



**PRODUCTION &
UNDERWRITING**

2010
AT JUNE 4, 2010

AMRISC, LP DESCRIPTION

Executive Summary

Established in late 2000, AmRisc is an *underwriting manager focused on middle-market, E&S commercial property wind risks as well as admitted residential condominium business in Florida*. We are honored to be Lloyd's largest wind coverholder, Lantana's (a Renaissance Reinsurance company) direct insurance wind Program Manager, and a direct insurance Program Manager with QBE Specialty, Steadfast (Zurich), Peslic (Munich) and Berkshire Hathaway.. AmRisc also is the sole MGA for American Coastal Insurance Company, a specialty purpose Florida company targeting condominium associations on an admitted basis.

AmRisc represents approximately \$100 million per risk capacity, and about \$500 million written premium in 2009. Given AmRisc's expansion of products and carriers premiums are projected to be near \$600 million in 2010 and \$650 million in 2011.

AmRisc's business plan is to provide exceptional underwriting execution combined with a strong product for wind-exposed commercial property risks. By combining capacity of several insurers AmRisc offers producers market-leading risk and portfolio capacity, specialized underwriting and a high level of responsiveness. AmRisc offers insurers the opportunity to customize a portfolio with an expected loss ratio approximately 35% to 50% below the industry average, an attritional loss ratio under 10% and premium to PML ratios exceeding even large insurance company portfolios.

AmRisc provides turnkey production, underwriting, policy issuance, inspection, regulatory compliance, portfolio management and catastrophe control utilizing a multi-model approach. *However, despite the intense benchmarking and modeling activities, all underwriting is done by E&S property underwriters with an average experience level of nearly 20 years*. AmRisc does not blindly apply cat modeling when underwriting the portfolio.

AmRisc offers insurance and reinsurance companies a turn-key distribution platform with a market-leading capacity. By appointing AmRisc companies enjoy low expenses, highly specialized underwriting, high Return on Capital and multi-model catastrophe assessment capabilities. These strengths, combined with strong execution of the basics and instantaneous market penetration make AmRisc the MGA of choice for middle-market commercial wind portfolios and the largest wind MGA in the US.

Distribution

Prior to November, 2005 AmRisc accepted business exclusively from CRC Insurance Services, a top-tier wholesaler based in Birmingham, AL. In early November 2005, distribution was opened up to 3rd party wholesalers, increasing submission count by over 500% (averaging approximately 3000 per month). AmRisc is the largest wind MGA in the United States and has maintained a position as a top-tier wind market since 2001. This position creates a competitive advantage when competing for the best accounts.

Portfolio Statistics

AmRisc wrote approximately \$500 million premium in 2009. We expect to write approximately \$600 million in 2010. The 2009 E&S portfolio is comprised of about 10% manufacturing property business (mostly wind exposed) and 60% E&S commercial property business and approximately 30% admitted American Coastal business. In 2009 about 93% of our accounts and 80% of our premiums are written full value, with the remainder being primary on layered accounts.

Underwriting Performance

AmRisc writes predominantly US wind. Since our inception in January, 2001 there have been a dozen major land-falling hurricanes causing approximately \$111 Billion of insured US Windstorm losses; an average of \$12.4 Billion per year. This compares to an expected near term average of between \$4.4 Billion to \$8.0 Billion per year. However, even with \$12.4 Billion per year of industry windstorm losses, AmRisc has produced a 27% windstorm loss ratio and a non-cat loss ratio of 10.9%. This performance is estimated to be 35% better than the industry average. Further information is available on a confidential basis in a paper entitled AmRisc's Results & Statistics.

Underwriting

AmRisc currently manages over 40 contracts, each focused on a specific class of risk or varying attachment point. There are approximately 30 underwriters and 50 support staff, organized into eight underwriting teams. Team Leaders have loss prevention engineering experience and / or are veteran E&S underwriters and average over 20 years underwriting experience. Underwriting is organized around product specialization within AmRisc's wind specialization, which enables underwriters to stay one step ahead of the market. Brief bios of Team Leaders and management are included herein.

Underwriting is controlled using a proprietary, computerized rating system called RisCalc and a proprietary data base software called RiscTrack. Tools also include RMS cat modeling, AIR Classic/2 cat modeling, internet data gathering resources, Best's Underwriting Guide, SLOSH storm surge modeling and online flood mapping. Models are based on both individual risk modeling, as well as portfolio PML management.

AmRisc focuses on the capture of quality data including secondary risk characteristics. While this would seem relatively basic, general market execution is weak. Quote, binder and policy documentation are stringent. The proper execution of these basic underwriting steps, combined with experienced specialists and market-leading capacity enables AmRisc to outperform its peers by a significant margin.

Inspections

AmRisc developed customized inspection forms and then worked with several inspection companies to implement a comprehensive inspection routine focused on the wind characteristics of a risk. These select inspection companies *complete and transmit inspections to AmRISC electronically*, from which information is uploaded into our

database. Inspections are designed to pick up secondary construction characteristics important to wind resistance that the market often ignores. As secondary characteristics are then captured in our catastrophe modeling software, the model results are significantly more accurate than the industry average. Geocoding for the entire portfolio is 100% street resolution or better.

RiscTrack, our proprietary data base system then creates various reports that identify differences between submitted information and inspected information. AmRisc can then determine if underwriting action is needed, warn insured's if they appear not to be in compliance with warrants or subjectivities, and / or take proper cancellation measures. Producers learn that AmRisc's execution of the underwriting & inspection process is strict and undesirable risks are best placed with companies less stringent in their underwriting / inspection routine.

