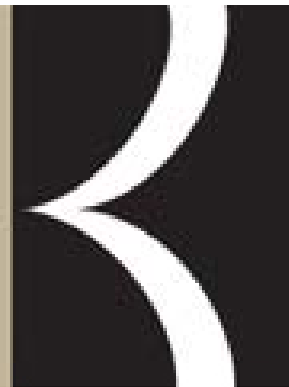


KNIGHTBROOK
INSURANCE COMPANY™



KnightBrook Insurance Company

KNIGHTBROOK
INSURANCE COMPANY™



- **Delaware domiciled Admitted Insurance Company**
- **Rated A-, FSC VI**
- **\$26.7 M in Surplus**
- **Admitted in 43 States; New States Continue to be Added**

KnightBrook Programs Office

KNIGHTBROOK
INSURANCE COMPANY™



Knight Management Insurance Services, LLC

- **Los Angeles Headquarters**
- **Program Underwriting**
- **Short Time to Decision and Execution**
- **Innovative Technology**
- **Flat Management Structure**
- **Multi-Industry Professionals**

KnightBrook Reinsurance

KNIGHTBROOK
INSURANCE COMPANY™



Knight Insurance Company, Ltd.

- **Cayman Domiciled Reinsurer**
- **Rated A-, FSC VII**
- **\$51.6 M in Surplus**
- **Well Capitalized and Supported**
- **Prudent Reserving Philosophy**
- **Historically Favorable Underwriting Results**

The Hankey Group



- **The Hankey Group is a Financial Services, Real Estate, and Insurance Organization with Roots in the Automobile Dealership Industry.**

- **Highlights:**

- **Assets:** \$1.5 Billion +
- **Owner's Equity:** \$663 Million
- **2010 Revenue:** \$549 Million
- **Employees:** 1600 +



Value Proposition



KnightBrook is a premier specialty insurance company underwriting profitable niche program business.

- **Focused execution of profitable program opportunities**
- **Ability to rapidly deploy new products and programs**
- **Focus on automotive and casualty specialty insurance products**
- **Leading writer of commercial auto and auto finance insurance products**
- **Robust technology**
- **Reputation of trust and empowerment to our strategic partners**



PROGRAM UNDERWRITING MANAGEMENT



Program Underwriting

KNIGHTBROOK
INSURANCE COMPANY™



- **Flat Management Structure**
 - Entire program staff is en suite
- **24 Hour Initial Decision Making**
 - “Deal or No Deal” Underwriting Tool
- **Clear Lines of Communication**
- **Rapid Time to Deployment**
 - In House Contract Review
 - Robust Technology with In-House IT Company
 - Effective Rate and Forms Filings
- **Focus and Execution!**



Program Underwriting

KNIGHTBROOK
INSURANCE COMPANY™



KnightBrook has implemented a 9 STEP program underwriting protocol to ensure the quality of insurance programs and products, and to ensure that profit objectives are met.



Program Underwriting



1. Quantitative Review

- Run “Deal or No Deal” to see if program, as presented, returns 30% ROI.

2. Qualitative Review

- Develop a general understanding of the Product and Program.
- Get to know the people involved in the transaction. Research background and references.
- Ensure technological capabilities.

3. Program Structure

- Define and agree upon an acceptable program structure (deal points) and develop agreements.

