

NEWS FOR IMMEDIATE RELEASE

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**Continuing Care Risk Retention Group, Inc. is Licensed by the South Carolina
Department of Insurance**

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Continuing Care Risk Retention Group, Inc. (CCRRG) today announced the formation of a new professional liability carrier designed to meet the needs of the long term care industry. CCRRG was licensed as a mutual, industrial insured captive insurance company by the South Carolina Department of Insurance on September 19, 2003. Formed pursuant to the federal Liability Risk Retention Act of 1986, as amended (LRRRA), CCRRG is owned exclusively by its insured members and offers its members liability insurance related to the operation of institutional care facilities that provide care and treatment of the elderly, including nursing homes, assisted living facilities and independent living facilities.

Broker and agent accessible, the CCRRG program is designed for the independent owner/operator and smaller chains of facilities providing care and treatment of the elderly. The hallmarks of the CCRRG program will be careful member selection through vigorous underwriting, proactive risk management, sound claims administration and use

of an innovative claims paid TM coverage form. CCRRG is the first carrier to introduce this new form of insurance into the long term care facility industry.

CCRRG's program manager is Magnolia LTC Management Services, Inc. (Magnolia), whose staff has over 100 years of combined experience as long-term care and health insurance professionals. "We believe CCRRG fills a critical need for the quality Long Term Care provider who has suffered from the lack of traditional insurance products that are either affordable or available," said Magnolia's President, Robert Bates, himself a former long term care administrator. "There are a significant number of premier operators who have provided superior care to their residents and their families. CCRRG is an effort to provide safe, secure and stable insurance to these companies so that they can focus their attention on the needs of their elder communities."

Augmenting the CCRRG's risk management effort will be Innerview, a privately held, independent company whose founders also have significant experience in long-term care as well as expertise in data collection, analysis and reporting for the health care profession.

Risk Services, LLC, a privately held company which exclusively serves the alternative insurance market sector, is the captive manager for this new carrier. The principals of Risk Services have organized and managed over 150 captives in the United States and around the world. Risk Services and its affiliated companies have worked closely with Magnolia for over one year to help structure, form and license this new vehicle. As captive manager, Risk Services is committed to CCRRG for the long-term and will provide financial reporting, regulatory compliance and act as CCRRG's reinsurance intermediary. "The licensing of CCRRG represents an innovative solution to Long Term Care facilities insurance needs" said Michael T. Rogers, President of RSLLC.

“South Carolina captive regulators demonstrated a clear understanding and support of the Claims Paid™ coverage which made the domicile a good choice for CCRRG.”

Handling claims administration for CCRRG will be ProClaim America, a third-party administrator firm known for its proactive and vigorous claims investigation and litigation management. ProClaim America has a well-known expertise in handling facility claims and is recognized nationally for its skill and knowledge in this arena.

Partnering with The Cooperative of American Physicians, Inc. (CAP), CCRRG and Magnolia have an exclusive license use CAP-MPT’s Claims Paid™ professional liability form (US patent pending) for all institutional health care facilities that serve the elderly in the United States. CAP-MPT has used the claims-paid approach for more than 27 years and has received an “A (Excellent)” rating from A.M. Best. “CAP is excited to be working with CCRRG and Magnolia in introducing the claims paid concept to the long term care industry. We believe that active risk management, appropriate underwriting and superior member services are key to the success of the Claims Paid™ form. Magnolia and CCRRG, under the leadership of Bob Bates, epitomize what is necessary to ensure the success of this venture for the benefit of its member facilities” said Peter Kezirian, Vice President – CAP.

Under the Claims Paid™ program, CCRRG members pay premiums based on estimated claims, defense and administrative costs of CCRRG based on the next 12-month period. This approach contrasts sharply with traditional insurance company rating structures which charge premiums based on amounts they hope will be sufficient to pay anticipated costs well into the future. By bringing immediacy to the impact of losses which otherwise would not be paid out until far in the future and dealing with troubling trends soon after they arise, CCRRG hopes to soften the sharp premium fluctuations which have

plagued the traditional insurance industry during hard and soft insurance market cycles. Moreover, by dealing with loss trends sooner rather than later, the Claims Paid TM approach will serve to motivate CCRRG and its members to control costs, losses and claims expense. CCRRG hopes to emulate CAP-MPT's success with the Claims Paid TM form. CCRRG intends to register to do business nationally in all states except: Alabama, Alaska, Arkansas, Florida, Mississippi, Nevada, Texas and West Virginia

Highlights of the CCRRG Claims Paid TM policy program include:

- Exclusive access to the Claims-Paid TM form for elder care facilities
- \$1 million/\$3 million coverage per location
- Up to \$7.5 million policy aggregate limit
- \$25,000 minimum premium
- Excess of loss reinsurance with carriers rated A or A- rated by A.M.Best

For more information, contact Bob Bates, Magnolia LTC Management Services, Inc., at magnolia@magnolialtc.com or phone (707) 571-7430, fax (707) 571-7464, or visit our website at www.magnolialtc.com

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