

Partner With Us in Risk— And Reward

Great American's Captive Risk-Sharing
Models



Full Line of Captive Risk-Sharing Models

- Retail Agents
- Associations
- Large Account Customers

Invest In Your Own Hard Work

You're a smart, successful insurance professional. But you've probably had your share of frustrations with "business as usual." Maybe you've identified a gap in your client's policy, but couldn't find a carrier to write the coverage. Maybe you've lost valued clients who were upset by rate increases that didn't reflect their claims history. Maybe you've come up with a great cost-saving idea, but couldn't get a traditional carrier to implement it. Or maybe you're just tired of feeling like all your hard work doesn't get the recognition it deserves.

Great American Captive Partnerships offer a great alternative for people who are willing to invest in their own expertise and hard work. Our captive partnerships offer risk-sharing capabilities on your book of business and some intriguing benefits:

- More stable insurance costs
- A more diverse revenue stream
- Greater control of your financial destiny

Discover what's made Great American a leader in these dynamic and rewarding partnerships.

strong
specialized
responsive
leader

Great American
Insurance Company
100 years with an **A** rating by
A.M. Best*

The Right Partner Made All the Difference

Dave straightened his tie and took a sip of water, waiting for the emcee to finish his introduction. He was actually looking forward to giving the keynote speech tonight. It was his agency's 20th anniversary, and he'd been doing a lot of reminiscing about how it all got started. There'd been plenty of late nights back then, but growth was frustratingly slow. For years, he struggled to find a way to go head-to-head with the big shops. Things finally fell into place at a conference, where he happened to meet a guy who was in a captive partnership with Great American. Dave still remembered that "light bulb" moment when he realized what a difference that extra control over his own success could mean. Come to think of it, if he had to choose the biggest turning point of his career, that was it.

A Shared Sense of Purpose

Our agency partners enjoy having a voice in the decisions that affect not just their business, but their clients' businesses, as well. We'll work closely with you to develop innovative offerings that provide better service for your clients. We can help you come up with product offerings and strategies to respond to new market opportunities. Our goal: to create **long-term, profitable captive partnerships.**

The Right Partner

- Access to niche expertise in dozens of industries
- Flexible coverage offerings
- No dictates
- A voice in business development strategy
- Greater freedom in underwriting and growth objectives



Put Exclusivity to Your Advantage

Tom is thrilled. He just got word that his firm's been invited to quote on an account they've been courting for almost six months. There's just one condition—they're only allowed to present markets that the incumbent broker doesn't have access to. Tom sits back at his desk and the smile fades from his face. Which carriers does his firm represent that the other agent doesn't?

Across town, Scott is excited, too. Landing this account could mean reaching his quarterly production goal ahead of schedule. He knows exactly who he'll bring to the table—Great American. He picks up the phone to call Mark, his underwriter. He wants to start working on the quote proposal right away.

Our Selective Approach

Unlike most standard commercial markets, Great American's Alternative Markets Division follows an exclusive distribution strategy for greater franchise value. We often appoint only **one agency in a territory**—and we don't give BORs on our specialty programs. As a result, it's likely you'll be the only firm in your area with access to the array of commercial products available through Great American's Alternative Markets Division.

Own Your Territory

- A higher degree of franchise value
- Access to niche expertise in dozens of industries
- Broad range of commercial products





Token Profits

Lisa leans back in her chair, the annual profit sharing letter falling to her desk. “3 percent—that’s it? Last year it was 4 percent. With this new profit sharing agreement, we’ll be lucky if we actually see 2 percent. On top of that, they’re slashing our marketing budget. I don’t get it—our book is profitable; has been for over fifteen years. Hardly ever had a claim, and certainly no big ones. We’re making them wheelbarrows of money, and what do we get? A shiny crystal award? I don’t need more paperweights. There’s got to be a better way....”