4. Form Development/Approval

5. Rate Making/Approval

6. State Filings

7. IT & Accounting Integration

8. Claims Communication

9. Performance and Results

Analysis



Quantitative Review Process

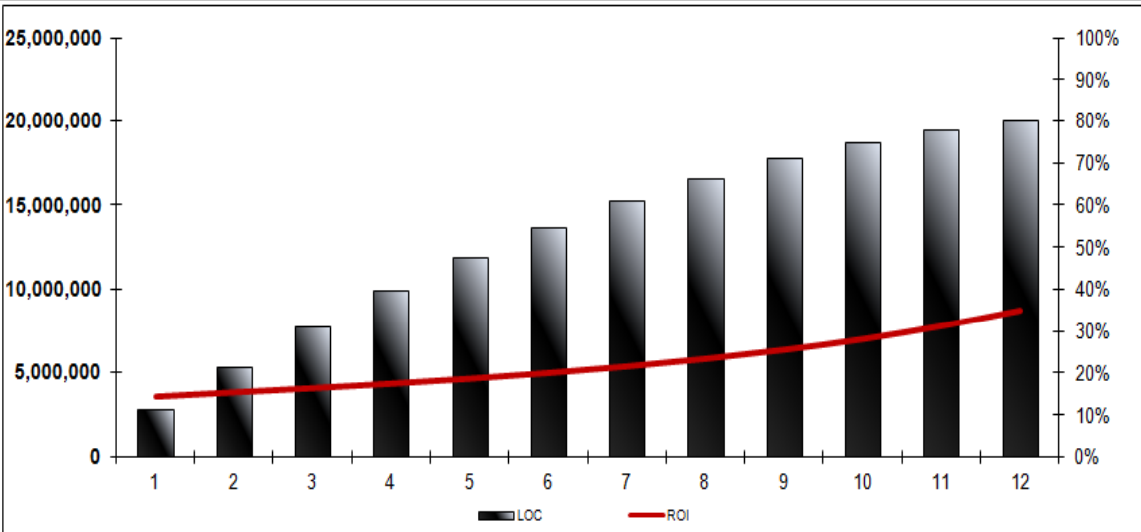


DEAL OR NO DEAL



Unpaid Loss LOC **100%**
 Unpaid Loss LOC **100%**
 Earning Premium Term
 1-month 24-months
 3-month 36-months
 6-months 48-months
 12-months 60-months
 72-months
 Fronting Carrier Selection
 KIC KBIC
 Full Cash Rec'd Cash Installments
 Re Selection
 Quota Share 750K x 750K 500K x 500K 250K x 750K

Net Premium	24,000,000
Mo. Premium	2,000,000
LR	50.00%
ER	30.00%
COMB. RATIO	80.00%
UW MARGIN	20.00%
<input type="checkbox"/> Sliding commission ON if Checked	
Quota Share	
Knight	100.00%
Partner	0.00%
Re Cost to EXP Ratio	
750k x 750k	8.0%
500K x 500K	0.0%
250K x 750K	0.0%



	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Mo Cash Receipts	15%	24%	32%	41%	49%	58%	66%	75%	83%	92%	92%	92%
Premium	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Profit	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
Cum Profit	400,000	800,000	1,200,000	1,600,000	2,000,000	2,400,000	2,800,000	3,200,000	3,600,000	4,000,000	4,400,000	4,800,000
LOC @ Maturity	2,795,250	5,385,750	7,771,500	9,952,500	11,928,750	13,700,250	15,267,000	16,629,000	17,786,250	18,738,750	19,486,500	20,029,500
Cash Flows	-	171,917	424,750	758,500	1,173,167	1,668,750	2,245,250	2,902,667	3,641,000	4,460,250	5,360,417	6,222,500
Net Funded LOC	2,795,250	5,213,833	7,346,750	9,194,000	10,755,583	12,031,500	13,021,750	13,726,333	14,145,250	14,278,500	14,126,083	13,807,000
Additional Fees												
Cum Fee												
Total Mo Profit	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
Total Cum Profit	400,000	800,000	1,200,000	1,600,000	2,000,000	2,400,000	2,800,000	3,200,000	3,600,000	4,000,000	4,400,000	4,800,000
ROI	14.3%	15.3%	16.3%	17.4%	18.6%	19.9%	21.5%	23.3%	25.5%	28.0%	31.1%	34.8%
												DEAL!

Our Program decision-making tools permit quick and focused determination of program feasibility, before time and money is spent on extensive due diligence.

Threshold Issues



- **Internal Hurdle Rate is 30% ROI.**
 - Calculated based on underwriting profit over capital allocated per program.
 - Generally requires programs with a combined ratio of 88% or less.
 - Traditional Program Types that Don't Work: CAT; Worker's Comp; Construction Defect
- **Rate Making and Approval relies heavily upon historical loss performance.**
- **Profit contingencies are used to further ensure that profit objective will be met.**
- **Technological Ability is a must.**



Focus & Execution!



Thank You!



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