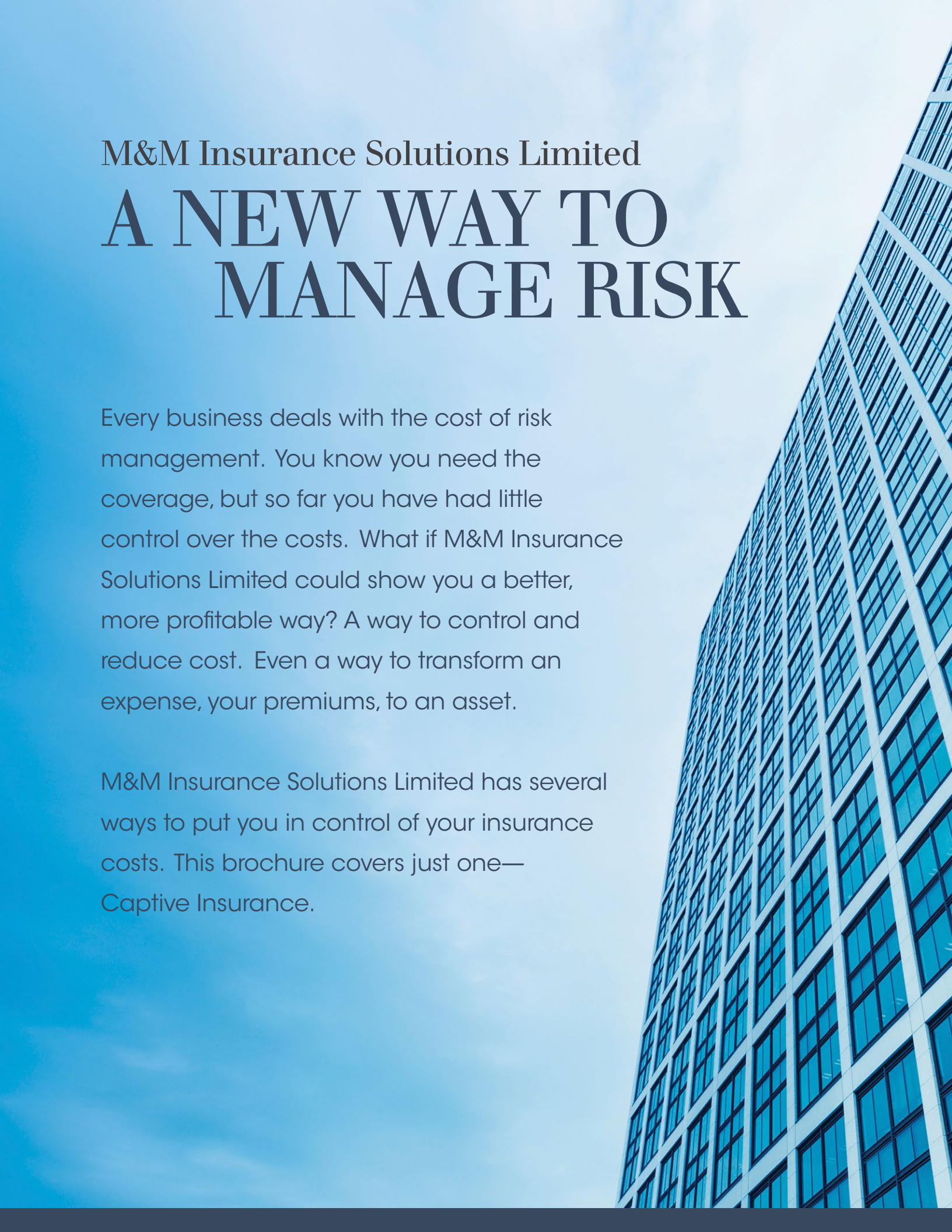




M&M INSURANCE
SOLUTIONS LTD.



M&M Insurance Solutions Limited

A NEW WAY TO MANAGE RISK

Every business deals with the cost of risk management. You know you need the coverage, but so far you have had little control over the costs. What if M&M Insurance Solutions Limited could show you a better, more profitable way? A way to control and reduce cost. Even a way to transform an expense, your premiums, to an asset.

M&M Insurance Solutions Limited has several ways to put you in control of your insurance costs. This brochure covers just one—Captive Insurance.



WHAT IS A CAPTIVE INSURANCE COMPANY?

A captive insurance company is a wholly owned subsidiary established by a parent company to control risks of the parent organization. It is a version of self-insurance managed by the parent company.

With captive insurance, the insured—the parent company—has far greater control of the management of the risk as well as cost control. The regulations and legislation governing the operation of a captive insurance company is different from a commercial or retail insurance carrier. These rules are generally more relaxed and allows for effective and efficient management by the parent company.

CAPTIVE BACKGROUND

A high-angle photograph of a person swimming in clear, turquoise water. The person is wearing a blue swimsuit and is positioned in the center of the frame. In the bottom left corner, the wooden deck and white railing of a sailboat are visible, with a blue bag and some equipment on board. The water is bright and reflects the sunlight, creating a shimmering effect.

