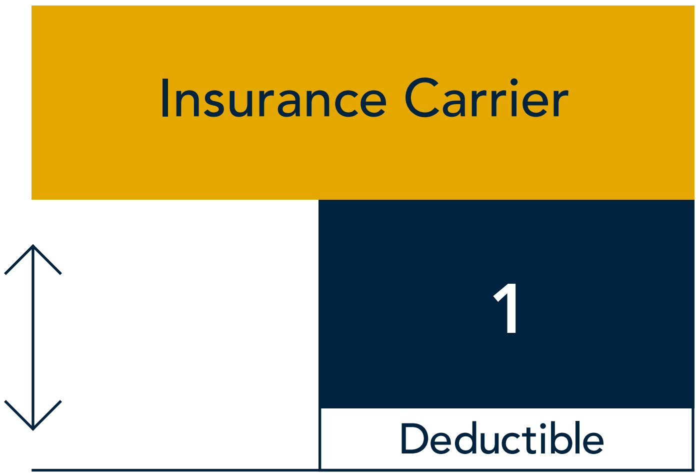
CHIMERA vs Traditional Buydowns - We Have Options

#1



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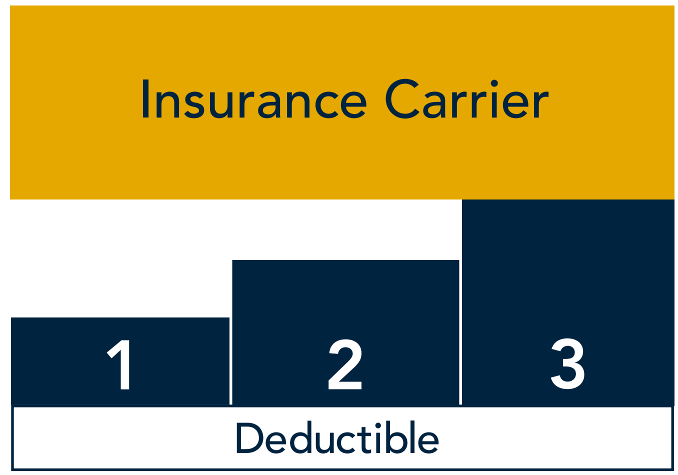
In the traditional buyback method, the deductible can only be reduced by purchasing a deductible buyback policy. This policy requires the insured to fund for the entire line of coverage, from the overlying deductible all the way down to the deductible they are comfortable with. This can make things very expensive as overlying deductibles increase.

#2



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With Chimera, the insured can purchase their limit from the bottom up rather than the top down. They can also have flexibility in their overlying deductible and potentially explore carriers they haven't in the past, because they mandated a higher wind attachment.

Example 1 - Allowing Flexibility of Overlying Carrier

We offered the below McGowan Buydown options. This allowed them to increase their overlying while maintaining front end wind/hail coverage. They were also able to utilize carriers that could not provide a 2%, but could provide a 3% and 5%.

TIV: $37,797,100

Traditional:

d/b 2% and USD 50,000 (max rec USD 705,942) @ 78,000 after tax

Chimera:

d/b 3% and USD 50,000 (max rec USD 500,000) @ 67,200 after tax
d/b 5% and USD 50,000 (max rec USD 500,000) @ 70,350 after tax

Example 2 - Allowing Flexibility of Budget

Insured has $1,000,000 wind deductible
Client wanted a measurable retention but had limited budget. Budget 50,000

Traditional wind buydown:

$990,000 xo $10,000 - $99,000 premium does not meet budget
$500,000 xo $500,000 - $50,000 premium not worth paying for as insured still has high deductible

Chimera:
$400,000 xo $10,000 - $50,000 premium insured hits budget, yet maintains front end coverage. They would self insure $590,000 xo $410,000 but still have coverage where it matters most