



PROGRAM REVIEW + CAPABILITIES PRESENTATION

MARCH 1, 2023





AGENDA:

I. INTRODUCTIONS + RECAP

II. PROGRAM REVIEW

I. COST

II. COVERAGE

III. PROCESS

III. GO-FORWARD STRATEGY

IV. Q&A / OPEN DISCUSSION

WHY IMA?

3RD LARGEST
INDEPENDENTLY OWNED BROKER
IN THE UNITED STATES



BUSINESS STRENGTH

3rd Largest Privately Held Brokerage in the U.S.



CARRIER RELATIONSHIPS

Over \$5 Billion in Premium Placed Annually



CLIENT FOCUSED

95% Client Retention Rate



IMA FOUNDATION

Community Focused



EMPLOYEE OWNED

Superior Talent + Commitment to Clients



GLOBAL REACH

Clients in all 50 States + Over 100 Countries



Metro Denver's
HEALTHIEST EMPLOYERS™



THE RIGHT SIZE



Regional Brokers

Revenues
Under \$100M

Ownership Structure
Public, Private, Bank Owned

Sample Firms
Horton, CCIG

Client Focus
Small to Middle Market

Marketing Approach
Wholesale Brokers & Marketing Departments

Value Added Services
Limited
Risk Control, Claims Reporting

Profit Goals/Reinvest
Seek 25%+ Profit Margin
Reinvest Less than 5%

Revenues
\$300M+

Ownership Structure
Independently Owned

Sample Firms
IMA

Client Focus
Clients who need advanced resources but want
personalized and customized service

Marketing Approach
Direct Access to Global Markets through IMA Service
Teams

Value Added Services
Enterprise Risk Management, Contract Review, Risk
Control, Legal Risk Management, Carrier Access,
Actuarial Modeling & More

Profit Goals/Reinvest
Seek 15% Profit Margin
Reinvest 10%

Global Brokers

Revenues
Over \$1B

Ownership Structure
Publicly Traded, Private Equity Owned & Closely Held

Sample Firms
Willis, AON, Lockton, USI, Marsh, HUB & Alliant

Client Focus
Fortune 1000

Marketing Approach
Indirect National Marketing Depts., Wholly-owned
Intermediary & London Brokers

Value Added Services
Specialty Profit Centers
Claims, Loss Control, Actuarial, Contract Review,
Specialty Lines Expertise

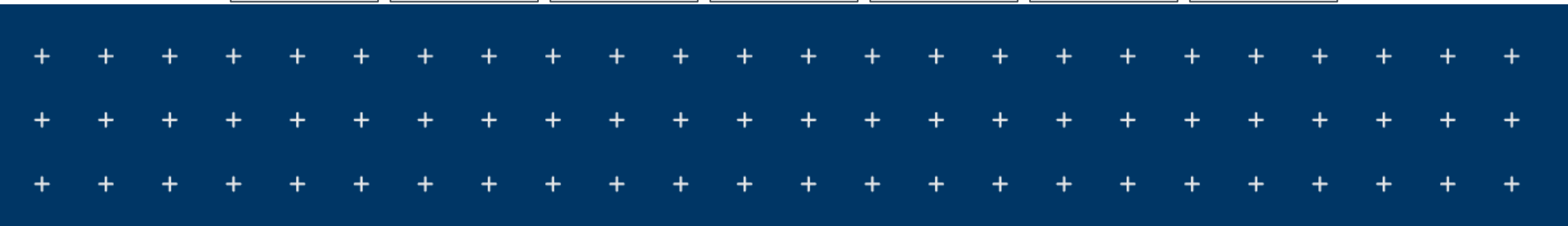
Profit Goals/Reinvest
Seek 30% & Profit Margin
Reinvest Less than 2%

YOUR IMA TEAM



Lead Client Advisors	Account Executive	Account Manager	Account Specialist
PATRICK DATZ	ZACH DAVIS	Tara Ramsden-Wood	LaVonne Baker
CONNOR LOVE			

Contractual Risk Review Team	Risk Finance	Environmental	Global Risk & Team	Claims Management Team	Executive Risk Team	Cyber Risk Team
Lauren Karagozian	Sean Behan	Sharon Burger	Sean Jackson	Carol Riggs	Will Brownlee	Tim Burke
Risk Control	Workers' Compensation	Surety	Enterprise Risk	Private Equity/M&A	Public Entity	Executive Risk
Marcus Reiter / Darren Beard - Fleet	Sonja Guenther	Mike Lischer	Rick Dingman	Jordyn Arons	Dorothy Stevens	Brian Bovasso





