

SMART CHOICE AGENT SPECIALTY INSURANCE PROGRAM



Executive Summary

A platform like no other in the Hospitality Insurance Industry, RMS-HG provides a solution to the insurance agent/broker community for hospitality risks with an insurance program that offers comprehensive and flexible coverage forms at competitive premiums.

A Marketplace Specialty Hospitality Insurance Program

- Provide a unique insurance product for difficult to place hospitality risks
- Nightclubs, Adult nightclubs, Live music venues, Bars & taverns, Lounges, Sports bars acceptable with 100% liquor sales
- Competitive rates in all segments
- Comprehensive & flexible forms including liquor liability coverage and assault & battery
- Strengthen Smart Choice membership satisfaction & allegiance with a unique insurance program

“An idea that works” RMS Insurance Brokerage dba RMS Hospitality Group/RMSHG is pleased to have this opportunity to propose a unique hospitality program to Smart Choice agents.



Executive Summary

Through this venture, our objective is to:

- Provide product to Smart Choice agents for difficult to place hospitality risks.
- Provide in house attorney expertise & dedicated claims adjusters to fight frivolous claims.
- This opportunity envisions Smart Choice enhancing agent membership through the marketing of the RMSHG insurance product.
- With the combination of RMSHG insurance professionalism and Smart Choice distribution, we will achieve our objectives. In the pages that follow, you will find the support to this claim through our Rationale and Strategic Advantages outline and our corresponding resource capabilities.



Rationale & Strategic Advantages

- **Expansion of Client Benefits** - This venture will allow Smart Choice to offer a very important/unique product to their agents, with no direct cost or strain on Smart Choice resources.
- **Increase Membership & Strengthen Agent Allegiance** – Attracts P&C agents to join Smart Choice and access insurance programs. Also, agent relationships will be enhanced, thereby making Smart Choice the benefactor of an increased level of agent satisfaction.
- **Highly Experienced Insurance Professionals** – Our professional staff has decades of experience in running successful insurance brokerage firms for both insurance retail and managing general agencies. RMSHG A+ Insurance Carrier, who entrust RMSHG with their “pen” to act as their underwriting arm.
- **New Revenue Stream for Smart Choice** – Marketing Fee revenue stream to Smart Choice for its assistance marketing the exclusive insurance product to its agents, agencies.



Products

RMS HG, RMS Hospitality Group provides an MGA powered program for Nightclubs, Adult Nightclubs, Live Music Venues, Sports Bars, Bars & Taverns, Comedy Clubs, Lounges, Family & Casual style restaurants.

RMS Hospitality Group has the “pen” to rate, quote, and issue policies on behalf of A XV Best Rated Insurance Companies. Competitive rates & comprehensive coverage.

- Zero (0) deductible, ground up General Liability coverage
- Can quote 100% liquor sales
- Property = Agent/ broker specifications
- Workers comp = Coverage A&B



Products

| Products | Limits |
|--------------------------|---------------------------------------|
| General Liability | \$1MM/\$2MM |
| Liquor Liability | \$1MM/2MM |
| Assault & Battery | Optional limits available up to \$1MM |
| Non-owned & Hired | \$1,000,000 |
| Products & Completed Ops | \$2,000,000 |
| Personal & Advertising | \$1,000,000 |
| Excess Liability | Up to \$25,000,000 available |



Who We Are Organization Overview

RMS Hospitality Group – A Division of RMS Insurance Brokerage, LLC

- For over 20 years, RMS Insurance Brokerage, LLC has been serving the insurance needs of the hospitality industry.
- RMS became the largest agent insuring McDonald's Franchisees nationwide. After 16 years, it sold its McDonald's division to Wells Fargo Insurance Services.
- RMS Insurance Brokerage, LLC hospitality division expanded its expertise with its exclusive Nightclub, Adult Nightclub, Live Music Venues, Lounges, Etc. RMSHG has the "pen" for two highly rated "A +" insurance carriers where RMSHG acts as the underwriter directly for the carriers.

