



**ALTERNATIVE RISK INSURANCE  
OPTION FOR AUTOMOBILE DEALERS**

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# What does Alternative Risk Insurance mean?

A Travelers exclusive program in conjunction with a re-insurance company specifically designed for **Auto Dealers** that is owned and controlled by its members to accomplish the specific financial, business and personal goals of each Member/Owner.

# What does the program offer ?

## *Broad coverage across all lines*

- ✓ **Workers Compensation**
  - ✓ **Statutory**
  - ✓ **Employers liability**
- ✓ **Garage Liability including Dealers E&O**
- ✓ **Garagekeepers Legal Liability**
- ✓ **Property including Boiler & Machinery Dealers**
- ✓ **Physical Damage including False Pretense**
- ✓ **Group purchase: Umbrella**

# **Program Advantages**

## *Benefits Summary*

- ✓ **Designed solely for the Auto Dealer Industry Sector**
- ✓ **Long-term Control – you own it!**
- ✓ **Quality A<sup>+</sup> insurance company paper through Travelers**
- ✓ **Proven ability to stabilize costs**
- ✓ **Potential investment income accrual/equity distributions**

# **Program Advantages**

## *Claims Administration*

- ✓ **Dedicated claims handling team of Sedgwick CMS claims adjustors**
  - Special claims handling instructions for Members
  - Adjustors work for Member with their best interests in mind at all times
  
- ✓ **Member advantages:**
  - Ability to select Member's own attorneys for captive claims
  - On-line loss information system to utilize for reports and tracking
  - Settlement consultation level is \$5,000
  - Notifications to Member of new claims and reserve changes over \$20,000
  - USI claim advocate to assist each Member

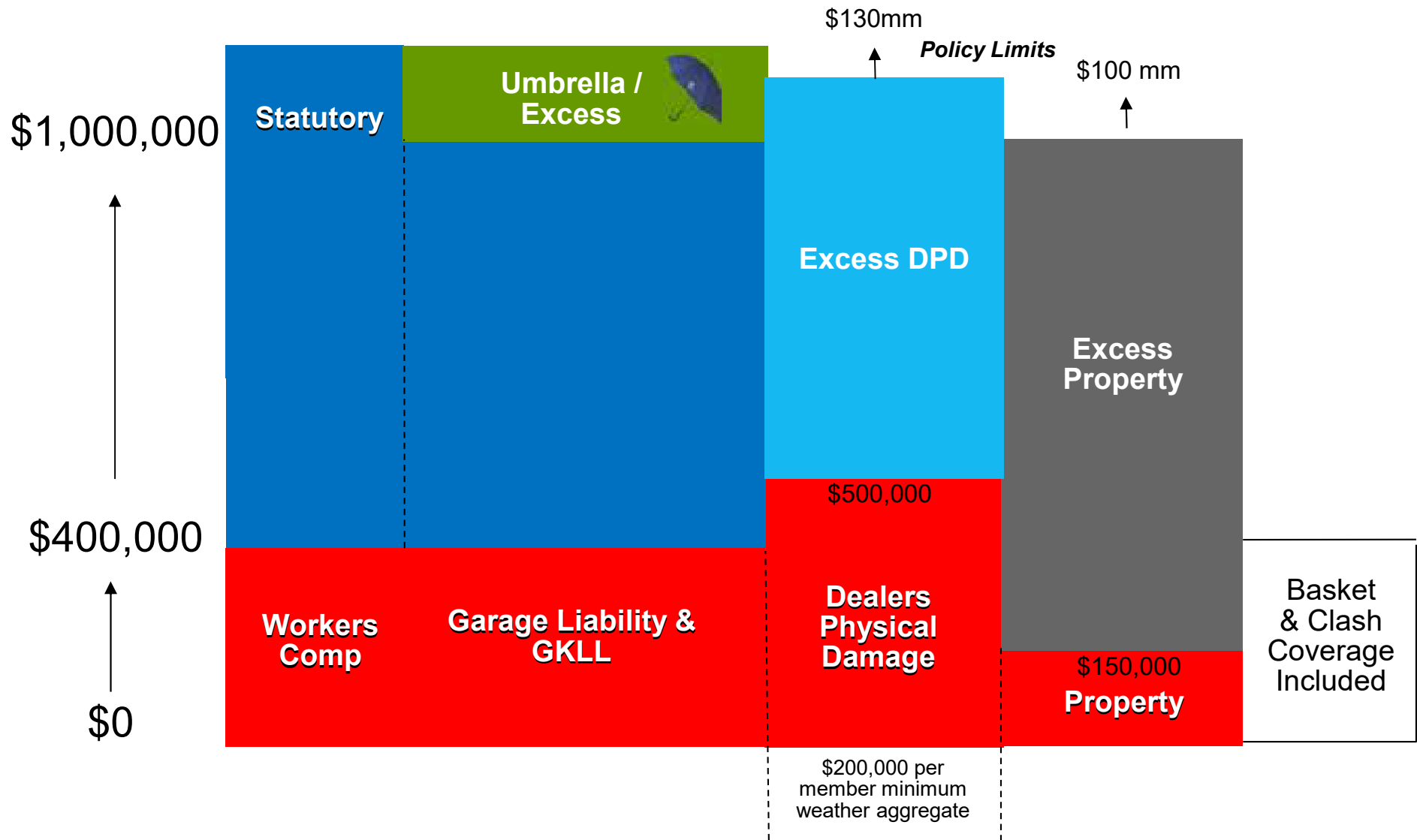
# Program Advantages

## *Transparency*

- ✓ **Transparency of costs - see every expense incurred and how it is allocated**
- ✓ **Lowers the dependency of insurance / reinsurance**
  - Only the cost above \$400,000 is dependent on pricing from the commercial marketplace
- ✓ **Member shares in the underwriting and investment profit while not subsidizing high hazard risks**
  - All Members are financially strong
  - Membership in traditionally non-catastrophic prone geographic areas
  - Forward looking Members with continuous improvement safety culture

# Group Captive Placement Structure

## Customized Reinsurance Structure



# Group Captive Programs

## *Summary of Key Points*

- **Premiums based on your loss experience**
- **Insulated from market conditions**
- **Operating costs are lower**
- **Only good risks are accepted**
- **Enhanced claims management**
- **Insurance premiums are invested and can accumulate income to the captive**



# Group Captive Programs

## *Summary of Key Points*

<b>Risk</b>	<b>Response</b>
<b>Catastrophic loss</b>	<b>Specific reinsurance</b>
<b>Large number of losses</b>	<b>Aggregate insurance</b>
<b>Captive insolvency</b>	<b>“A+” fronting company</b>
<b>Risk sharing</b>	<b>Defined and limited candidate selection</b>

# Financial Highlights (as of 5/31/2019)

Since Inception - 2003

- ✓ **\$55 mm of Earned Premiums**
- ✓ **\$1.92 mm of Investment Income accrued (3.4% avg return)**
- ✓ **\$7.1 mm in Member Distributions (12.9% of Earned Premiums)**
- ✓ **\$3.7 mm of remaining Shareholder Equity (6.7% of Earned Premiums)**