PROGRAM REVIEW

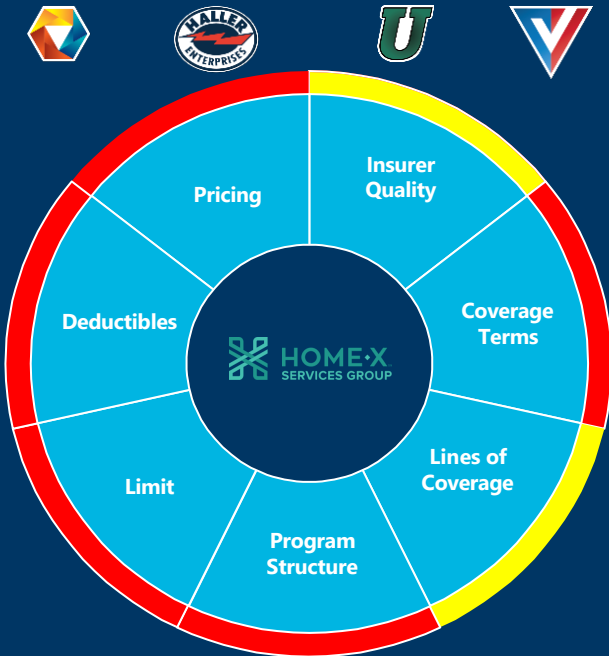


HOME·XSM
SERVICES GROUP



PORTFOLIO SCORECARD

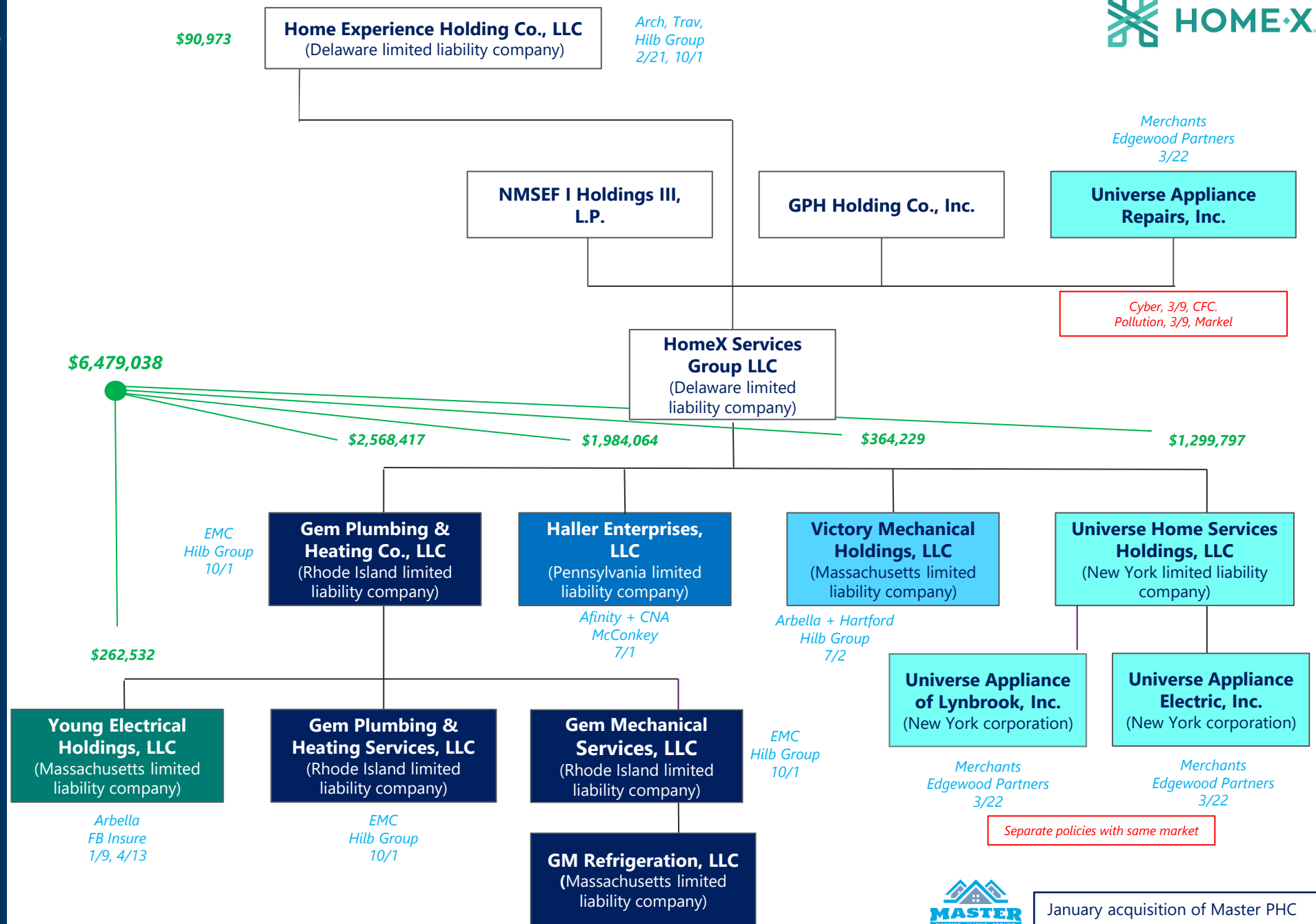
(03/01/2023)



- Below industry standards
- Meets industry standards
- Exceeds industry standards



+	+	+	+	+	+	+	+	+	+
+	+	+	+	+	+	+	+	+	+
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January acquisition of Master PHC

COST

Major Inefficiencies

- Duplicative Policies + Coverages
- Premiums Spread Across 10 Carriers
- 7+ Renewal Dates | 3 Brokers

Leverage Total Platform

- Consolidate Effective Dates
- Conglomerate Programs – Minimize Markets
- Establish Carrier Relationship(s)
- Increased Premium Leverage – Coverage Procurement

Explore Deductibles / Retentions

- HomeX's Risk Tolerance
- Explore Options On All Lines of Coverage
- Creative Strategies w/IMA Complex Risk Team
- Capitalize On Favorable Loss History Where Possible

MANAGING TOTAL COST OF RISK



CLAIMS MANAGEMENT

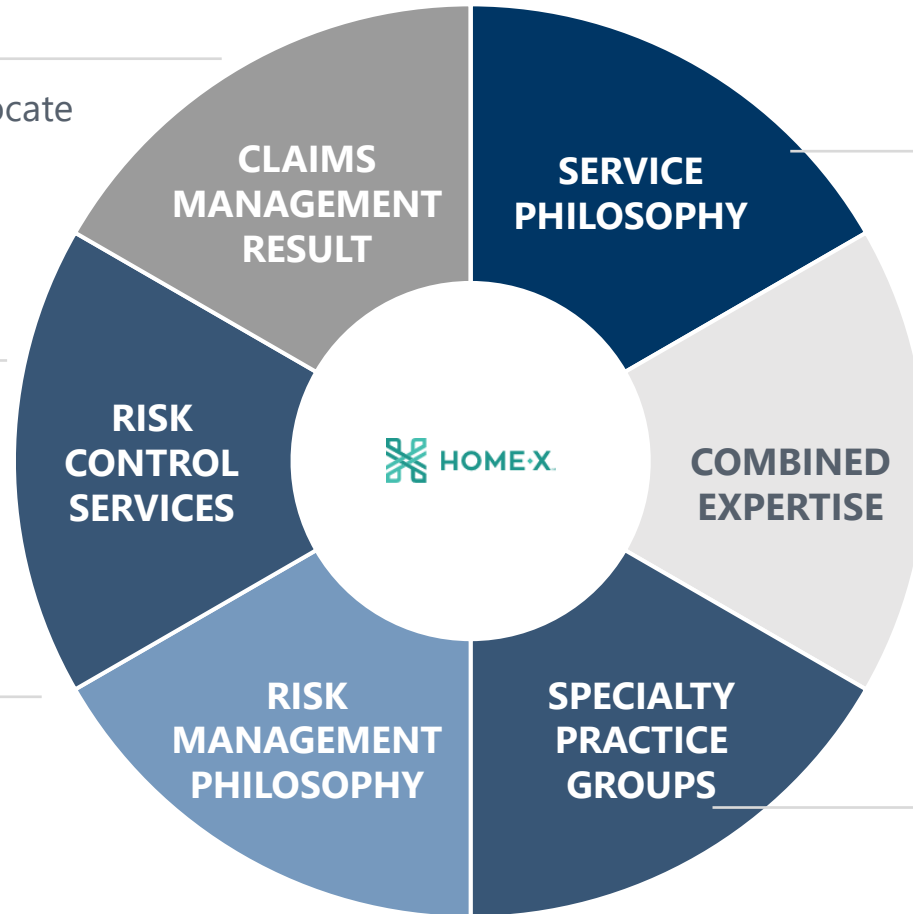
- + Dedicated/Experienced Claims Advocate
- + Customized Claims Service Plan
- + Pre-Loss Prep
- + Specialty Vendors

PREVENTING LOSSES

- + Trusted Advisors with Experience
- + Risk Assessment/Benchmarking Survey
- + Training/Education

MANAGING TCOR

- + Alternative Risk Financing
- + Program Design
- + Captives



SERVICE EXCELLENCE

- + Dedicated Service Team
- + Customized Client Service Plan
- + Not Profit Center Centric
- + Client Service Standards

INDUSTRY SPECIALIZATION

- + Specialty focused resources
- + Identifies risk specific to your business
- + Delivers customized solutions

OTHER PRACTICE GROUPS

- + Executive Risk
- + Surety
- + Environmental
- + Contract Administration



COVERAGE



+ General Liability

- TRIA Automatically included and charged for
- Endorsements/Exclusions-Contractor's enhancement
- Limited Pollution Coverage

+ Auto

- Higher Coverage Enhancements with master program
- Low Current deductible structure

+ Inland Marine

- Scheduled items under deductible
- All policies have Scheduled equipment; prefer blanket
- Review Installation Floater + other limits

+ Commercial property

- Co-insurance 80-100% (inconsistent)
- Deductibles (inconsistent) – explore higher options
- Ordinance or Law
- Protective Safeguards

+ Umbrella Liability

- Inconsistent limits

+ Workers' Compensation

- Explore 1099 exposure and risk control methods, if any.
- Experience Modifications – Combine companies to lower EMR
- Deductible Options to maximum EMR Protection
- Dividend programs
- Class codes + payrolls

