

**CLAIM PROFESSIONALS' LIABILITY INSURANCE COMPANY
(A RISK RETENTION GROUP)**

BUSINESS PLAN

Claims Professionals' Liability Insurance Company (A Risk Retention Group) ("CPLIC") is being established by the National Association of Insurance Adjusters (NAIIA) as a Vermont-domiciled risk retention group. It will be organized as a stock company and will commence business as soon as it receives its Certificate of Authority.

1. Purpose

The purpose of CPLIC is to provide Errors & Omission and General Liability coverage on a claims-made basis to the members of NAIIA and all other claim firms in the United States, whose primary income is derived from some aspect of the insurance claim. NAIIA has approximately 300 members and estimates the larger group of Claim Professionals in the U.S. totals 8,000.

2. Risks to be Insured

CPLIC will write Errors & Omission and General Liability risk on a claims-made basis. Limits of up to \$15 million will be offered to insureds.

3. Maximum Retained Risk

CPLIC will retain a 25% quota share of the first \$1 million of exposure and 10% million xs \$1 million layer. All limits above that will be 100% reinsured.

4. Rating Program

The rating program will be based on rates developed by Perr Knight, the company's actuary. An underwriting committee will oversee the underwriting and rating process. CPLIC has the ability to add surcharges to risks as it deems necessary.

5. Reinsurance Program

Swiss Re will provide a 75% quota share of the first \$1 million of exposure and 90% of the \$1 million xs \$1 million layer. Reinsurance for both layers combined is subject to no loss ratio cap.

6. Loss Prevention & Safety

The Loss Prevention & Safety program will be overseen by the Risk Management Committee of CPLIC. This committee, which has already been appointed,

comprises leading claim professionals from the industry. Details of the Risk Management Program are included under Section IX.

7. Loss Experience

The feasibility study included in Section V projects losses for the first 5 years of operation of CPLIC.

8. Organizational Chart

An organizational plan is attached to this business plan (available on site).

9. Capitalization

Capitalization will be provided in cash. This will be a one time contribution and the amount will be equivalent to the most recent year premium paid by the policyholder. CPLIC will commence business with at least \$1 million cash capital.