

MANGROVE INSURANCE SOLUTIONS PCC



A cell in a PCC may be the ideal solution for organizations looking to retain risk and who have a business need to segregate insurance assets and liabilities. This segregation may be required for a variety of reasons, including the need to separate assets and liabilities by division or territory; by risks associated with a joint venture, by a special project or a strategic alliance; or by risks associated with companies' regulated and non-regulated businesses. Mangrove Insurance Solutions, PCC and Mangrove Insurance PCC Limited, each ultimately owned by Marsh LLC ("Sponsor") and managed by Marsh's Captive Solutions Group ("Manager"), can provide clients with a cost effective risk financing vehicle in which assets and liabilities are segregated. There may also be tax advantages when compared to self-insurance or other risk-financing alternatives. Marsh's Captive Solutions Group has formed the Mangrove PCC facilities in Washington, D.C. and the Isle of Man to take advantage of the PCC legislation in these domiciles.

SERVICE HIGHLIGHTS

What is a PCC?

A Protected Cell Captive Insurer ("PCC") is a company structured in accordance with applicable PCC legislation. The PCC structure creates a legal segregation of its assets and liabilities into a number of different cells and a central core. The purpose of such an arrangement is to effectively 'ring-fence' the assets and liabilities of each cell and offer protection to cell owners from the liabilities and creditors of other cells. Although each cell's assets and liabilities are segregated from those of the core and of all other cells, the PCC is a single entity.

Mangrove is a PCC that is licensed under applicable insurance laws and regulations to write insurance and reinsurance risks. Mangrove was set up with the purpose of offering cells that would insure and/or reinsure the risks of each individual cell shareholder. The cell shareholder is unrelated to the Sponsor and to other cell shareholders.

Who it's for

- US based companies or companies whose risks are primarily located in the US.
- Companies too small, based upon premium spend, to form a single parent captive.
- Companies who are unwilling or unable to join with others in a group captive.
- Companies who wish to cover non-statutory risks or write non-admitted cover, where allowed, on a direct basis.
- Companies who wish to access the reinsurance market.
- Companies with high levels of predictable losses.
- Companies who retain worldwide risks on a reinsurance basis.
- Companies with a need to segregate risks associated with specific project, division, joint-venture or strategic alliance.

What you get

The owner of a cell in Mangrove may receive some or all of the following benefits:

- Cost effective risk-financing vehicle.
- Reduced overall insurance spend.
- Access to the reinsurance market.
- Cover for uninsurable or "difficult to place" risks.
- Flexibility in program design.
- Minimal management time requirement.
- Optimization of risk transfer and risk retention.
- Cell typically licensed and operational within three weeks of date of license application.
- Statutory segregation of various risks.

THE VALUE OF A WASHINGTON, D.C. PCC

Mangrove Insurance Solutions, PCC is designed to appeal to North American-based clients who seek a flexible structure and respected regulatory environment. Washington, D.C. offers significant underwriting flexibility through a parity provision in the law that permits a captive or cell to engage in any activity that is permitted in any other captive jurisdiction (with approval from the D.C. Commissioner).

In addition, the Washington, D.C. captive statute allows cells within a PCC facility to establish themselves as either traditional Protected Cells or as Incorporated Protected Cells (IC). An IC is a protected cell that is established as a legal entity separate from the PCC insurer of which it is a part. For companies seeking a Federal tax deduction, use of an IC may provide cell shareholders with an advantage over use of a traditional Protected Cell. While the separate legal nature of the IC is one positive fact in the overall structure, the actual Federal tax position of the IC will depend on all of the underlying facts and circumstances of the individual cell and its insurance program. Marsh makes no representation or assurances that Federal income tax treatment as an insurance company will be achieved through an IC.

MANGROVE PCC STRUCTURE IN WASHINGTON, D.C.

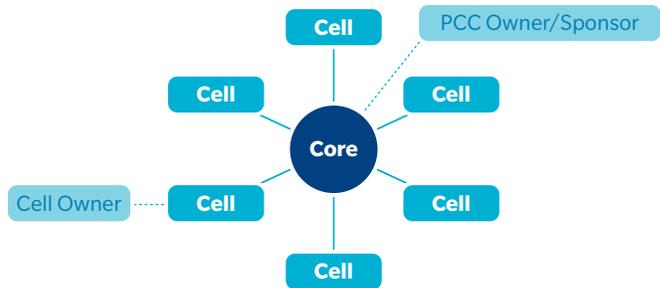
Mangrove requires that cell owners enter into Participation, Subscription and Management Agreements with the Sponsor. Non-voting shares are issued to each cell owner, who pay their share of the ongoing costs through a flat fee for administration.

As a general matter, a legal separation exists between each of the cells within the PCC. This protects the owners of one cell from any losses attributable to other cells within the PCC, subject to the satisfaction of all required conditions.

The Manager will develop a business plan on behalf of the cell owner and submit the plan to the Sponsor for approval. The business plan and the license application will then be sent to the insurance regulator for review and approval. The Manager will work with the cell owner to determine the amount of capital needed for the owner's individual cell to satisfy the capital funding

For further information, please contact your local Marsh office or visit our web site at mangrovepcc.com

requirements set by the Sponsor and the regulator. Capital may be contributed in the form of cash, or an approved letter of credit. Under certain circumstances, additional forms of capital may be contributed with approval of the insurance regulator and Sponsor.



MANGROVE INSURANCE SOLUTIONS PCC LTD

Marsh also offers Mangrove Insurance Solutions PCC Limited domiciled in the Isle of Man. Mangrove (Isle of Man) is designed for companies who wish to cover non-statutory risks located in the UK or write non-admitted cover in other territories, where allowed, on a direct basis and want to domicile their insurance program in a leading non EU-based domicile. Isle of Man captive regulations place no restrictions on the mix of insurance and reinsurance business that can be written, affording the ability to write non-statutory business in a number of territories such as the UK, Sweden and Hong Kong on a direct basis.

ABOUT MARSH'S CAPTIVE SOLUTIONS GROUP

Marsh's Captive Solutions Group, comprised of more than 450 captive advisory and management experts located throughout the globe, provides specialized expertise and strategic resources to help create a comprehensive, results focused captive solution to meet a client's risk management needs. Marsh has been an integral part of the captive industry for more than 40 years, currently managing more than 1,240 single-parent captives, in addition to reinsurance pools, risk retention groups, and other captive solutions.

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Marsh is one of the Marsh & McLennan Companies, together with Guy Carpenter, Mercer, and Oliver Wyman.

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