions and financial projections that are in a separate report.

G. OTHER INFORMATION WITH SUPPORTING DATA INCLUDING:

- (1) Risks to be insured - direct assumed and ceded - by line of business;
- (2) Fronting company if operating as a reinsurer;
- (3) Expected net annual premium income;
- (4) Maximum retained risk (per loss and annual aggregate);
- (5) Rating program;
- (6) Organization and responsibility for loss prevention and safety including the main procedures followed and steps taken to deal with events prior to possible claims; and
- (7) Organization chart.