Captive insurance started in the 1950's when businesses began to realize there were gaps in their present coverage. Since then, captives have grown to be far more common; offering a number of additional benefits. Over 90% of the Fortune 500 companies have captives, and it is estimated that there are more than 5,000 captives worldwide. That number is growing rapidly, especially for mid-sized companies facing multiple insurance challenges. A captive must be domiciled in a state or country that has specific regulations governing the operation of these organizations. M&M Insurance Solutions Limited believes that The Cayman Islands, one of the most widely used domiciles in the world, offers the best environment for the creation of most new captives.



WHY FORM A CAPTIVE?

There are several reasons for forming a captive. While this overview will provide essential basic information to help you better understand captives, the best course of action is to discuss your specific needs and goals with the principles of M&M Insurance Solutions Limited. They have the experience to help guide you through the process to ensure an effective outcome.

Captives are formed for several reasons. The fundamental reason is to achieve greater control of risk exposure. With greater control comes the flexibility to impact costs and cash flow. Captives were originally created to fill gaps in an insured coverage either because the needed coverage was not available from a retail carrier or the cost was prohibitive. Mitigating risk is still an essential component in establishing a captive. However, captives also allow the owner to influence cash flow and manage costs. Since you are the owner of your own insurance company, you avoid the traditional costs incurred through commercial or retail carriers such as broker commissions, administrative and underwriting costs. You are also able to define

the investment strategy and earn investment income on the reserves.

Traditional insurance carriers group your company into a pool of their clients. You share in each other's risk by paying premiums for the pool. In this model, companies with lower loss experience offset the companies with higher loss experience through paying higher premiums. However, as an owner of a captive, you are able to stabilize your costs because premiums will be based on your actual loss experience. Captive owners are able to control the processing of claims and have the flexibility to write the policy with provisions specific to their company's needs. There can also be favorable tax incentives. Tax law is complicated and you should consult with your tax advisors to determine the implications of tax liability with your captive. The bottom line...captives allow owners to benefit in a number of ways. Better control of risk, better control of costs and investment decisions and better control of cash flow.



CAPTIVE DESIGN

THERE ARE SEVERAL TYPES OF CAPTIVES

M&M Insurance Solutions Limited has the experience and insight to design a captive structure that best suits your exact risk profile and financial objectives.

○ **Single Parent (Pure)**

A single parent captive is a separate legal entity that is formed to insure the risks associated with the parent company and any included affiliated companies. It is owned and managed by the parent company. It is capable of managing most operational risks including employee benefits, property and casualty. It is also effective for managing specialty or difficult to cover risks.

○ **Risk Retention (RPG's)**

This is similar to the single parent captive, except instead of a single parent there are multiple owners within a similar industry that come together to form a single captive. RPG's allow companies in the same industries and who have similar loss experiences to take advantage of the same benefits enjoyed by the pure captive model.

○ **Rent A Captive**

As the name suggests, the policyholder rents or leases a captive from an entity separate from the policyholder. The captive allows a policyholder access to the captive with reduced capitalization. The policyholder generally has less control over the management of the captive as compared to the pure captive model.

○ **Special Purpose**

These captives provide coverage for a risk that is unlikely to be found in the marketplace with retail carriers or, if available, is too costly.

There are additional captive models. The ones highlighted here are the most frequently used. Rest assured you do not have to accept a one size fits all system. M&M Insurance Solutions Limited will precisely design a model that best suits your company based on your needs.



THE CAYMAN ISLANDS—THE PREFERRED DOMICILE

Domicile selection is an important part of the captive strategy and formation. M&M Insurance Solutions Limited understands the pros and cons of every domicile in the world. At this time, The Cayman Islands is the ideal environment and preferred domicile for our clients. The principles at M&M Insurance Solutions Limited have been doing business in The Cayman Islands since 1981. They understand the government, the regulations, and know how to efficiently and effectively navigate their clients through the captive formation process.

The Cayman Island Monetary Authority is responsible for the regulation and licensing of the captive insurance industry. The leadership at M&M Insurance Solutions Limited has a long and successful history of working cooperatively with the Monetary Authority.

The Cayman Islands offer many advantages as the domicile for captives:

- *Favorable regulatory laws and legislation*
- *Easy access to regulators*
- *Highly developed captive support industry*
- *Solid business infrastructure including attorneys and auditors*
- *Solid communications and transportation infrastructure*
- *Political and economic stability*
- *Absence of local income or other taxes*
- *The opportunity to transact business in any major currency*
- *Favorable capital requirements*

EXPERIENCE MATTERS—M&M Insurance Solutions Limited

The principles at M&M Insurance Solutions Limited understand insurance. They have spent decades in the insurance and loss control industries, representing a wide range of clients and leading successful companies from top leadership positions. They have spent over 20 years in The Cayman Islands conducting business and developing relationships. Your captive will be handled by senior level executives who know the regulations and legislation and know how to structure a captive that accurately meets your exact needs.

At M&M Insurance Solutions Limited we offer unmatched customer support. We know what to do and how to get it done in the most efficient way possible. We offer customized, turn-key solutions that give you more control and provide an effective model for stabilizing costs.

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