+ Management Liability

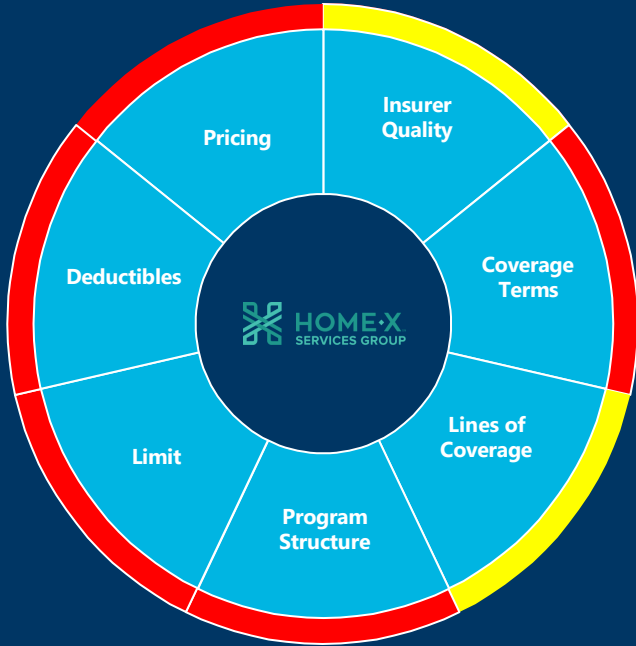
- Duty to Defend ("In for one, in for all")
- Anti-Trust Exclusion
- Fiduciary – Why separate from Arch/Primary Mgmt.? Multi-employer plan? (Viewed as riskier – excessive fee potential)
- EPL Limit
- Absent Enhancements

+ Cyber Liability

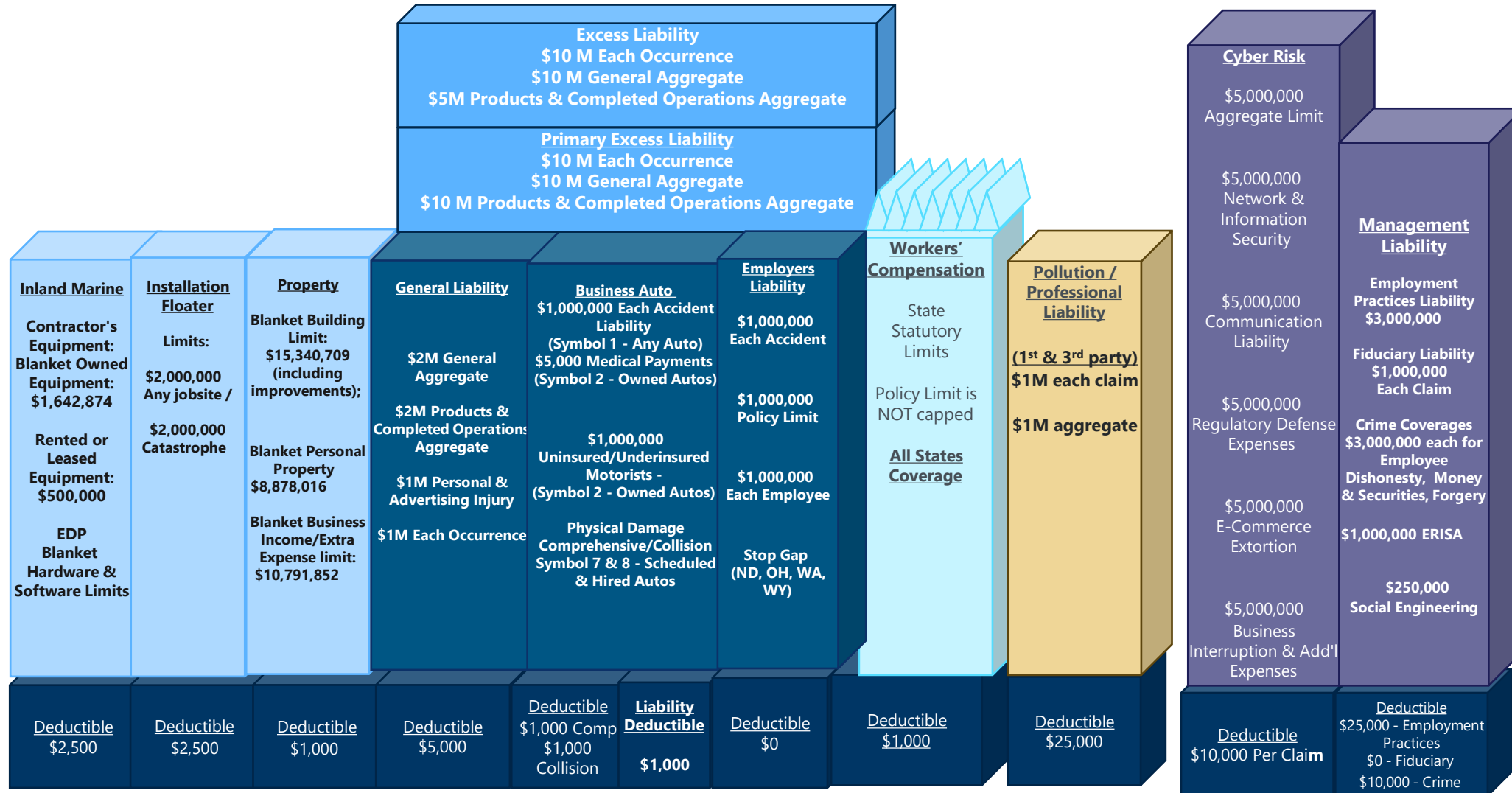
- Waiting Periods
- Duplicate Policies
- Deeper review of exposure to HomeX Digital / technology offering. Tech E&O. Contingent BI/PD.

+ Pollution Liability

- Need Coverage to extend to all operations



RECOMMENDED | PROGRAM STRUCTURE (ALL HXSG ENTITIES)



PROCESS | PARTNERING WITH IMA

Renewal + Program Management

- Service Team: Structure + Expertise
 - Capacity + Consistency – *We are NOT paid actors*
 - National Specialty Practice Groups (Construction, M&A, Advanced Industries, Tech, Employee Benefits)
- Hands-On Broker Services + Proactive Guidance
- Tech Enabled Solutions: 
 - Alleviate Administrative Burden + Aid Internal Workflow + Improve Renewal Efficiency.
 - CSR24

Due Diligence

- Add-On Support + Project Management
- Consistent + Comprehensive DD Process
- IMA PE, M&A, and Transactional Liability Practice Access

IMA Client Advantage

- Key Areas of Alignment:
 - Data Analytics & Alternative Risk Financing
 - Risk Control
 - IMACC *
 - Certificate & Insurance Compliance
 - Claim Advocacy & Consulting
 - Contractual Risk Review
 - Complex Property Solutions





GO-FORWARD STRATEGY



KEY FOCUS AREAS



Topic	Key Activities	IMA Feedback
Consolidation	<ul style="list-style-type: none"> Assess potential savings from combining Universe and/or Haller into EMC program (all lines ex. WC) 	<ul style="list-style-type: none"> Substantial inefficiencies with current structure Ease administrative burdens
Workers' Compensation	<ul style="list-style-type: none"> Develop combined experience mod including Universe and/or Haller; assess potential savings combining into Beacon program 	<ul style="list-style-type: none"> IMA WC Specialist, Sonja Guenther will run projected post-combined EMR to determine expected changes Run Deductible Analysis and take advantage of state Net Reporting for EMR purposes
General Liability	<ul style="list-style-type: none"> Determine cost/benefit of higher deductible plan (potentially significant savings) 	<ul style="list-style-type: none"> Discuss risk tolerance Explore various deductible/retention structures through Analysis of loss projection and historical trends
Auto	<ul style="list-style-type: none"> Determine cost/benefit of higher deductible plan (potentially significant savings) Modify terms as appropriate (e.g., potentially reduce physical damage coverage for older vehicles) 	<ul style="list-style-type: none"> Leverage liability deductibles Combined auto program leads to economies of scale with regards to pricing
Captive	<ul style="list-style-type: none"> Model economic and operational impact of departing the captive Determine process required to exit the captive Explore economic and operational impact of expanding the captive across HXSG 	<ul style="list-style-type: none"> Capital is held for an additional 4-5 years post departure Analysis of premium ranges and loss projections for lines of coverage if outside the captive
Standardization	<ul style="list-style-type: none"> Move as many programs as possible onto the same renewal cycle Standardize insurance policies (e.g., coverage, limits, deductibles, safety training, etc.) for all companies 	<ul style="list-style-type: none"> 2023-2024 move all renewals to 7/1 Endorse short-term and long-term to coincide Master Program with National Carrier will provide consistent coverage across entire enterprise
M&A	<ul style="list-style-type: none"> Improve insurance diligence Improve process of adding acquired companies to HXSG insurance 	<ul style="list-style-type: none"> Roll-out of IMA + HomeX due diligence process Create consistency and efficiency
Process	<ul style="list-style-type: none"> Explore moving from commission % rate to flat \$ commission Further separate insurance from HomeX Digital 	<ul style="list-style-type: none"> Pros/Cons of Commission vs. Fee Discuss HomeX Digital