A Different View of What’s Fair

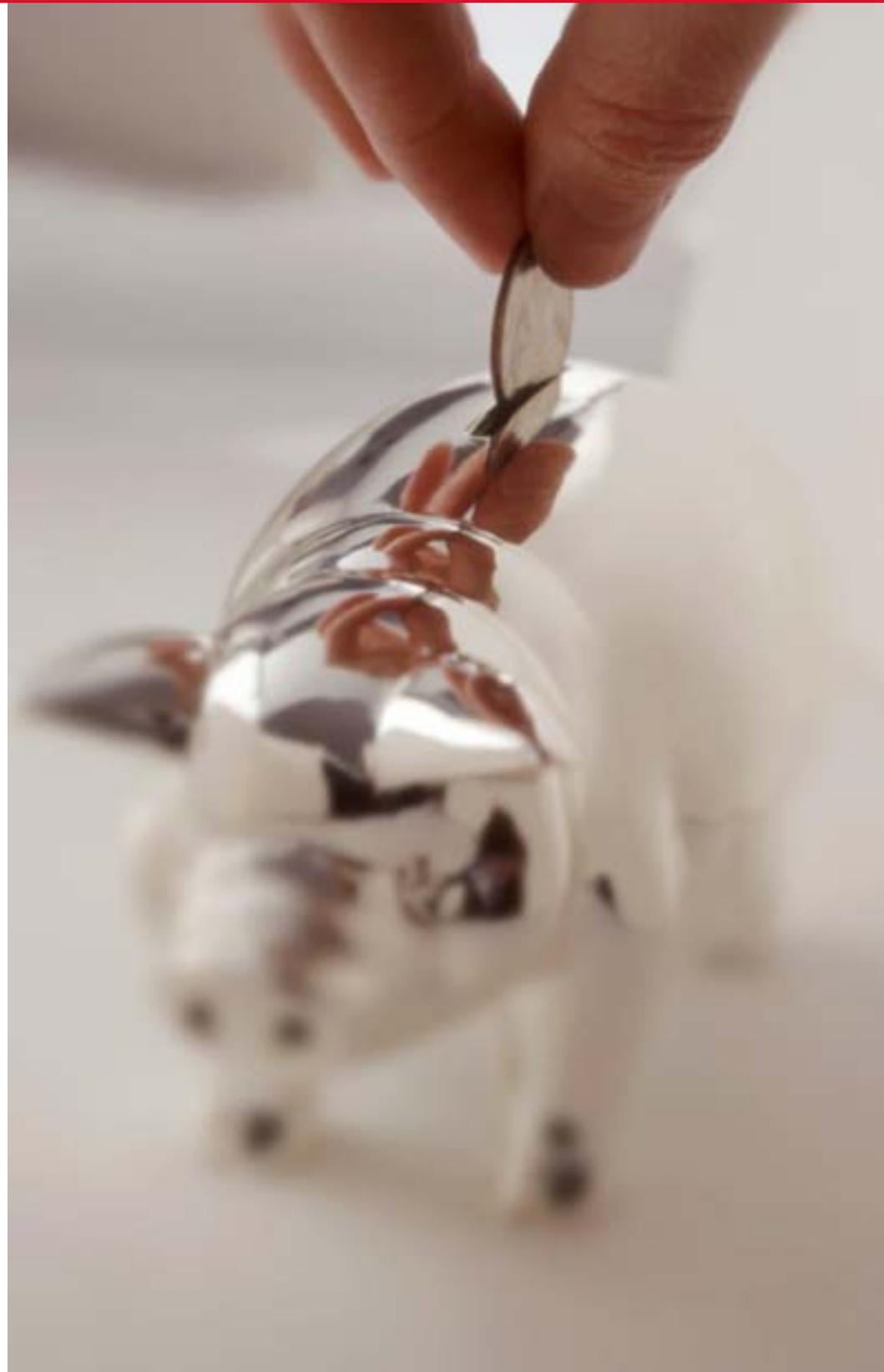
How often have you felt the same frustration? In a Great American Captive Partnership, you’ll see more of the profit you’ve worked so hard to deliver. And while there are no guarantees, our partners have experienced an **average return on ceded premium of 26 percent**. In terms of profit sharing this equates to 11 percent.¹ And what’s better is that there are no tricky formulas, volume requirements or moving targets—just numbers, plain and simple.

Share the Risk. Share the Profit.

- Average profit sharing of 11%¹
- Get the pay you deserve for your hard work
- No complex formulas

What is a Captive?

