

APPENDIX 1 TO SCHEDULE 2A OF THE INSURANCE REGULATIONS, R.R.A. I16-1**PRODUCER AFFILIATED RE-INSURANCE COMPANY (“PARC”)****BUSINESS PLAN**

1	Full Name of Applicant PARC	
2	Purpose of the PARC inclusive of specific proposed activity	
3	Name and address of the producer (i.e. the entity whose business will be insured with the Primary Insurer before being re-insured with the PARC)	

4	Beneficial Owners: (Please list each shareholder of the PARC. Where the shareholder is not an individual, please attach the complete ownership structure and include the name and address of the individual(s) who will ultimately own the PARC.)		
	Name	Address	Number of Shares
	(a)		
	(b)		
	(c)		
	(d)		
	(e)		
	(f)		

5a	Class(es) of re-insurance business to be carried on by the PARC and the Primary Insurer(s) of the business. If not listed below, please describe under “Other”.			
	Class of Re-insurance	X	Primary Insurer(s) (Any future change of Primary Insurer requires the Commission’s prior approval)	Rating
	(i) Credit Life			
	(ii) Credit Accident & Health			
	(iii) Credit Disability			
	(iv) Product Service Contract / Warranty			
	(v) Guaranteed Asset Protection			
	(vi) Insured Finance Reserve			
	(vii) Involuntary Unemployment			
	(viii) Mortgage Guarantee			

	(ix)	Other (State)		
	(x)			
	(xi)			

5b	Insurance Manager name, address and telephone number:
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5c	A description of the Policies to be written and their characteristics (how exactly will they operate). A specimen copy of the policies intended to be issued should be attached as an appendix.
5d	A description of how the premium will be earned, i.e. the method to be used in calculating the unearned premium reserve.
5e	What is/are the anticipated claims (loss) ratio(s) with an explanation of how each was derived (sufficient to explain the rationale for percentage assumed).
5f	An explanation of how any conflicts of interest will be addressed, including the particulars of any disclosure to be provided to customers of the producer about the re-insurance structure and its financial benefits for the producer.

6	Please provide a brief outline of the nature and workings of the intended re-insurance arrangements of the PARC including a copy of all proposed Re-insurance Treaty arrangements. The outline of the re-insurance arrangements would be expected to include the following:
	(a) Confirmation that the ceding Primary Insurer has the responsibility for:
	i. Reporting the re-insurance in force.
	ii. Determining the unpaid premiums, incurred claims and other balances generally.
	(b) For re-insurance risk to be ceded by the PARC, an indication of the way in which risk will be transferred (proportional or non-proportional), the retention limits and Treaty capacity.
	(c) If the PARC will not be ceding re-insurance risk, justify this bearing in mind maximum retention indicated in 7 below, PARC's level of capitalization and exposure, etc.

7	An overview of how the PARC will operate, be managed, maximum business risk retention, etc.
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8	An overview of the investment policy as approved by the board of directors indicating:
	(a) diversification by type
	(b) any limits or restrictions on the amount that may be held in each of financial instruments, property and receivables
	(c) the basis for valuing assets which are included in the financial reports
	(d) the safekeeping of assets
	(e) appropriate matching of assets and liabilities
	(f) liquidity

9	Projected outcome of the business over the first 5 years of operations. Attach an appendix showing first five (5) years' projections (supplemented with such explanatory notes as may be required) covering:
(a)	The projected levels of capitalization
(b)	Anticipated premium income (from various categories if applicable)
(c)	Other income and expenditure
(d)	Assets, liabilities
(e)	Anticipated risk exposure and asset base at the end of each year
(f)	The anticipated solvency margins

10	Any special circumstances or peculiarities of the Applicant PARC or of its intended modus operandi of which the Commission should be aware.
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_____ (signature)

Date _____

Insurance Manager/Director of Licensee