2023 | GO-FORWARD STRATEGY



Program Review	Results + Strategy	Marketing + New Program	Propose + Bind	Post-Game Sync	New Program Effective	Forward Looking
<ul style="list-style-type: none"> ✓ Coverage ✓ Cost ✓ Structure ✓ Service 	<ul style="list-style-type: none"> ✓ Results ✓ Focus Areas: Identify key areas to target. 2023 desired outcomes. ✓ BOR: Appoint IMA as broker + progress to go-forward strategy 	<ul style="list-style-type: none"> ✓ Gather Info: Build top tier submission. ✓ Full Team Kickoff Meeting ✓ Approach Market: Key national partners first, with full market approach to follow. 	<ul style="list-style-type: none"> ✓ Detailed Proposal ✓ YoY Changes + Highlights ✓ Set 23-24 Expectations ✓ Program Exit + Transition * ✓ Bind New Program 	<ul style="list-style-type: none"> ✓ Debrief post-renewal binding ✓ Key Initiatives ✓ Engagement Plan ** 	<ul style="list-style-type: none"> ✓ New Program Goes into Effect ✓ Issue Renewal COI's ✓ 23-24 Auto I.D. Cards 	<ul style="list-style-type: none"> ✓ Open + Continuous Communication ✓ Proactively Manage Program + Address Service Needs ✓ IMA Client Advantage



*IMA to provide support on exiting Captive + program transitions

**IMA + HomeX to formalize 2023-2024 Engagement Timeline. Focus on mgmt. support, program mgmt., and education



IMA'S CAPABILITIES



ASSOCIATION & SOCIETY MEMBERSHIPS



The Builders'
ASSOCIATION



NUCA



IMA'S APPROACH TO SERVICE



Strategic

IMA is constantly and diligently scanning the environment and mining data to deliver solutions to clients before clients even know they have a problem.

SERVICES INCLUDE

- + Access to resources for education and training to improve workplace and worker safety
- + Exclusive networking opportunities to help grow your client base
- + IMA's proprietary Construction Encompassed Risk Management (CERM) Process to help take advantage of risk
- + Industry and market insights to take action instead of reacting
- + Actionable analytics to drive process change and develop plans for improvement
- + Establishment of Plan B and Plan C carrier options
- + Regular updates regarding emerging issues and trends in an ever-changing industry
- + In-depth analysis to help determine optimal risk retention

Protecting assets is what we do, making a difference is who we are.



Tactical

IMA works with clients when they need help with specific situations. IMA is there to intervene and help advocate for the best possible outcomes.

SERVICES INCLUDE

- + Expert knowledge of the construction industry insurance marketplace
- + Partnership with strategic carriers to find the broadest terms and conditions
- + Subcontractor prequalification
- + Expert and strategic claims advocacy for all lines of coverage
- + Alignment of cyber and privacy coverage with technology risks
- + Expert attorney-based contract review



Transactional

IMA supports the execution of transactions in a “need it yesterday” timeframe. These are necessary to the flow of business in which accuracy and speed are essential.

SERVICES INCLUDE

- + Assistance with claims/incident reporting
- + Delivery of insurance policies and endorsements
- + Issuance of outgoing certificates of insurance
- + Review of policies and endorsements for accuracy
- + Check premium audits for accuracy
- + Issuing of bonds



The modern solution for the insurance application and renewal process

Turn the traditionally cumbersome insurance application into a simple, Turbo-Tax like experience. Indio simplifies the insurance application process to make it fast, collaborative, and easy, saving you and your clients' time and money while minimizing E&O exposure.

Get Started



IMA CONSTRUCTION ENCOMPASSED RISK MANAGEMENT

IMA believes that insurance is the most reactionary and expensive way for clients to manage risk.

IMA CONSTRUCTION ENCOMPASSED RISK MANAGEMENT (CERM) FRAMEWORK

By utilizing the CERM process, IMA gains a deep understanding of their clients' risk mitigation strategies from a tactical and strategic level, enabling conversations with the carrier to go beyond loss runs and historic claims.

CONSTRUCTION RISK MANAGEMENT SURVEY



Check for Alignment

How Measured?
(KPIs)

Establish Baseline
Total Cost of Risk

Document Risk

MANAGEMENT

Risk Appetite

Risk Statement

Monitoring

Avoidance

Assumption

Awareness

Mitigate Frequency

Mitigate Severity

Non-Insurance
Transfer

Insurance



CONSTRUCTION
SERVICES

Construction Peer
Group

Loss Control

Claims

Contract Review

Insurance Placement

IMA CLIENT ADVANTAGE

WHAT IS CLIENT ADVANTAGE?

Client Advantage consists of about 115 professionals that support our property and casualty service teams and clients.

We provide risk management consulting for:

- + Certificate & Insurance Compliance
- + Claim Advocacy & Consulting
- + Contractual Risk Review
- + Complex Property Solutions
- + Data Analytics & Alternative Risk Financing
- + P&C Global Risk
- + Global Benefits
- + Risk Control & Safety Consulting
- + Risk Innovation & Strategy
- + Worker's Compensation Specialists

SURETY

Clients turn to IMA because of IMA's reputation for strategic client advisement and commitment to understanding a company's unique internal operations while helping clients achieve their goals.



IMA's Surety team is one of the most respected surety operations in the country. IMA's team works with clients, from 50 employees to over 50,000, to advise on how to best attract surety companies, maximize bond ability and minimize risk.

IMA is there when clients need a business partner rather than just a service provider. The IMA team acts as trusted advisors for clients, helping clients build their surety capacity and ensuring surety companies are invested in the client's business plans - all while maintaining an unparalleled level of service.

Surety Services Provided

- + Negotiation and management of surety program
- + Establish back-up surety partner
- + Project, contract, and bond form risk assessment
- + Client financial benchmarking
- + Proactive business and surety advisement
- + Perpetuation and best practices
- + Development and advisement of subcontractor prequalification program
- + Subcontractor risk management tools
- + Validation and review of lower tier subcontract bonds
- + Training on topics as desired by client
- + Annual surety market update

WORKERS' COMPENSATION

Workers' compensation is one of the most costly and complicated areas of risk for construction businesses to manage. Without proper management, workers' compensation claims cost can become a significant cost burden.

IMA wants to help your company prepare for its unique workers' compensation challenges. By planning, and not just reacting, companies can better care for their employees' health and safety.

What if you could accurately predict the costs of workers' compensation claims for your organization?

- + **Experience modification factor projections:** Prepare for policy renewals in advance and project lowest possible mod factor and how claims will affect future premiums
- + **Experience modification factor projects:** Audit policy information for possible errors and fix adverse information, saving clients thousands of dollars
- + **Deductible cost and retention plans and benefit analysis:** Evaluate opportunities to save costs with small deductible and large retention plans



Company Growth

Review classification codes for accuracy



Mergers and Acquisition

Assure accuracy in worker's compensation data and evaluate the combined experience mod factor



RISK CONTROL

Claims expenses are large and unpredictable, but clients can rely on IMA to act as proactive consultants and to advocate on their behalf to reduce risk exposure and subsequent claim expenditure.

