Alternative Excess
Auto Liability Group Captive

keystone RISK PARTNERS

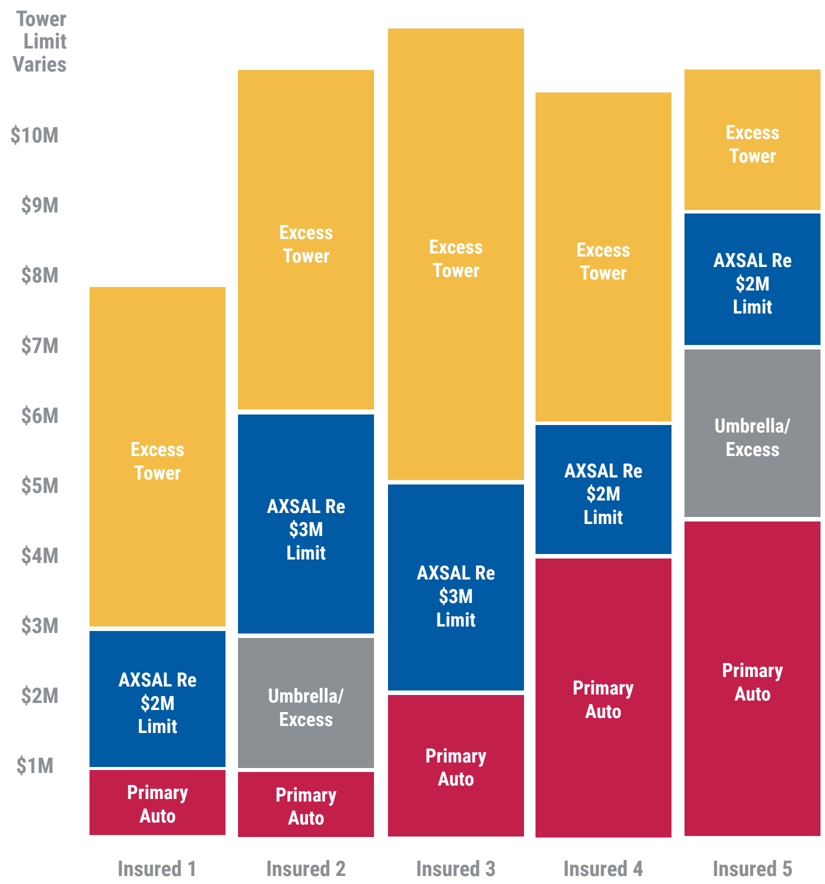
Overview of how it works:

AXSAL Re EXCESS AUTO LIABILITY

An Agent / Broker identifies a company that is eligible for the program based on meeting the minimum excess layer premium within the first $10m tower structure. Should the account qualify, participation in the AXSAL Re Group Captive will help the insured to manage price volatility, capacity issues, provide the opportunity to benefit from positive underwriting experience and have the possibility of investment income based on performance. Collectively these benefits may offer substantial improvements over the traditional excess approach.

Once submitted, each Insured goes through a thorough underwriting process to qualify for participation in the group captive. Each Insured's excess auto policy will be issued for a three (3) year term with a $2m or $3m per occurrence limit and a flat three (3) year pay-in rate guarantee. Individual and group premium adjustments (additions or returns) will be based upon loss experience. The excess policy can attach at various layers within the first $10m tower where the net cost and cash flow benefits of this approach are most pronounced.

The examples set out here demonstrate the possible benefits for an insured of participation in the AXSAL Re captive program.



Case Study: Qualifications Insured 4

Long Haul Trucking Company
Limit: $2,000,000 xs $4,000,000 underlying primary policy
Loss History: No Losses xs $4,000,000 in last 10 years

	% TOTAL INSURED PREMIUM	TOTAL	YEAR 1	YEAR 2	YEAR 3
AXSAL Re Premium (GWP)	100%	$ 1,500,000	$ 500,000	$ 500,000	$ 500,000
Fixed Expenses	30%	$ 450,000	$ 150,000	$ 150,000	$ 150,000
Loss Fund	70%	$ 1,050,000	$ 350,000	$ 350,000	$ 350,000

AXSAL Re Pay-In Rate Guarantee – Savings vs. Guaranteed Cost Market

The program offers Insureds a three-year premium pay-in rate guarantee that not only provides budget stability but also incremental long-term cost savings by significantly dampening the continued annual rate increases of the traditional market.

