NATIONAL AUTO CARE REINSURANCE+

BUILD GREATER PROFITS FOR YOUR BUSINESS

In conjunction with our "A" rated carrier we developed a model that will allow a reinsurance entity to take loans against the projected surplus or allow the projected surplus to be put in a B account and invested more aggressively.

Key Program Highlights:

- "A" rated carrier must be the obligor for all products.
- Carrier obligor products will have a Contractual Liability Policy (CLIP) issued by an Assurant owned captive.
  - Cost of Risk/Cede Fee: 6% of premium
- Dealer will submit dealer cost to NAC and NAC will submit funds to carrier monthly
- Carrier will fund its captive which will cede directly to the reinsurer. Reinsurer will have access to the surplus via loans or transfer of surplus into a B account.
  - Surplus will be amounts in excess of 110% of the projected future claims and refunds.
- Model provides the ability of the assuming reinsurance company to hold any funds in excess of projected claims and refunds plus 10% ("Excess Funds") to be invested outside of the current investment guidelines imposed on the reinsurance company. This means, if desired, the owner of the reinsurance company can transfer Excess Funds to a "B account".
  - Excess Funds can be invested differently than the funds supporting projected claims and refunds. Funds supporting projected claims and refunds will follow existing trust requirements.
- Excess Funds can be loaned by the owner of the reinsurance company as a source of investment. The loans must be arms-length and incur interest at a market rate. All loans must have commercially reasonable repayment terms.
- Semi-annually, a projected loss ratio and refund rate + 10% will be communicated to the reinsurer by NAC and carrier.
  - The initial calculation will be based off at least two years of actual experience. If experience is not available, projected claims shall be defined at 100% of UPR.
- Dealer would form reinsurance company as they do today. If company is formed, this entity could be utilized.
- Cession statements will be provided monthly that detail funds which must be held in trust for projected claims and refunds and the surplus which may be moved to a B account or used to fund a loan.
- Standard reinsurance agreements and administrative agreements will need to be executed by NAC, carrier, and dealership.

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In Florida, administered by:
National Auto Care of the South
FL License #19255

Program may vary by state/lender.
For questions, contact the administrator at: 855-333-9545.
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