With IMA Risk Control, clients do more than insure against a potential loss. Together with IMA, they actively manage their risks before a claim occurs.

IMA's approach to managing risk has historically helped companies see an average of

25 %

reduction in claims cost



Understands their clients' current state of on-site safety and works with their clients to develop a plan to achieve future safety goals.



Develops a coordinated service plan, in conjunction with the IMA Claims team, to help manage the biggest exposure risks.



Brings expertise from across IMA to provide guidance on best practices for Health, Safety and Environment.



Provides safety training tools, such as videos and experienced trainers who can come on site to train employees on improved safety practices.

THE IMA RISK MANAGEMENT CENTER

IMA clients get instant insights into their risk portfolio with IMA's proprietary Risk Management Center, designed to empower risk prevention efforts.

IMA Risk Management Center Services + Solutions



Easy-to-use tool is available to all clients' employees



Manage risk and compliance programs in one place



Real-time incident tracking/ trending and claims reporting



Access to online training library with PowerPoints, policies and training shorts to teach employees about safety best practices



Schedule and track employee safety trainings

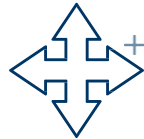
COMPLEX RISK

IMA understands that no two clients working in the construction industry are alike. Construction clients are as unique in their risk profile and appetite as they are sophisticated in their structures.

IMA's Complex Risk Solutions team helps clients understand risk financing options and improve loss control processes, turning claims history into actionable insights for performance improvements.

Complex Risk & Captive Management

Services + Solutions



Alternative risk financing program feasibility, design & modeling



Loss development, trending & forecasting



Claims management & risk control strategies



Self-insurance analysis & filings



Excess and reinsurance placements



Online access to insurance companies



Third Party Administration (TPA) selection & oversight



Data management & benchmarking studies



Annual actuarial analysis of loss reserve accruals



Policy rating & issuance



Loss cost multiplier review

EXECUTIVE RISK

Construction is one of the riskiest industries in the United States and the executive leadership of construction companies are far more likely to come under fire.

IMA's Executive Risk Practice helps executive leaders protect their companies and themselves when operating in unique verticals:

- + Property developers and owners
- + Multi-use property owners and managers
- + Multifamily owners and managers
- + Pre-fab and modular builds
- + Hotels and motels
- + Real Estate Investment Trusts (REITs)
- + Asset managers
- + Resorts
- + Condominium associations
- + Contractors
- + Fund managers
- + Managing agents
- + Resorts

What is at risk?

- + Company, Organization or Entity Assets
- + Personal Assets of Directors or Officers
- + Reputation of your Company or the Individual Director or Officer
- + Criminal Punishment



Construction Risk Vectors

Competitors

Creditors

Regulatory Agencies

- + Failure to provide a safe work environment can lead to action taken against directors and officers.

Customers

Vendors

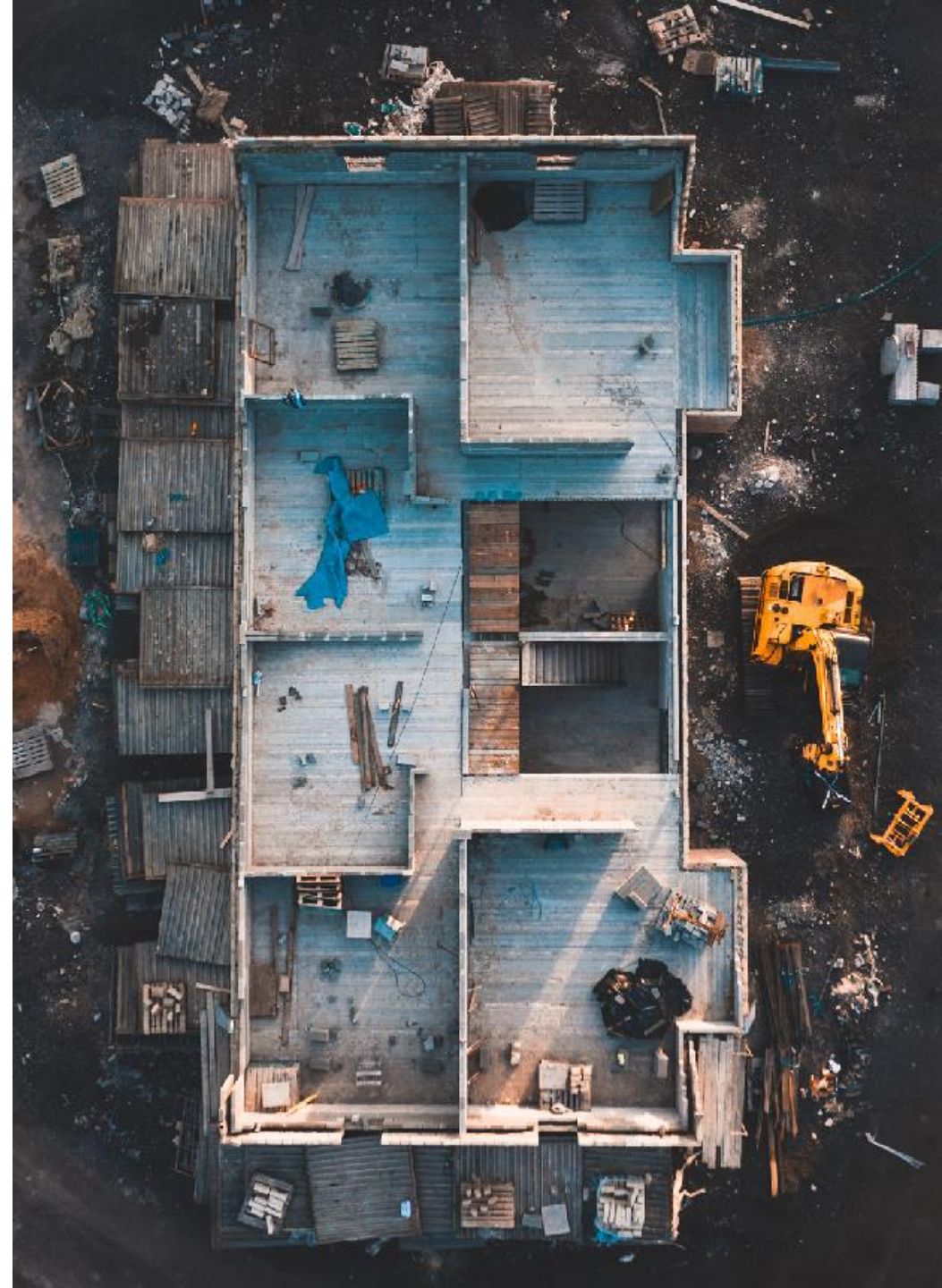
- + Vendor brings suit against the company and/or the directors and officers for not adequately insuring themselves for a pollution coverage.

Shareholders

IMA CERTIFICATE COMPLIANCE

- + Streamline insurance certification process with subcontractors
- + Reduce capital expenditure resourcing compliance and certification expertise internally
- + Protect balance sheet by ensuring proper risk transfer and insurance coverage from vendors
- + Get expert advice in determining the appropriate coverage needed for vendors on an individual project basis
- + Better understand insurance coverages
- + Avoid overbuying unnecessary insurance coverages

IMACC is a unique solution in the insurance marketplace to the challenges faced by busy construction companies. IMACC provides a bird's eye view of project subcontractors to manage all potential risks on a busy job site, allowing better oversight and streamlining processes.