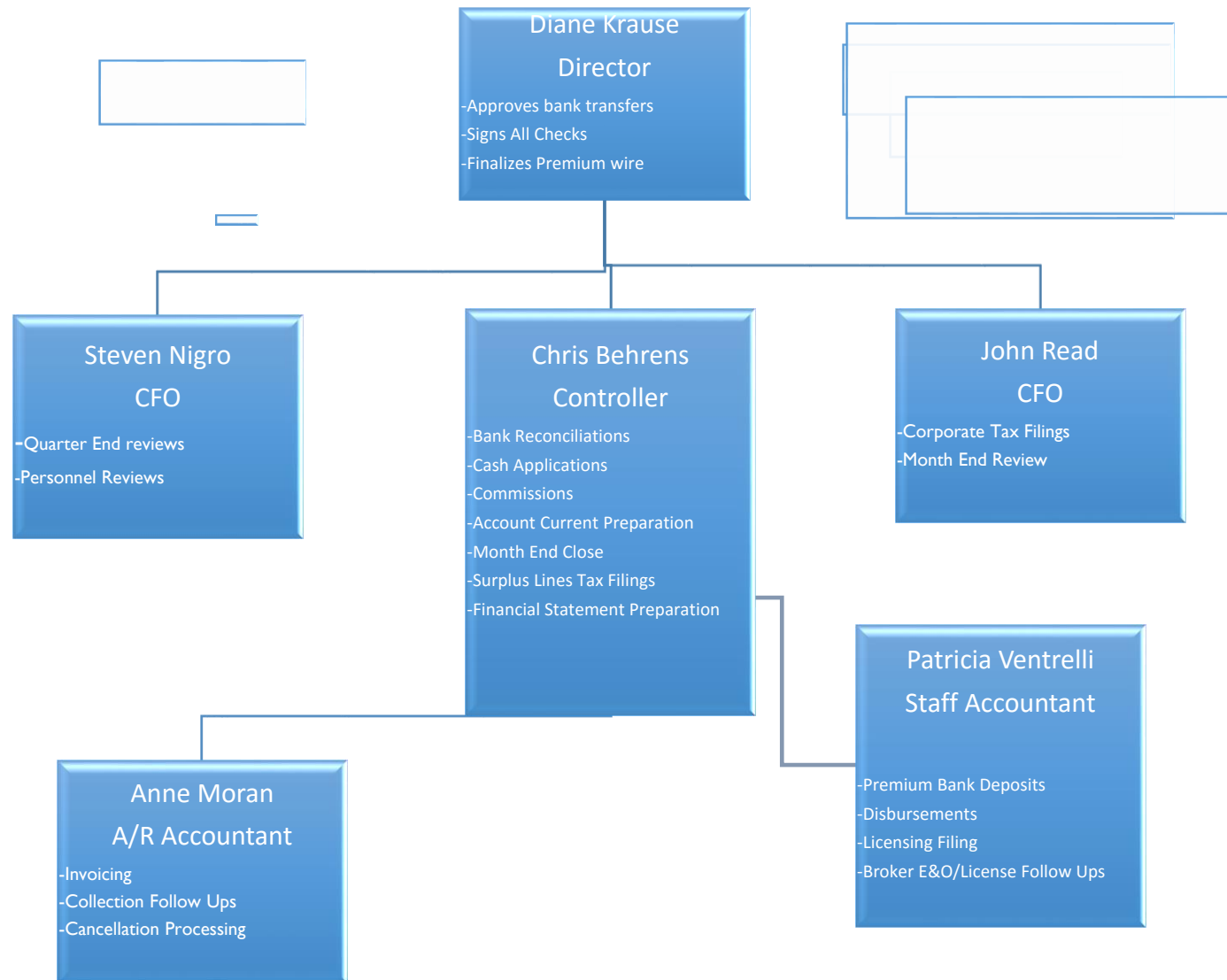


Who We Are

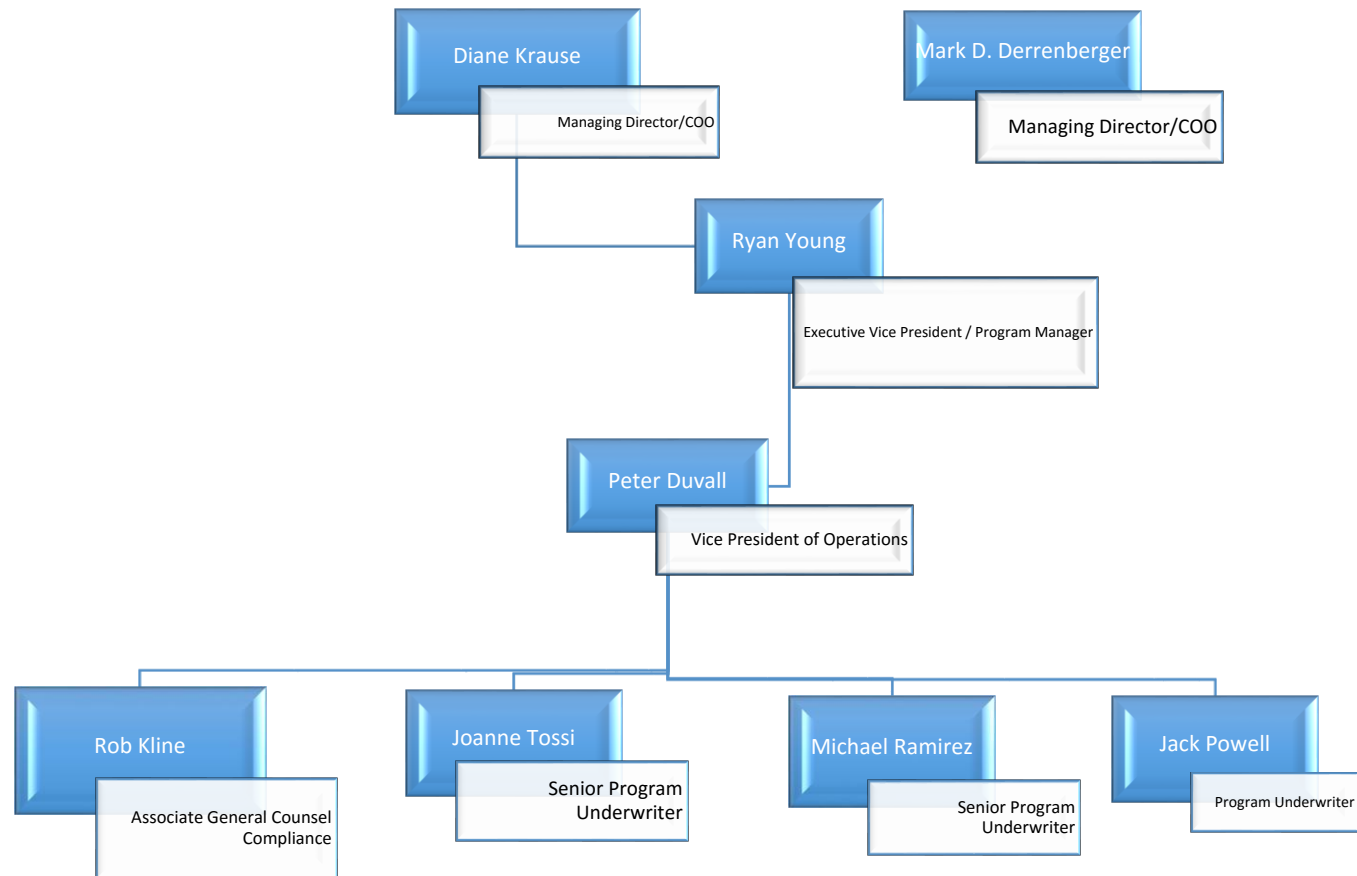
- The agency's dedicated service staff is licensed in every state and committed to heroic service. Our office is a highly automated operation that keeps abreast of the continual changes in the insurance industry with 'in-house' counsel specifically as it relates to the dram laws in each venue.
- It is important for us to let you know who we are, what we offer, and how we will help protect the assets of member's insurance clients with comprehensive and competitive insurance products coupled with "heroic" customer service.