The illustration below compares the impact of average traditional market increases to an option from AXSAL Re in a Base Case scenario for "Insured 4":

AXSAL Re Pay-In Rate Guarantee		AXSAL RE PREMIUM	UNITS	RATE	RATE CHANGE
	Year 1	$ 500,000	500	$ 1,000	N/A
	Year 2	$ 500,000	500	$ 1,000	0%
	Year 3	$ 500,000	500	$ 1,000	0%
	Total	**$ 1,500,000**			

Base Case		MARKET PREMIUM	UNITS	RATE	RATE CHANGE
	Year 1	$ 500,000	500	$ 1,000	N/A
	Year 2	$ 550,000	500	$ 1,100	10%
	Year 3	$ 605,000	500	$ 1,210	10%
	Total	**$ 1,655,000**			

TRADITIONAL MARKET	AXSAL RE	PREMIUM	PERCENT
$ 1,655,000	$ 1,500,000	$ 155,000	9.37%

What if there was a large loss in the Insured's current or historical loss picture that approached or just breached the layer during this three-year window? The current traditional market would likely react adversely, generating an above average rate increase as noted in the chart below:

Adverse Case		MARKET PREMIUM	UNITS	RATE	RATE CHANGE
	Year 1	$ 500,000	500	$ 1,000	N/A
	Year 2	$ 700,000	500	$ 1,400	40%
	Year 3	$ 770,000	500	$ 1,540	10%
	Total	**$ 1,970,000**			

TRADITIONAL MARKET	AXSAL RE	PREMIUM	PERCENT
$ 1,970,000	$ 1,500,000	$ 470,000	23.86%

As illustrated above, the stability and cash flow benefit of the 3 year pay-in rate guarantee offers significant savings BEFORE any direct premium adjustments as a result of individual Insured and group captive actual loss experience.

Individual Insured Adjustment

AXSAL Re's program leverages the impact of loss prevention investments and rewards good experience by providing both individual Insured and overall group captive performance adjustments to participants.

Each Individual Insured's premium will adjust based on actual incurred losses in the AXSAL Re Layer relative to their Insured Loss Threshold (ILT) which is equal to 100% of their 3 year premium commitment—a critical identifier for each Insured.

Insured layer losses **BELOW** the ILT will result in an individual Insured Return Credit (IRC) through the insured's captive participation, according to the following formula:

IRC = (ILT – Individual Insured Total INCURRED AXSAL Layer Losses Incurred) x 40%

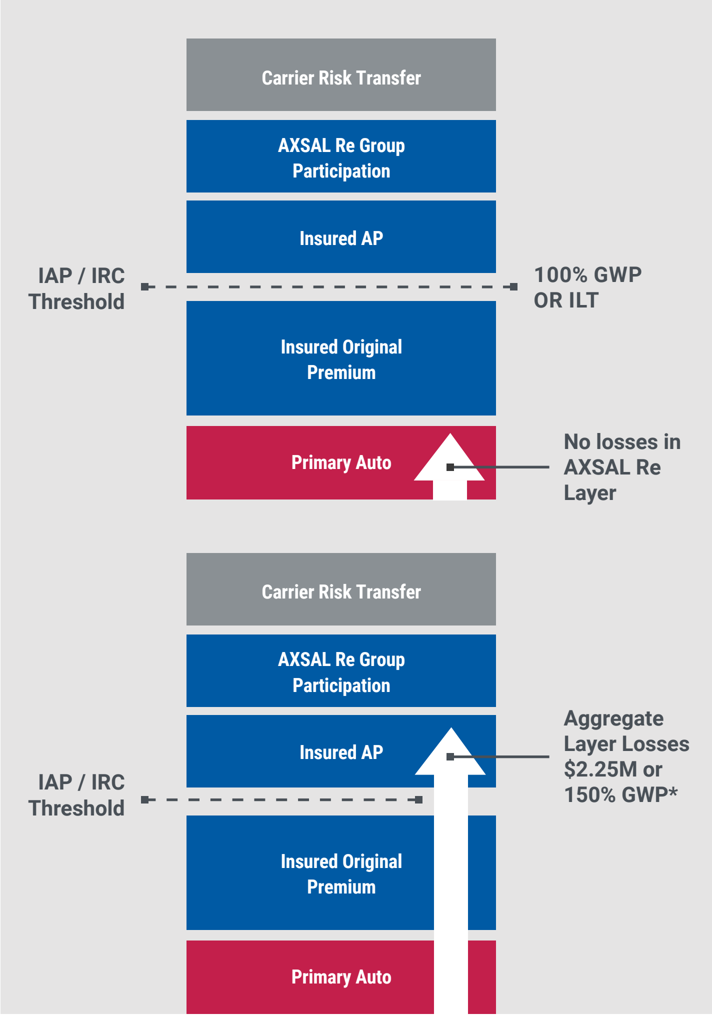
Insured layer losses **ABOVE** the ILT will result in an individual Insured Additional Premium (IAP) according to the following formula criteria:

If (total layer losses – ILT) is less than 50% of three--year premium, then IAP = (Individual Insured Total AXSAL Layer Losses INCURRED – ILT)

If (total layer losses INCURRED – ILT) is greater than 50% of three-year premium, then IAP is capped at 50%

The following illustration is to help frame the range of Individual Insured premium adjustments based on the maximum IRC and the maximum IAP adjustments.