CONTRACT REVIEW

IMA Contract Review helps clients review legal contracts to protect the client, before a claim ever occurs.

The attorneys of IMA Contract Review have deep experience in generally accepted industry practices, specifically with contracts and insurance used in construction.

Contract Review

Services + Solutions



Subcontractor Agreements



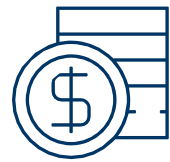
Lease Agreements



Master Services Agreements



Franchise Agreements



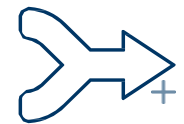
Rental Agreements



Supply & Demand Agreements



Release of Liability Waivers



M+A Contracts or Documents

CYBER COVERAGE

Exposure in the Construction Industry

- + Stakeholders involved in a project have their own vulnerabilities that can infiltrate other stakeholders.
- + Unsecure job sites have high potential loss exposure for valuable items like laptops and tablets.
- + Multiple worksites and a decentralized industry mean multiple potential failure points.
- + Increased reliance on capturing and saving data creates exploitable vulnerabilities.

The Real Cost of a Cyber Incident

At Risk in a Cyber Event

- + Clients lose trust in business and may seek another vendor
- + Ability to conduct business may be directly impacted during and after cyber event
- + Company reputation is damaged in the business community and with clients
- + Intellectual property could be lost or made widely available, damaging competitive advantage

Potential Monetary Costs

- + Lose cutting-edge value with loss of intellectual property
- + Cost of post-breach customer protections
- + Attorney fees and litigation
- + Fines for regulatory compliance
- + Large insurance premium increases
- + Payments to investigate cyber crime or pay in the event of cyber extortion

As construction companies' use of technology has grown over the last 20 years, from email to customer databases and beyond, so too have the risks associated with cyber losses.

It is not a matter of if, but when a cyber event will occur.



IMA's Cyber Risk practice leverages a proprietary proactive risk management playbook, specifically designed to address the risks faced by construction companies to minimize the risk of a data breach or hack:



Vendor Contracting



Security Checkup



Risk Measure



Cyber Risk Hub

- + Data Breach Modeling
- + Cyber Claims Studies
- + Security & Privacy Awareness Training

INSURANCE MARKETING SERVICES & STRUCTURE

In the absence of information, carrier underwriters will always default to the most conservative underwriting decision, which rarely benefits the insured. IMA's insurance marketing strategy helps eliminate uncertainties and ambiguities, allowing underwriters to be more aggressive when pricing risk and extending coverage.

THE CLIENT-BROKER-CARRIER RELATIONSHIP IS A THREE-WAY PARTNERSHIP

The formation of a working relationship between the parties enhances the insured's ability to address risk in the most effective and efficient manner.



Marketing Process Milestones



MARKETING IS A 365-DAY-A-YEAR PROCESS

IMA challenges every program in terms of carriers, coverages, retentions, limits and alternative financing options in order to constantly refine and optimize a client's risk and exposure.

IMA constantly evaluates their insurance carrier partners and service providers with strict adherence to an internal due diligence and ongoing annual compliance process.

Each company/insurer must meet or exceed the standards set forth in the categories listed below:

- + Market reputation
- + Excellent partnership history with IMA
- + Financial strength rating requirement (e.g., "A" or better with major rating agencies)
- + Financial size requirement (e.g., Size "XV" of \$2B in surplus)
- + Appropriate state licensure
- + Review of existing or future litigation

GLOBAL BENEFITS

IMA's Global Risk & Benefits team works with our clients to ensure their businesses are protected when it comes to any international exposures – whether they are as complex as protecting contingent business-income exposures at third-party manufacturing sites or as crucial as covering international travel.



Business Travel Accident

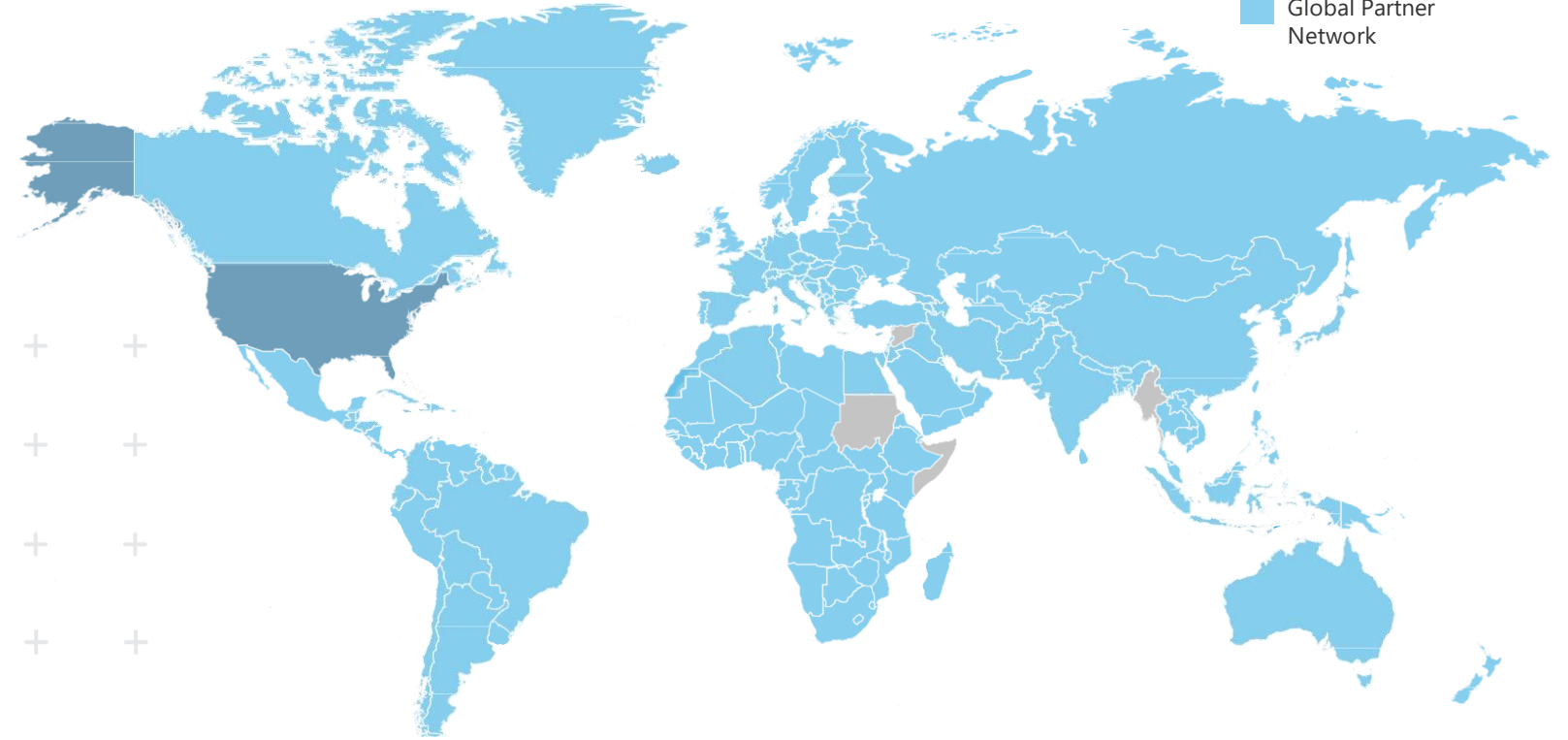
- + Accidental Death and Dismemberment coverage for a loss as a result of business-related travel (international or domestic)
- + Can be written for on-the-job losses only or with 24-hour coverage available
- + Coverage placed by IMA

Expatriate Benefit Plans

- + Medical, dental, prescription, life and disability benefits for semi-permanently relocated employees to international locations
- + Can cover a percentage of third country nationals (TCNs) and local nationals
- + Coverage placed by IMA

GLOBAL REACH

IMA, Inc.
Global Partner Network



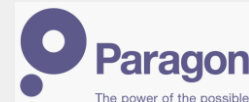
In addition to strong relationships with international brokers across the globe, IMA has cultivated close ties with a multitude of internationally based carriers – ensuring clients have access to the most competitive rates and comprehensive coverages.



