



SPECIAL PURPOSE CAPTIVE INSURANCE COMPANY

A Special Purpose captive and its related Series Business Units (SBU) provide an alternative for mid to small sized companies to obtain risk mitigation solutions and minimize the expense incurred by larger captives. This captive structure provides access to the full spectrum of coverage options available to larger captives with the advantage of sharing the administrative and service provider expenses amongst other SBUs. For example, one annual report for the core LLC may be submitted for regulatory compliance purposes, thus reducing the requirement and expense at the SBU level.

Under rulings from the IRS, each SBU will have a separate tax identification number and file its own income tax returns. Individual SBU's act as a cell in that it maintains assets and liabilities separate and distinct from those held by other SBUs. The operating agreement of the Special Purpose Captive provides for no sharing of assets or liabilities between the SBUs of the Special Purpose Captive also known as the Core Captive.

Active Captive Management has established Special Purpose Captives in multiple on shore domiciles, each licensed independently as a captive insurance company.

THE SPECIAL PURPOSE CAPTIVE ADVANTAGE

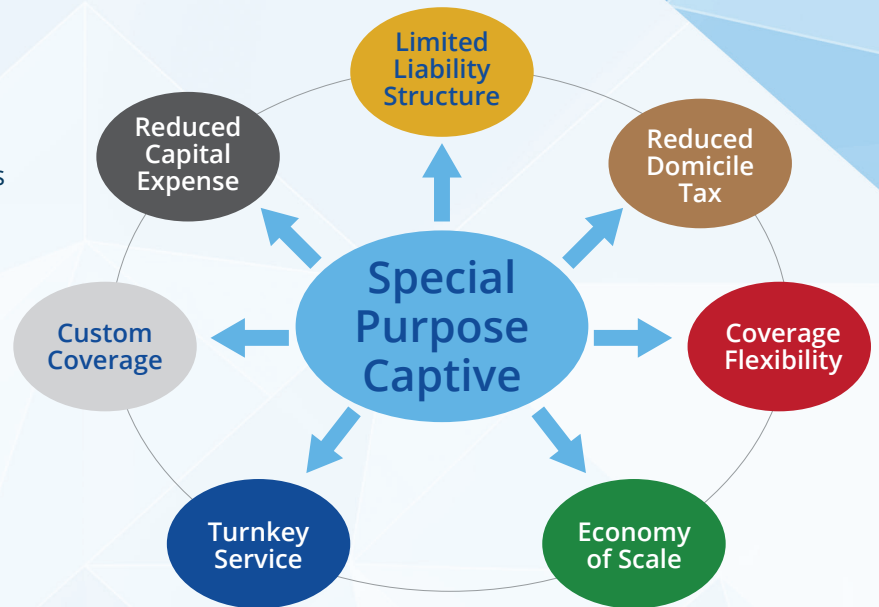
Ultimately a Captive Insurance Company owner benefits from the ability to assume risk and manage exposure and costs, without dependency on the commercial insurance market. "Captives" may be formed in a variety of designs, the simplest being an Series Business Unit (SBU), which insures the risk of the operating business. As a cost effective Risk Management Solution, Company capital is expensed to a subsidiary rather than a commercial insurer. Active Captive Management (ACM) believes that Captive Management Services require the perfect combination of experienced talent necessary to deliver an alternative risk solution that is fiscally sound, creative in insurance program design and regulatory compliant. The Active Captive team provides expertise in all capacities essential to structure, implement and manage a viable Captive.

- ▲ Capital Preservation
- ▲ Access to the Reinsurance Market
- ▲ Eliminate Coverage Limitations
- ▲ Lower Insurance Costs
- ▲ Improved Cash Flow
- ▲ Risk Retention
- ▲ Risk Management
- ▲ Control and Manage Insurance Costs
- ▲ Applicable to any industry
- ▲ Increase Deductibles
- ▲ Owner Financed Risks
- ▲ Custom Designed Coverage for specialty Risk
- ▲ Customize Allocation of Deductibles for Self Insurance Retention
- ▲ Manage Claims and Administration
- ▲ Capture underwriting profit and investment Income

SPECIAL PURPOSE CAPTIVE ADVANTAGE

The Special Purpose Captive / Series Business Unit structure is a cost effective risk management strategy.

- ▲ Treated as single entity
- ▲ Single premium tax based on domicile regulations
- ▲ Legal separation of each Series Business Unit
- ▲ Reduced administrative and general expenses
- ▲ Flexibility in economics & governance
- ▲ Consolidated Accounting



SBU PROGRAM CHARACTERISTICS

The Series Business Unit design provides an option to larger captive structures which require greater capital expenditure at the same time delivering alternative risk financing while reducing risk exposure.

- ▲ Reduced capital requirements in relation to premium
- ▲ Reduced operation expense compared to larger captives
- ▲ Single Legal Entity
- ▲ Managed by a majority interest of its members, or by a manager
- ▲ The SBU may be managed by a majority interest of its members or by a manager
- ▲ The SBU may have the same members or different members, all with the same interests
- ▲ Liabilities of one SBU will not be attributable to the other SBUs or the series organization
- ▲ The SBU may have voting or non-voting members or both, authorized in formation documents of the series organization
- ▲ Premium Tax is imposed at Series Core LLC Organization Level
- ▲ Creditors of one SBU may not reach the assets of other Cells or the Core organization



**ACTIVE
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MANAGEMENT

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