



Industry update

U S A R G

Independents...a Dying Breed

With the acquisition of Bermuda's largest independent captive manager, International Advisory Services (IAS), by Marsh, USA Risk Group looks to expand our leading role in the independent sector of captive management. Already the largest independent captive manager in the world, USA Risk Group prides itself in delivering unsurpassed, high quality service to its clients without the overhanging bureaucracy of a large, broker parent company. In this position, we have few peers and now we are one competitor lighter with Bermuda's largest independent joining the ranks of the broker controlled manager. If we look at the breadth of knowledge spread over the various domiciles where we have clients, USA Risk Group is peerless. We have clients operating in 16 different domiciles which leads us to be domicile neutral when it comes to forming and managing our captive clients.

No other independent captive manager has that kind of reach or established relationships with the local regulators.

As of the summer of 2008, we expanded our

presence in the Bermuda marketplace with our majority share acquisition of Cedar Management Limited. Cedar was a well established independent management firm on the island and fit well within our culture. We were able to merge our existing operations on the island with those of Cedar in a seamless transition that has been very beneficial for our collective personnel but more importantly for our clients. Our Cedar office is led by Tom McMahon and Mick Larkin, two Irish Chartered Accountants (CA) who both have permanent residency status in Bermuda. In addition to Tom and Mick, we have 4 other staff, 1 of whom is a CA and 1 of whom has an MBA in Business Administration. We currently manage 24 captives ranging from large single parents to cell companies and one SEC regulated reinsurance company. You

can reach Tom at tmcmahon@cedar.bm or 1-800-872-7475 ext. 2371.

Likewise, it was almost 2 years ago that we acquired a majority interest in what was MIMS International in Barbados. Although a lower cost domicile, Barbados still offers a well regulated captive friendly environment. As was the case with our Cedar investment, MIMS International was the



Jeff Kenneson, Senior Vice President, Business Development

leading independent captive management firm on the island and fit well within our culture. The one difference with this acquisition was the



*Martin Hole
USA Risk Group Barbados, Ltd.*

fact that this transaction established our presence in Barbados since we had not established an office there previously.

Our Barbados office is led by Martin

Hole, who began his career in the underwriting room at Lloyds in 1969. In addition to Martin, we have 7 staff, 3 of whom have accounting qualifications. We currently manage 24 captives whose parent companies are located in the USA, Canada and Europe. You can reach Martin at mhole@usarisk.bb or 1-800-872-7475 ext. 2240.

As is the case with all of our offices in the various domiciles in which we operate, the local office has the autonomy to operate in the best way possible for the ultimate



*Tom McMahon
Cedar Management, Limited*

Industry update (continued)

benefit of our clients. There are no directives that have been passed down from on high in an effort to maximize our profit, no, our company wide goal is to make all of our clients their most effective and profitable possible. We then expect that our unmatched service will allow USA Risk Group to be a successful entity in the many partnerships we forge with each and every one of our clients. USA Risk Group brings support to each office in the form of security, enhanced reporting, broad experience from a larger organization and relationships to draw upon. Given our offshore and coastal locations, we have instituted an extensive disaster recovery plan complete with offsite backups of all data files. Also, our general ledger software, Quickbooks Enterprise, permits our staff to perform their client duties anywhere in the world, our Voice Over IP (VOIP) provides for portability of our phone lines and allows us to offer our 800 number service to our offshore locations.

USA Risk Group continues to be the preferred choice of captive manager for the middle market/national brokers and agents. For the clients that think of the analogy of the fox watching the hen house, we offer independent management from the clients' perspective but do not present a competitive threat to the broker. Our business model has several keys, independence from any brokerage ownership, domicile neutrality, local office autonomy for the benefit of our clients, flexibility of operation to easily accommodate the needs of our clients and accessibility of senior management to the top of the organization.

USA Risk Group Promotions

USA Risk Group is pleased to

announce the following promotions:

USA Risk Group Business Model Keys:

- *Independence from brokerage ownership*
- *Domicile neutrality*
- *Local office autonomy*
- *Flexibility of operation*
- *Accessibility of senior management*

effective May 15, 2009. Laura joined USA Risk Group (West), Inc. as an Account Manager in Scottsdale, Arizona in October 2007. Laura has responsibility for the daily operation of Risk Retention Groups and Captives, including quarterly management accounting and reporting to the NAIC and admitted states. Her clients include a medical stop loss RRG a transportation RRG and some pure captives. She is also involved in peer review and support. Prior to joining USA Risk Group, Laura spent two years as an account manager for AON and worked in various accounting positions prior to that time.

Laura Durkin, Senior Account Manager, USA Risk Group (West), Inc. — Laura Durkin was promoted to Senior Account Manager

Virtual University

Our partnership with Cedar Management Limited and Cedar Consulting has brought you Virtual University! Captive specific courses are still being developed but insurance CE and CPA courses are available, as well as course materials. Check it out at <http://cedarconsulting.360training.com>.

2010 Annual Conference

We're changing our destination for 2010! Please plan to join us May 26—27, 2010 for our annual conference to be held at the Balantyne Resort in Charlotte, North Carolina.



Industry Update Continued

President Gary Osborne Comments on Abundance of Captive Conference

Our President, Gary Osborne, recently provided a commentary to *Captive Review* on the abundance of captive conferences. We encourage you to read the article in the September 2009 issue.

SAS 70 Type II Certification

We are very pleased announce that USA Risk Group received a SAS 70 Type II certification on the services provided to a major client in our Greenville, SC office. The systems and management processes used on this client, particularly IT controls and financial review procedures, are representative of those used in our Vermont and South Carolina offices. We are looking to expand the SAS 70 Type II certification to other offices in 2010.

About USA Risk Group

USA Risk Group of Vermont, Inc. (“USAVT”), was established in Vermont in 1981 by H. Lincoln (“Linc”) Miller Jr. USA Risk Group now includes captive operations in Vermont, South Carolina, Arizona, Nevada, New York, Bermuda, Barbados, British Virgin Islands and Grand Cayman, managing captives in 16 different domiciles, as well as a reinsurance intermediary operation in Greenville, South Carolina. All companies under the USA Risk Group umbrella are owned by Linc’s family and various key employees. We believe that, as an independent company, not owned by a broker, insurance company or bank, we can provide a superior, objective service to our clients without any conflict of interest.



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What GROWTH means to you.

Visit our website at:
www.usarisk.com

*New website to be launched by
4th quarter 2009*