AGWS

Forging Partnerships That Last

Retrospective Profit-Sharing Dealer Benefits

RETROSPECTIVE PROGRAM

- No cost
- No risk
- No liability
- Direct agreement between you and AGWS
- Capture a significant new revenue stream
- 25% - 100% payout of the earned net loss reserves (90% of the total reserves), less claims for participating dealers that reach one of the four levels of core product sales in a calendar year.
  - Each year, American Guardian will compute for the current calendar year the number of net Contracts written, earned net loss reserves less paid and pending claims, loss adjustment expenses and incurred but not reported claims (hereinafter collectively "claims") to determine both the percentage of the Dealer participation and the amount of profit in the earned net loss reserve. After deducting profits from the preceding period(s), American Guardian will pay the participating Dealer based on the achieved payout percentage (during the current calendar year) outlined as follows:
  - Level 1 – 120 Core Product Sales = 25% payouts of earned net loss reserves less claims
  - Level 2 – 150 Core Product Sales = 50% payouts of earned net loss reserves less claims
  - Level 3 – 180 Core Product Sales = 75% payouts of earned net loss reserves less claims
  - Level 4 – 250 Core Product Sales = 100% payouts of earned net loss reserves less claims

AGWS AND INDEPENDENT AGENT RISK MANAGEMENT

- Quarterly paid claims analysis
- Quarterly loss ratio analysis
- Quarterly production analysis

AGWS PROVIDED BENEFITS

- Customer is directed to your dealership for all repairs within 40 miles
- Dealer receives full Customer pay labor rate reimbursement on all approved repairs
- AGWS provides objective third party claims adjudication
- Online claims submission and processing
- 100% error-free online e-rating, e-contracting, and e-remitting

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Reinsurance Profit-Sharing Dealer Benefits

REINSURANCE CFC PROGRAM

- Long-term strategy for generating wealth and future returns
- Dealer receives 100% of the Underwriting Profit and Investment Income
  - 100% of net written premium ceded each reporting period (less taxes, fees, and claims)
  - 100% ownership of your own reinsurance company
  - 100% underwriting profits
  - 100% investment income
- Reduce taxes and provide long term accrual of wealth in a tax advantageous environment
  - Distributions may be taxed at the capital gains rate
- Estate planning benefits, structure, multiple ownership scenarios
- Exit strategy and key employee retention benefits
- Access to capital through loans on surplus
- Cash reserves at US Bank
- Flexibility of F&I product offerings, brand and distinguish your dealership from your competition
- In-house and Independent third-party experts to establish and manage your company

AGWS AND INDEPENDENT AGENT RISK MANAGEMENT:

- Quarterly paid claims analysis
- Quarterly loss ratio analysis
- Quarterly production analysis
- Quarterly cession statements

AGWS PROVIDED BENEFITS

- Dealer receives full Customer pay labor rate reimbursement on all approved repairs
- AGWS provides objective third party claims adjudication
- Customer is directed to your dealership for all repairs within 40 miles
- Online claims submission and processing
- 100% error-free online e-rating, e-contracting, and e-remitting

AGWS AND INDEPENDENT THIRD-PARTY EXPERTS WILL PROVIDE REINSURANCE COMPANY MANAGEMENT

- Complete formation of company and establish the trust account
- File a 953(d) election to be treated as a US Company and subject to US taxes
- File an 831(b) election to be treated as a small non-life captive insurance company
  - The reinsurance company will qualify as small non-life insurance company and be taxed on investment income only, for dealers producing less than $2.3 million in annual premium
- Complete record keeping including:
  - Financial Management, Annual Reporting and Annual Tax Return Preparation