A captive is an insurance or reinsurance entity formed to insure or reinsure the risks of the captive's owner and in some cases, its affiliates. Group captives may be formed to insure or reinsure the risks and finance, the losses of the owner's customers and other unrelated parties as well. This form of risk transfer can potentially reduce the ultimate cost of "insurance" to the lowest level possible, other than self-insurance. While individual policy terms may vary in ultimate cost, as compared to other insurance options, a captive is a "long-term play", usually offering the following benefits: stabilization of the cost of insurance/risk, greater control in the owners' risk management and claim administration strategy, potential tax benefits, access to a share of the underwriting profit and investment income and the provision of coverage not otherwise available in the commercial insurance marketplace.²



How Does a Captive Work?

Insurance Premium
- Operating Expenses
<hr/>
“Loss Fund”
+ Investment Income
- Paid Claims
<hr/>
= Profit or Loss

The maximum cost of each individual loss is capped, with claims amounts in excess of the cap being paid by “specific excess reinsurance”. The level of this cap can be negotiated as part of the captive terms and conditions.

The accumulation of all paid claims is also capped at a maximum level. If that level is reached, the risk partner is no longer obligated to pay for any additional losses beyond that point. The losses that exceed this accumulation are paid by “aggregate excess reinsurance”.

In most cases, a licensed insurance company issues regular insurance policies to the policyholder. The captive arrangement is a contractual arrangement that “sits in the background”. This structure helps the policyholder comply with statutory requirements for providing insurance coverage and meets the expectations of other organizations that demand proof that claims will be paid by an insurance company with strong financial assets. The insurance company will require some form of collateral (cash, LOC or trust) as a guarantee that the risk partner will reimburse the insurance company for paid claims in accordance with the captive arrangement.

Operating Expenses typically include:

- Agent/broker commission
- Specific excess reinsurance
- Aggregate excess reinsurance
- Fronting carrier expense
- Premium taxes
- Claims handling/oversight
- Loss prevention/oversight



Our Full Line of Captive Partnership Models

Great American's captive business model brings risk-sharing capabilities to a variety of organizations, including:

- **Retail Agents** Our industry leading Agency Captive model offers your agency an opportunity to take a risk position on its book of business, be it heterogeneous or homogeneous in nature.
- **Associations** An attractive source of non-dues revenue, our Association Captive model gives the association the ability to participate in the members' risk as a whole.
- **Large Account Customers** Whether your firm wishes to build its own captive (Single Entity Captive) or combine forces with other peer companies (Group Captive), our model offers a variety of risk-participation options to meet your needs.

Make Your Hard Work and Smart Choices Pay Off

Discover the difference the right partner can make in your success. To learn more about Great American's Risk-Sharing Models, contact:

Rich Suter
rsuter@gaic.com
860.919.9831





Alternative
Markets Division

Corporate Headquarters
301 E Fourth Street
Cincinnati, OH 45202
GreatAmericanInsurance.com

AgriBusiness®
Alternative Markets

- Bonds
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- Great American International
- Ocean Marine
- Property & Inland Marine
- Specialty Equipment Services
- Specialty E & S
- Specialty Human Services
- Specialty Programs
- Strategic Comp
- Trade Credit & Political Risk
- Trucking

Great American Insurance Company is the lead insurer of the Great American Insurance Group. Great American Insurance Company has been rated A (Excellent) by A.M. Best for over 100 Years.*

¹ As of October 2010, for years 1998 to 2010.

² Wikipedia

*Most recent rating evaluation effective 2/14/2011

As used in this brochure, the words “partner” and “partnership” are used to describe a risk sharing arrangement in which Great American and its agent or policyholder take equity positions in a captive insurance corporation. The use of these words are not intended to imply and do not mean that Great American and its agent or policyholder will become partners in a legal partnership, or that the captive business models described herein are legal partnerships.

Great American Insurance Group, 301 E Fourth Street, Cincinnati, OH 45202. Coverage features described in this brochure are summarized. Refer to the actual policy for a full description of applicable terms, conditions, limits and exclusions. Coverage is underwritten by Great American Alliance Insurance Company, Great American Assurance Company, Great American Insurance Company, and Great American Insurance Company of New York. Great American Insurance Company is the owner of the following registered service marks: the Great American Insurance eagle logo, and the word marks Great American®, and Great American Insurance Group®. ©2011 Great American Insurance Company. All rights reserved. 1025-ALT (5/11)