LLOYD'S



Allianz



XL Insurance Reinsurance



CLAIMS LIFE CYCLE AND COORDINATION

IMA's first goal is to help clients see around corners so claims don't happen—but sometimes risk is unavoidable. The right processes before, during and after a loss can have a dramatic impact on the claims process.

IMA's team of experts has a proven history of advising clients to help mitigate some consequences that may come from a badly managed or ongoing open claim.

Effective claims management means not only lowering a client's cost of risk, it also means getting clients back to business as usual, as soon as possible.

Desired Client Outcome

Prior to Claim

An organized, structured claims process that enables the fastest and best outcomes.

Before Claim is Filed

The right team is brought together, from all sides, to gain a holistic view of the claim.

Reviewing the Claim

Constant communication keeps the client informed and abreast of carriers' likely response to the claim.

Controlling the Claim

Ensure the carrier and adjusters are taking into consideration all factors to positively influence claims resolution.

Concluding the Claim

Implement learnings from experience to improve claims and risk control process.

CASE STUDY

Central Texas – An IMA construction client developing a primarily wood-frame mixed-use property adjacent to a college campus was able to leverage both IMA's intimate knowledge of their project as well as the IMA team's familiarity with the carrier to achieve a nearly 30% savings in insurance costs.

By understanding the carrier's appetite to write specific risks, IMA was able to construct a set of coverages which both appropriately covered the client, and were designed specifically to fit the known bounds of the underwriter's risk appetite.

IMA's direct relationship with the carrier's most senior Inland Marine Underwriter and Department Division Manager not only enabled this result, but allowed it to be achieved in the most expedient manner possible.

IMA Leveraged

Direct Relationship

with Senior Underwriter & Division Manager



30%

Insurance Cost Savings



IMA'S M&A DUE DILIGENCE CAPABILITIES

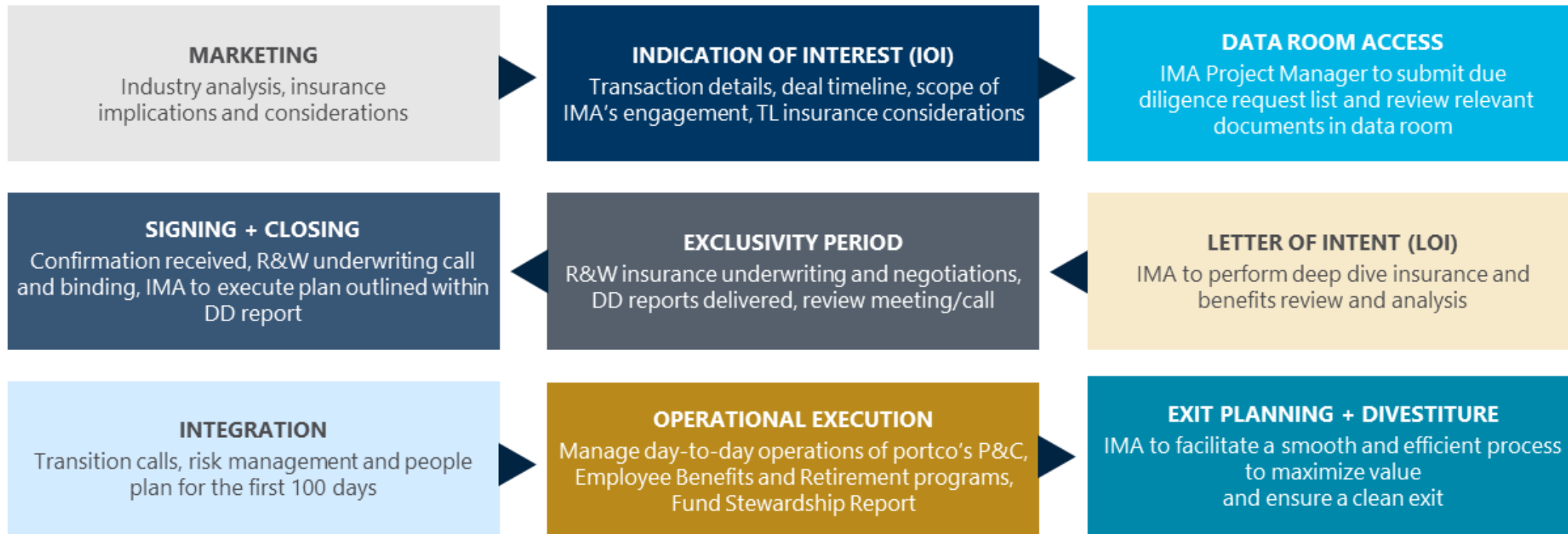


IMA AND THE M&A INVESTMENT LIFECYCLE

PARTNERING WITH IMA

IMA's Private Equity and M&A Practice has fine-tuned the engagement model with transparency and flexibility as its foundation. Not all deals are the same. IMA's commitment to assessing, identifying and communicating risks and risk transfer options is what differentiates us.

IMA and the Lifecycle of the M&A Transaction



PARTNERING WITH IMA'S PRIVATE EQUITY AND M&A PRACTICE

DUE DILIGENCE REPORT

- † Financial & Transaction analysis
- † Insurance/benefits/401k & risk management review
- † Identify cost saving opportunities
- † Pre- and post-close Total Cost of Risk Assessment
- † Compliance assessment
- † Claim activity & reserve analysis
- † Risk control recommendations
- † Liability accrual & collateral analysis & recommendations
- † Contract Review including PSA analysis
- † ESG Considerations
- † Program recommendations
- † New go-forward Executive Risk, Environmental, Surety placement

TRANSACTIONAL LIABILITY



- † Buy-side or sell-side, R&W insurance is a risk transfer solution for uncertainties surrounding the M&A process
- † R&W insurance provides protection against financial loss, including defense costs, for certain unintentional & unknown seller breaches in the context of a purchase agreement
- † Tax Liability insurance can help bring certainty to unexpected tax liabilities if an investment or tax position fails to qualify for its intended tax treatment.

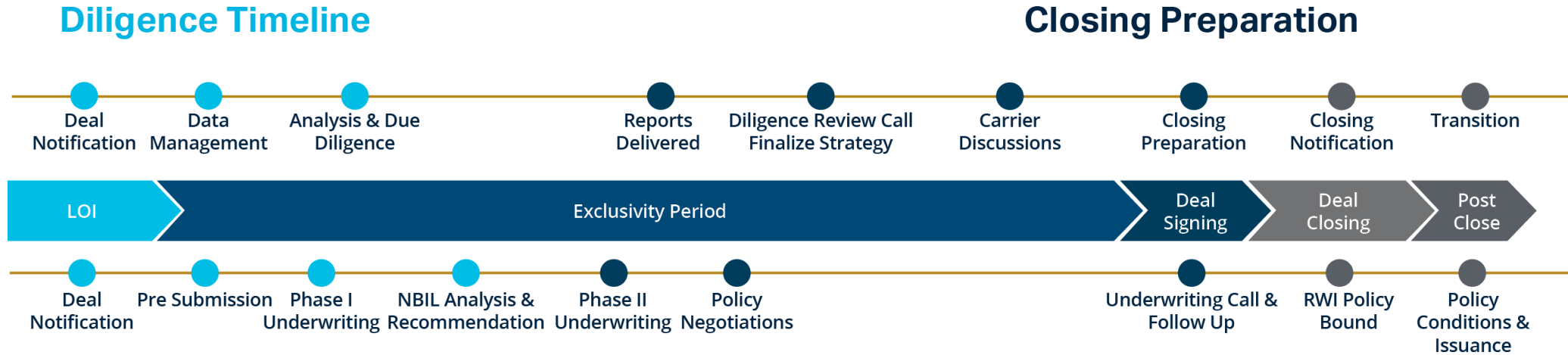
POST-CLOSE INTEGRATION

- † Seamless transition from Project Manager to IMA industry specialist service team
- † Support for Insurance & Employee Benefit Plan changes outlined within DD report
- † Certificates and Auto ID Cards
- † Premium finance options
- † Premium allocations
- † Support for setup & integration of any 3rd party claim service providers
- † ERM-14 documentation support