Case Study: Individual Insured Adjustment (No Loss / Maximum Additional Premium)



	INSURED NO LOSS
AXSAL Re Three Year Premium (ILT)	$ 1,500,000
Three Year Insured Losses Incurred	–
Insured Loss Ratio	0%
Insured AP (IAP) - *Up to 50% of ILT*	–
Insured RC (IRC) - *Up to 40% of ILT*	$ (600,000)

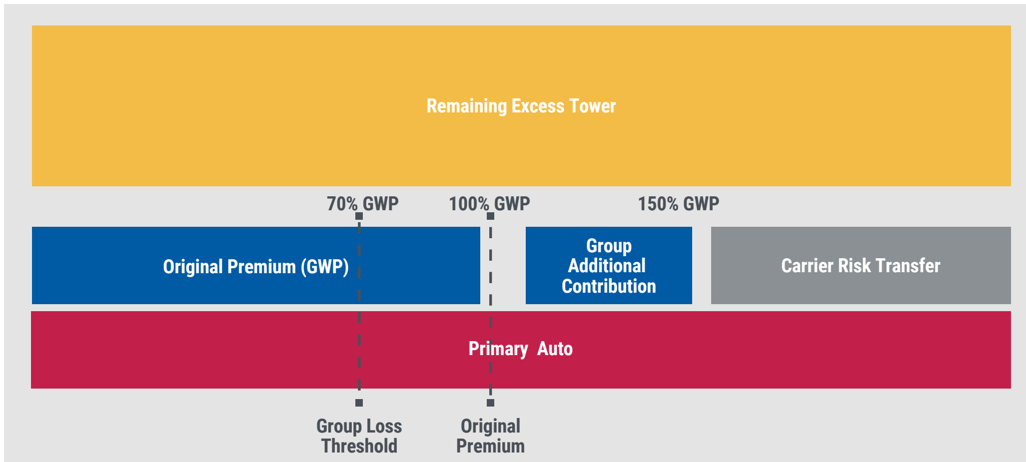
	INSURED AT MAX IAP
AXSAL Re Three Year Premium (ILT)	$ 1,500,000
Three Year Insured Losses Incurred	$ 2,250,000
Insured Loss Ratio	150%
Insured AP (IAP) - *Up to 50% of ILT*	$ 750,000
Insured RC (IRC) - *Up to 40% of ILT*	–

*Aggregate losses contemplate two occurrences since the max loss is $2M per occurrence

AXSAL Re Group Program Adjustment

After concluding the Individual Insured Adjustments noted above, a second and independent Group Adjustment occurs including all of the Insureds' results over the three-year program treaty. The Group Program Adjustment determines whether there is a Group Additional Contribution needed or if there is a surplus for the group. Once the Group Program Adjustment is calculated, the Individual Insured Adjustments are incorporated to calculate the group's profit or risk sharing needs.

Group Program adjustments are calculated based on ultimate losses in the AXSAL Re insured layers relative to the Group Loss Threshold (GLT), which is equal to 70% of the 3 year Treaty Period premium.



Group ultimate layer losses **BELOW** the GLT will result in a Group Return Credit (GRC) that is shared by individual participants using the following formula:	GRC = GLT - (Total AXSAL Treaty Period Ultimate Losses + Sum of IAP/(IRC))
Group ultimate layer losses **ABOVE** the GLT will result in a Group Additional Contribution (GAC) that will be shared using the following formula:	GAC* = (((Total AXSAL Ultimate Losses – GLT) X 1.3) + Sum of IAP/(IRC)) *The resulting GAC is further limited MAXIMUM of 50% of Treaty Year Insured Premium across all insureds.

Once the GRC or GAC is calculated, it is shared proportionally based on total insured premium over the three-year term.

Insured Assessment Calculation

The first and primary source of funding for a Group Additional Contribution (GAC) comes from the net IAP / IRCs in aggregate from the Individual Insured Adjustments, which are based on each Insured's own incurred loss experience. Once the Individual Insured Adjustments are accounted for, any remaining obligations are shared amongst the group proportionally based on their pro-rata share of total insured premium within the group. Once those obligations are proportionally distributed amongst Insureds, any Insured with insufficient funds to cover their obligations will be assessed.

