

**\$1MM PREMIUM**

**WITHOUT CAPTIVE**

|                              | YEAR 1            | YEAR 5              | YEAR 10             |
|------------------------------|-------------------|---------------------|---------------------|
| Net Business Income          | \$ 1,000,000      | \$ 500,000          | \$ 10,000,000       |
| Income Taxes (45%)           | \$ (450,000)      | \$ (2,250,000)      | \$ (4,500,000)      |
| After Tax Investment Income* | \$ 22,000         | \$ 348,000          | \$ 1,367,000        |
| <b>Total</b>                 | <b>\$ 572,000</b> | <b>\$ 3,098,000</b> | <b>\$ 6,867,000</b> |

**\$4.5MM TAXES SAVED!**

**WITH CAPTIVE**

|   | YEAR 1            | YEAR 5             | YEAR 10             |
|---|-------------------|--------------------|---------------------|
| Captive Premiums <i>MILLIONS IN COVERAGE!</i> | \$ 1,000,000      | \$ 5,000,000       | \$ 10,000,000       |
| Management & Operating Expenses               | \$ (55,000)       | \$ (275,000)       | \$ (550,000)        |
| Reinsurance/Risk Distribution Fund**          | \$ (40,000)       | \$ (200,000)       | \$ (400,000)        |
| After Tax Investment Income*                  | \$ 36,000         | \$ 573,000         | \$ 2,250,000        |
| <b>Total</b>                                  | <b>\$ 941,000</b> | <b>\$5,098,000</b> | <b>\$11,300,000</b> |

**65% INCREASE!**

**NET GAIN WITH CAPTIVE**



|                  | YEAR 1             | YEAR 5             | YEAR 10 |
|------------------|--------------------|--------------------|---------|
| <b>\$369,000</b> | <b>\$2,000,000</b> | <b>\$4,433,000</b> |         |

**\$2.3MM PREMIUM**

**WITHOUT CAPTIVE**

|                              | YEAR 1              | YEAR 5              | YEAR 10             |
|------------------------------|---------------------|---------------------|---------------------|
| Net Business Income          | \$ 2,300,000        | \$ 11,500,000       | \$ 23,000,000       |
| Income Taxes (45%)           | \$ (1,035,000)      | \$ (5,175,000)      | \$ (10,350,000)     |
| After Tax Investment Income* | \$ 51,000           | \$ 81,000           | \$ 3,145,000        |
| <b>Total</b>                 | <b>\$ 1,316,000</b> | <b>\$ 7,126,000</b> | <b>\$15,795,000</b> |

**\$10.35MM TAXES SAVED!**

**WITH CAPTIVE**

|   | YEAR 1              | YEAR 5              | YEAR 10             |
|---|---------------------|---------------------|---------------------|
| Captive Premiums <i>MILLIONS IN COVERAGE!</i> | \$ 2,300,000        | \$ 11,500,000       | \$ 23,000,000       |
| Management & Operating Expenses               | \$ (56,000)         | \$ (280,000)        | \$ (560,000)        |
| Reinsurance/Risk Distribution Fund**          | \$ (92,000)         | \$ (460,000)        | \$ (920,000)        |
| After Tax Investment Income*                  | \$ 86,000           | \$ 1,362,000        | \$ 5,351,000        |
| <b>Total</b>                                  | <b>\$ 2,238,000</b> | <b>\$12,122,000</b> | <b>\$26,871,000</b> |

**70% INCREASE!**

**NET GAIN WITH CAPTIVE**



|                  | YEAR 1             | YEAR 5              | YEAR 10 |
|------------------|--------------------|---------------------|---------|
| <b>\$922,000</b> | <b>\$4,996,000</b> | <b>\$11,076,000</b> |         |

\* RRD claims have averaged 2-3% of annual premiums over the past decade. \*\* Assumes a 4% pretax rate of return on investments.