ONGOING PORTFOLIO MANAGEMENT

- † Preparation for board meetings
- † Comparison of rates & limits
- † Budgeting
- † Portfolio-wide insurance programs
- † Stewardship reports
- † Claim trend analysis & risk control support/implementation
- † Add-on & divestiture transactions
- † News & Insights
- † Contract Review Services & Solutions

DILIGENCE AND REPS & WARRANTIES TIMELINES



Reps & Warranties Timeline

Phase I Underwriting (~3-5 days)

1. Submission: (1) CIM, (2) Purchase Agreement, (3) Financials
2. Obtain initial Non-Binding Indication Letters
3. Incorporate Reps & Warranties offering into process
4. Select insurance underwriter(s)

Phase II Underwriting (~1-2 weeks)

1. Grant data room access
2. Provide all advisor / due diligence reports
3. Conduct underwriting call
4. Complete negotiation of deal specific exclusions
5. Negotiate and finalize policy



TRANSACTIONAL LIABILITY



WHY PURCHASE REPS & WARRANTIES INSURANCE?

In an increasingly aggressive M&A landscape, Representations & Warranties Insurance (R&W) provides private equity fund managers, strategic/corporate buyers, risk managers and other stakeholders with a risk mitigation solution for uncertainties surrounding the M&A process. Available to Buyers or Sellers, R&W policies provide protection against financial loss, including defense costs, for certain unintentional and unknown seller breaches in the context of a purchase agreement.

1. **Efficiently Close the Transaction** – R&W insurance can be a tool to reduce or eliminate escrow in an M&A transaction.
2. **Maximize Available Indemnification** - Allows buyer to avail themselves of increased indemnification and survival periods than traditionally afforded by a seller.
3. **Allow for Smooth Transition** – In the event of an alleged claim, after an intense M&A process the parties may shift indemnification obligations from seller, target and/or management team to an insurance carrier.
4. **Assist in the Auction Process** – Over time, an offer to procure R&W has become commonplace in an M&A transaction and may aid in helping to pre-empt auction processes.
5. **Mitigate post-close Solvency concerns** – If seller is a smaller business that will cease to exist post-close, R&W insurance provides comfort there will be an accountable party to pursue claims against.

REPS & WARRANTIES – WHAT IS AN R&W POLICY?

WHAT A REPS & WARRANTIES POLICY IS:

- + An R&W insurance policy provides financial cover to the insured in the event of a breach of a representation or warranty in an underlying purchase agreement.
- + An R&W insurance policy is a mechanism to reduce Seller's indemnification cap and survival periods, but still afford appropriate levels of protection to Buyers.
- + An R&W insurance policy can help facilitate deals by transferring risk to an insurance carrier(s) that would otherwise be allocated between the parties.
- + An R&W insurance policy may also afford Buyer a broader scope of representations in the agreement than in a non-insured deal.
- + An R&W insurance policy may be used by **CORPORATE BUYERS, PRIVATE EQUITY FIRMS or PRIVATE SELLERS.**



WHAT TO EXPECT FROM AN R&W POLICY

TERMS & CONDITIONS:

- + **Limits** – Typically purchase Limits amounting to 10% of Total Enterprise Value (“TEV”)
- + **Pricing** - Premium ranges from 3.75% - 4.25% of Limits placed. Additionally, \$25k - \$55k non-refundable underwriting fee plus Surplus Lines taxes
- + **Retention** – Typically ~1% of TEV. May be borne by combination of Buyer and Seller
- + **Policy Period** – 3 Years General Reps / 6 Years Fundamental Reps
- + **Coverage** – Buy Side and Sell Side policies available. Customizable for each transaction

Standard Policy Exclusions

Matters known to deal team	Uninsurable Fines & Penalties	Pension Funding
Asbestos / PCB's	Value of Deferred Tax Assets	Forecasts & Forward-Looking Statements
	Purchase Price Adjustments	

Potential Deal Specific Exclusions

Environmental	Pre-Sale Corporate Restructuring	Product Liability
FLSA / Wage & Hour	Cyber / Data Security	Product Recall
	Validity of S-Corp Election	

R&W – HOW IT WORKS

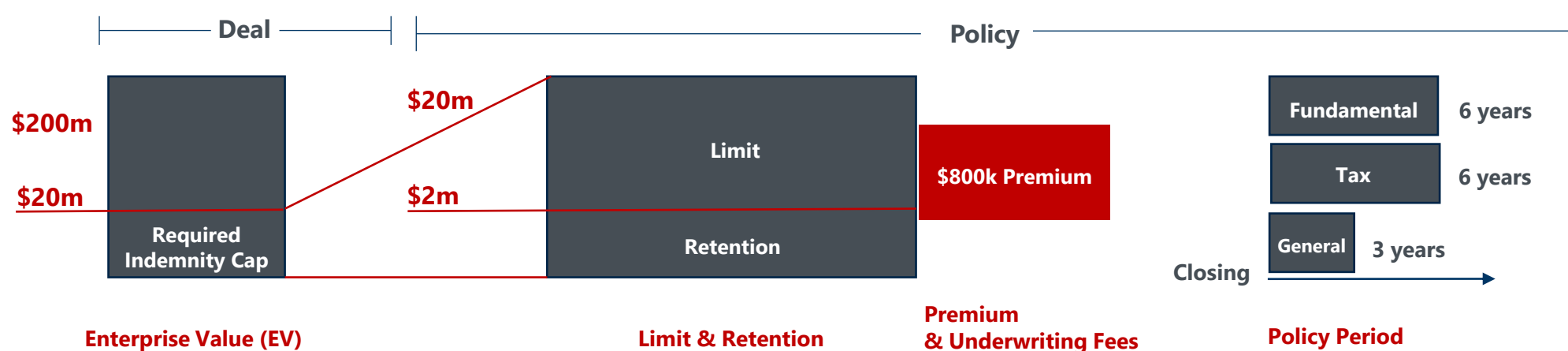
CASE STUDY: BUY-SIDE R&W INSURANCE USED TO ENHANCE OR PRE-EMPT AUCTION BID

The Facts: Buyer is competing in an auction with several other financial or strategic bidders. Buyer seeks to distinguish its bid (or pre-empt the auction process). Seller is looking to minimize indemnification obligation and/or survival of reps.

The Issue: Buyer seeks to acquire the target but needs post-close recourse for potential breach of Seller reps – and potentially support a lender’s credit assessment.

The Solution: BUY-SIDE R&W Policy allowing Buyer to purchase the asset and Sellers to maximize amounts distributable at close.

- + **Limit:** ~10% of purchase price/TEV to mirror a traditional escrow
- + **Retention:** ~1% of purchase price/TEV. SIR obligation can be borne 50/50 between Buyer & Seller
- + **Premium:** ~3.75% – 4.25% of Limit placed
- + **Policy Period:** 3 Years General Reps / 6 Years Fundamental Reps



R&W UNDERWRITING TIMELINE



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Protecting assets. Making a difference.