Portfolio Optimization

Catastrophe underwriting involves both individual account underwriting as well as portfolio management. Using Risk Link, Classic/2, RisCalc and RiscTrack, AmRisc can optimize the portfolio parameters most important to companies. AmRisc offers a class-leading balance of premium to PML to enable companies to minimize the capital dedicated to the portfolio.

Summary

AmRISC is the largest wind MGA in the US. Our ITD non-cat loss ratio is 10% and windstorm loss ratio is 27%. We achieved this result, even when tested against the unprecedented eight land-falling hurricanes of 2004 and 2005 as well as the active 2008 season with approximately \$15 billion in industry loss. AmRisc's market position, risk and portfolio capacity and underwriting specialization enable it to outperform the industry average by over 35%.

Companies can target selected risk profiles including quota share, primary cat or non-cat, buffer and excess. They can also target various classes, such as manufacturing, habitational or general property. For commercial property insurers we believe the middle-market offers the best combination of rate adequacy and profitability. However, most companies enter the middle-market with average risk capacity. And even the largest companies have difficulty achieving the underwriter specialization delivered by AmRisc.

AmRisc offers both large and small insurers the opportunity to participate in a market-leading product and enjoy the profitability of a market leader. If you have any questions or would like to discuss whether AmRisc might be a good fit with your commercial wind capacity please visit our website at www.amrisc.com or feel free to call me at 281 257-0170. Thank you for your time.

R. Daniel Peed, P.E., CPCU, ARe
CEO & President, AmRisc, LP

Bios**Dan Peed**

Dan Peed, the CEO & President of AmRisc, has a B.S. degree in petroleum engineering, loss prevention engineering experience within the Factory Mutual system, a Professional Engineering designation in Fire Protection, CPCU and ARe designations and an MBA in Insurance. Dan has over 20 yr. in the insurance industry which includes both insurance and reinsurance underwriting focused on commercial property risks. He was a Director and SVP of Fulcrum Insurance Company, the CEO of American Underwriting Managers and SVP and Manager of Direct & Facultative Property for Sorema N.A. Dan is a founding member of AmRisc.

Diane Gainey

Diane, Managing Director of the Morehead City office, has a B.S. degree and holds various insurance professional designations. With over 21 years experience in the industry, Diane has been the named Coverholder under six Lloyd's Binding Authorities that have provided extremely profitable results to the London market over the last 11 years. Her current focus is on writing commercial lines CAT exposed risks on the eastern seaboard, as well as an emphasis on forced place business and excess flood.

Steve Lanier

Steve Lanier, Underwriting Systems Development Manager, has a BS in Civil Engineering Technology with a background in loss prevention engineering and HPR underwriting (Factory Mutual), facultative reinsurance (Munich Re and Sorema N.A.), and Catastrophe Property Underwriting and Management, Modeling and Rate development (IRM and RiskPartners). While at Munich American RiskPartners as VP Property Underwriting, he had overall responsibility of Catastrophe Management for three property disciplines. Presently, he manages RMS and AIR modeling strategy and execution for AmRisc, and is also responsible for premium, aggregate and portfolio PML bordereaux analysis and reporting to our Underwriters.

Bill Hopkins

Bill Hopkins, Claims Director, has a B.S. degree in Petroleum Engineering and has over 20 years of experience in the insurance and claims industry. He holds both a Professional Engineering and A.I.C. designation. He was formerly a Director with the U.K. Consulting firm of Charles Taylor, and prior to that was Managing Director of Rush Johnson Associates. Bill joined AmRisc in June 2007 and is responsible for claim and strategic development within the group.

Tim Singletary

Tim Singletary, has a B.S. degree in Petroleum Engineering with a background in loss prevention engineering (Factory Mutual), HPR underwriting (Protection Mutual), facultative reinsurance (Sorema N.A.) and finally Catastrophe Property underwriting and management as the CAT Division Manager for Fulcrum. Tim has over 20 yr. in the insurance industry and currently is the President of American Coastal Insurance Company.

Brian Reid

Brian Reid, Sr. Underwriter, has a BS degree in Chemical Engineering and a background in loss prevention engineering (Factory Mutual), facultative reinsurance including CAT Property (Sorema N.A.) and lastly Regional Manager of the Fulcrum Specialty Chemical Risk Division for Fulcrum and Rampart (both Sorema N.A. companies). Brian has over 17 yr. in the insurance industry and is currently the Team Leader for critical cat exposures.

John Horton

John Horton, Sr. Underwriter and Manager of Industrial and Manufacturing Risks, has a Chemical Engineering degree and a background in loss prevention engineering and, as HPR Account Executive for Arkwright (FM Global), marketing for US multinationals and indigenous Asia-Pacific companies. This was followed by facultative reinsurance and E&S insurance underwriting for Sorema N.A. and Fulcrum Insurance, respectively. John has over 22 yr. in the insurance industry and is the product line manager and lead underwriter of our industrial and manufacturing portfolio.

Sam McBirney

Sam McBirney, Sr. Underwriter has a BBA in finance and has spent his entire professional career of over 25 years in E&S property and inland marine insurance. He has worked as an underwriter and as a manager for several MGA's in the Houston area, as well as several E&S property markets, including Chubb Custom, Fulcrum and AIG. Sam is the Team Leader focused on non-critical cat zone accounts.

C. Scott Hanson

Scott has a B.S. degree in Chemical Engineering with Professional Engineering and Chartered Property & Casualty Underwriter designations. Over 20 yrs. experience including with Factory Mutual before joining CIGNA as Acct. Executive. Scott spent 5 yrs. in Bermuda with XL Capital as Director of Energy, then served three years as Chief Property Underwriter for GE insurance in Kansas City, and finally as SVP and Chief Property Underwriter for Aspen Specialty (E&S) in Boston. Scott is the Team Leader for Large Accounts.