Accounting



Underwriting



Insurance Company

- **MUNICH RE:** utilizes its subsidiary and wholly owned entity **The Princeton Excess and Surplus Lines Insurance Company (PESLIC), A + XV** which is domiciled and admitted in the state of Delaware. PESLIC is a domestic surplus lines carrier and is authorized to write in all of the United States of America and the District of Columbia.
- The company writes predominantly commercial lines insurance as permitted by the surplus lines laws. Business can only be accepted from licensed surplus lines producers. Coverages can include casualty, property, management liability, general liability, professional liability, and umbrella and excess casualty.
- PESLIC is rated A+, XV (Superior) by A.M. Best Company and has an insurer financial strength rating of AA- (Very Strong) from Standard & Poor's.
- **American International Group (AIG) Financial Rating AXV**
 - AIG utilizes its subsidiary and wholly owned entity **Lexington Insurance Company, AXV**, which is domiciled in the U.S. writing commercial, property & casualty business on a non-admitted basis.



Member Benefits

Service Value Proposition

- Dedicated Insurance Team that has decades of experience insuring nightclubs, adult nightclubs, live music venues, lounges, sports bars, and pubs & taverns nationwide.
- RMSHG has a team of “in-house” attorneys with expertise in dram (Liquor Liability) and assault & battery cases.
- RMSHG has a dedicated team of licensed claims adjusters experienced in the hospitality space.
- RMSHG licensed claims adjusters fight frivolous claims and the special investigation units monitor the claims for potential fraud.
- Its partner company, SKOPENOW, LLC scours the internet of the claimants as part of its potential fraud investigation. www.skopenow.com
- The aggressive approach we take on frivolous and fraudulent claims is a member benefit that will ultimately reduce insurance costs to clients of Smart Choice Agents.



Member Benefits

Smart Choice Benefits Customer Benefits

- Smart Choice Benefits
 - Increase membership & strengthen agent allegiance – A unique product for the Smart Choice platform that will develop an increased level of agent satisfaction
 - New Revenue Stream for Smart Choice
 - 1% commission of policies placed with RMSHG for the first \$200,000 in annual premium for GL/LL/A&B
 - 2% commission on the placements with RMSHG excess of \$200,000 with RMSHG excess of \$200,000 in annual premium for GL/LL/A&B



Agent Benefits

Smart Choice Benefits
Customer Benefits

- P&C Agent Benefits
 - RMSHG, the product does not stop after you bind your insurance policy. We offer a truly distinct and complete level of service from underwriting to claims. Our team of underwriters, adjusters, claim staff and panel counsel provide the complete package unlike anything in the industry.
 - **UNDERWRITING:** Our underwriters not only have years of traditional market experience but are also well versed in claims handling practices. Uniquely, RMSHG is our view that underwriting does not occur in a vacuum. Rather, there are business and legal factors tugging and pulling on every risk they see. Each risk quoted is viewed with an underwriter's eye and well as an adjuster's eye to ensure proper rating and profitability. We are uniquely RMSHG.



Agent Benefits

Smart Choice Benefits
Customer Benefits

- **CLAIMS:** Our claims handlers not only assist our underwriting team but offer extraordinary claims and legal service. Uniquely RMSHG is the freedom to think outside the box. The claims department is not solely guided by stale and age old principles of claims handling. Instead we are driven by the desire to prevent insurance fraud and assert the insureds right to justice. We have our insureds back in an industry fraught with frivolity. We are uniquely RMSHG.
- **PANEL COUNSEL:** Our attorneys are experts in this field. Uniquely RMSHG it is our view that our panel counsel serve a key and integral part of complete service. We emphasize the importance of staying on the cutting edge of the laws that effect you. Knowledge and experience is paramount at RMSHG as sets us apart in the niche market. We are uniquely RMSHG.



Additional Agent Benefits

Smart Choice Benefits Customer Benefits

- Commissions to Smart Choice Agents
 - 10% New Policies – GL/LL/A&B
 - 10% Renewal Policies – GL/LL/A&B
 - 7% New Policies – Property
 - 7% Renewal Policies – Property
 - 5% New & Renewal – Workers compensation
- Service Support to Smart Choice Agents
 - An experienced professional underwriting staff
 - Quotes, with all necessary underwriting info can be turned around in 24hrs if needed.
 - In-house RMS Legal Staff highly experienced in Dram Shop and Assault & Battery
- Ownership of Book of Business
 - Smart Choice agents own the expirations



Additional Agent Benefits

Smart Choice Benefits Customer Benefits

- Smart Choice Agent Customer Benefits
 - A unique insurance product with A XV carriers
 - Competitive pricing
 - Flexible forms
 - Zero (0) General Liability Deductible
 - Risks with liquor receipts 100% of sales are acceptable.
 - Aggressive claims staff to fight frivolous claims and provide an accurate loss picture for the customer



