

BUSINESS INSURANCE.

WORLD

CAPTIVE FORUM

P/C Track:
Group Captives: A Case
Study and the Big Issues



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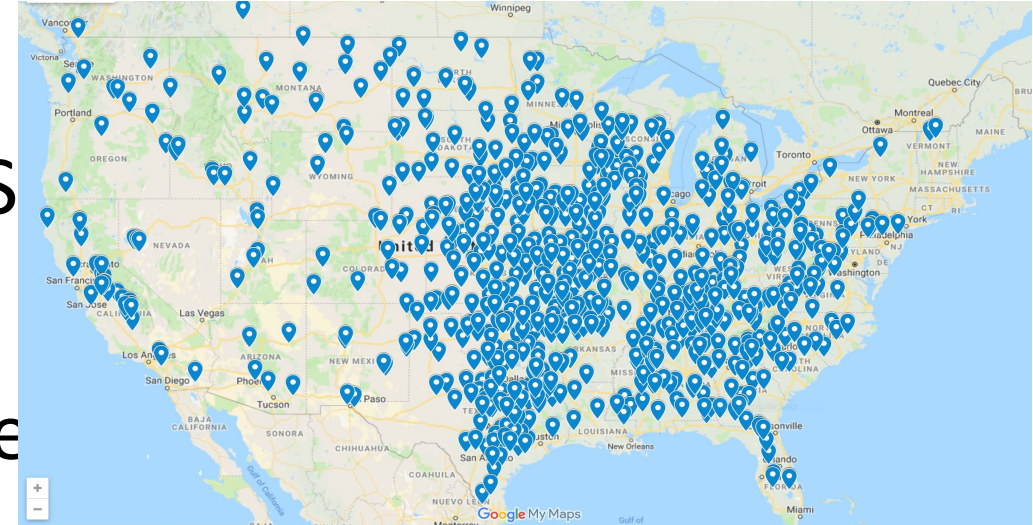
Jennifer Aiman
Professional Livestock
Insurance Company, Ltd.



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CAPCO

Livestock Marketing Association (LMA)

- Members
- Livestock Auction Markets in the US
- LMA Services for Members
- Owns Insurance Agency and Captive 100%



The LMA Insurance Agency: Livestock Marketing Insurance Agency, Inc. (LMIA)

- Major Lines Offered
- Premium Written
- % of Total Membership of LMA
- Sponsored Programs
- Profits Reinvested in LMA Operations



The LMA Captive: Professional Livestock Insurance Company, Ltd. (PLIC)

- Stock Company Operating as a Mutual Company
- Reclassification to Segregated Account Company
- Reinsures 90-100% of Risks with Fronting Company
- Excess Reinsurance
- 953(d) Election
- Board and Management Team
- Annual Premiums, Total Capital and Surplus
- Selected Ratios

Main Reasons for Captive Success

- Involvement in Underwriting and Claims
- Access to Reinsurance
- Profits Reinvested in LMA

Challenging Stages of Captive Development

- 2004: NCFC to CFC to 953(d) Election
- Marketing Mindset to Underwriting
- Hit to Profitability, Capital & Surplus
- Poorly Managed Members (Examples)
- Eliminated Line of Business: Workers Compensation in 2007
- Dividends
- Reclassification to SAC, Ring-Fenced Assets

Future Developments and Their Challenges

- Future Coverages, Limits, Lines of Business
- Higher Investment Returns
- Move Onshore?



Questions?



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