Each Individual Insured's maximum share of the group assessment is capped at 75% of their Original Premium (ILT), but this 75% maximum is reduced by any dollars paid in through their Individual Insured Adjustment. For example, if a Insured pays a full IAP equal to 50% of their Original Premium (ILT), their maximum additional assessment would be 25% of original premium (75% - 50% = 25%).

Insured Dividend Calculation

Similar to the assessment calculation above, any remaining funds after both Individual Insured and Group Program Adjustments will be distributed to shareholders as dividends. Each Insured can receive dividends as high as 70% of their Total Insured Premium plus any investment returns from the program reduced by an income tax obligations of the captive. Whether dividends will be declared, and the final amounts, will be determined based on both the Individual Insured and group program adjustments above, but investment returns will accrue to each Insured's benefit proportionally based on premium. With positive results, the first dividend could take place as early as 12 months after the end of the three-year policy term depending on when the insured's policy expires relative to the overall treaty.

Case Study: Three Year Final Range Of Outcomes for Individual & Group Adjustments

Average Annual Cost in AXSAL

		GROUP LOSS RATIO				
	INSURED LOSSES	10.0%	50.0%	70.0%	90.0%	108.5%
	0	108,059	214,276	**266,412**	364,187	458,541
Average Annual Cost in AXSAL	1,000,000	241,392	347,609	**399,745**	497,520	591,874
	1,750,000	391,392	497,609	**549,745**	647,520	741,874
	2,625,000	558,059	664,276	**716,412**	814,187	850,860

Flat Rate Pay-in Premium Savings vs. **Traditional Market**

		GROUP LOSS RATIO				
	INSURED LOSSES*	10.0%	50.0%	70.0%	90.0%	108.5%
	0	(51,667)	(51,667)	**(51,667)**	(51,667)	(51,667)
Flat Rate Pay-in Premium Savings vs. Traditional Market	1,000,000	(156,667)	(156,667)	**(156,667)**	(156,667)	(156,667)
	1,750,000	(156,667)	(156,667)	**(156,667)**	(156,667)	(156,667)
	2,625,000	(156,667)	(156,667)	**(156,667)**	(156,667)	(156,667)

*Summary above models base case premium savings for losses at $0 and adverse case for losses above that

Average Annual Cost Adjusted for Rate Change vs. **Traditional Market**

		GROUP LOSS RATIO				
	INSURED LOSSES	10.0%	50.0%	70.0%	90.0%	108.5%
	0	**56,392**	162,609	**214,745**	312,520	406,874
Average Annual Cost Adjusted for Rate Change vs. Traditional Market	1,000,000	84,725	190,942	**243,079**	340,853	435,208
	1,750,000	234,725	340,942	**393,079**	490,853	585,208
	2,625,000	401,392	507,609	**559,745**	657,520	**694,193**

AXSAL Re can offer substantial savings to Insureds with great results and also mitigate the downside risk for Insureds that actually have claims within the three-year policy term. Summarizing the above:

1. The best-case scenario for this case study **(blue)** estimates savings of $443,608 per year ($1,330,824 policy three-year term) over the guaranteed cost options for excess.
2. The worst-case scenario for this case study **(red)** estimates an additional cost of $194,193 per year ($582,580 policy three-year term). This assumes the market reaction results in a 40% increase in a single renewal. Guaranteed Cost market reactions could be much worse or span multiple years for loss activity.
3. The expected case for the group contemplates a group loss ratio at 70% and Insured losses at either $0 to $1,000,000 **(yellow)**. This scenario results in a savings between $285,255 to $256,921 per year ($855,764 to $770,764 policy three-year term) for this Insured.

Contact your representative at Keystone Risk Partners today to learn more and discuss individual businesses!
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AXSAL Re LLC is a group captive insurance company incorporated in the state of Tennessee.

Dividends are subject to declaration by the LLC Manager, Ryan Alternative Risk TN Manager, LLC and approved by the Tennessee Department of Commerce and Insurance.

Participation in a captive involves a risk of loss, and there are no guarantees of profit. Results depend upon the AXSAL layer loss experience of all insured participants in the captive program, and on investment results.

Keystone is not an investment advisor or a tax advisor and does not offer tax or investment advice. Participants should seek independent tax and investment advice concerning participation in this program.

This document is only an overview and summary of the policy that could be issued and of the agreements that an insured would enter into in order to participate in the AXSAL Re Captive. The policy and agreement language will control and set out the relationship. The policy and agreements will contain the terms, conditions and exclusions that apply, and insureds and their representatives need to review these documents carefully.