RMSHG Program

Examples of P&C Agent Success Stories

- Large multi-location Massachusetts insured that was effected by carrier liquation places policy with RMSHG when no other MGA/Carrier would assist. Our flexibility and knowledge uniquely positioned RMSHG to quote and bind an account that would have been impossible for others. Broker was able to increase revenue by 10%.
- Arizona broker, who placed 80% of regional business with specific hospitality carrier was blindsided by carrier pulling out of market due to loss history. Carrier had provided coverage at such a low rate there were very few markets prepared to write business at this time. RMSHG stepped up to assist broker in placing his business. Broker then partnered with RMSHG and rolled over book of business thus saving brokers business and reputation in market. RMSHG's flexibility and agility to change based on market conditions was key to the success of assistance this broker.



Management
Mark D. Derrenberger

President & CEO

Mark D. Derrenberger – President / CEO

- Mark D. Derrenberger is a Co-owner of RMS, a Restaurant Specialty, MGA, Consultant/Broker and is also President and CEO of Club Agency, a Personal Lines MGA. From 1996 to 2002 he served as President and CEO of The Whitmore Group. He has over 28 years of experience in the insurance industry and financial services field. Prior to that, Mr. Derrenberger was Senior Executive Vice President of Calvin-Miller, a division of The Whitehall Financial Group with overall responsibility for its marketing, risk management, real estate, and parent company mergers and acquisitions in life insurance, mortgage banking, chemical manufacturing, and oil and gas.
- Mark has first hand experience in the restaurant/bar industry as an owner and board member of DEG dba Brother Jimmy's Restaurant chain.



Management
Mark D. Derrenberger

President & CEO

Mark D. Derrenberger – President / CEO

- Mr. Derrenberger attended the College of Insurance (St. Johns University) and Michigan State University, and holds a bachelor's degree in Business Administration.
- Board Member of IOAB = Bethpage Federal Credit Union Insurance Entity. New York's Largest Credit Union.
- Co-Founder SKOPENOW. A tech software company specializing in identifying subjects of interest social media profiles for insurance company SIU and Claims units.



Diane Krause - Chief Operating Officer RMS

- Diane Krause is co-owner and COO of RMS Insurance Brokerage, LLC and its related entities.
- Diane produced a national insurance program for the McDonald's franchisees in 1993 and was able to obtain a McDonald's Corporate Vendor approval to become one of 5 insurance broker vendors to insure its franchisees nationwide. As an MGU the RMS McDonald's Program grew to over \$50million and 5000 locations in profitable premium prior to the sale Wells Fargo Insurance.



Diane Krause - Chief Operating Officer RMS

- Ms. Krause also is the President & CEO of CCS Adjusters, Inc. “(CCS)” a boutique Third Party Administrator and Field Investigation firm. CCS was contracted as a claims consulting firm on the McDonald’s Program. It also consulted on the selection of the national TPA’s to handle the program.
- Co-Founder SKOPENOW. A tech software company specializing in identifying subjects of interest social media profiles for insurance company SIU and Claims units.

Management
Ryan Young
Vice
President/Program
Manager

Ryan Young – Vice President/Program Manager for RMS

- Ryan Young, Esq. is the Vice President/Program Manager for RMS Hospitality Group and its affiliated hospitality entities. Prior to his current role he was a trial attorney for several large national and international commercial liability carriers as both panel and in-house counsel. Ryan has practiced in areas of commercial liability, medical malpractice and bankruptcy representing both defendants and plaintiffs. His legal and claims handling expertise leaves him uniquely positioned to assisted program members to aggressively defend their business.



Management
Ryan Young
Vice
President/Program
Manager

Ryan Young, Esq. is the Vice President/Program Manager for RMS

- Ryan has extensive experience in the areas of civil hospitality litigation including expertise in national dram shop and assault & battery claims defense. His knowledge and aggressive claims handling model assists program members in navigating the ever changing legal landscape.
- Ryan received his law degree from the University of Baltimore School of Law and his Bachelor or Arts degree from Randolph Macon College in Ashland, Virginia.

