South Carolina

Coastal Property Insurance

Forum

November 29 – 30, 2001

Embassy Suites Hotel
Convention Center/Coliseum
North Charleston, South Carolina

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South Carolina Department of Insurance

300 Arbor Lake Drive, Suite 1200
Columbia, South Carolina 29223

Mailing Address:
P.O. Box 100105, Columbia, S.C. 29202-3105
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MARK SANFORD
Governor

To: Interested Parties – South Carolina's Coastal Marketplace:

Thank you for taking time out of your busy schedule to visit the Department's website concerning coastal property insurance. We appreciate your interest in South Carolina's improved insurance marketplace. Our state offers many great opportunities for business, and our southern hospitality extends well beyond a friendly handshake. At the end of this tour of business opportunities available within this website, we hope you find that your time was well spent and a worthwhile investment for your company.

On November 21, 2001, the South Carolina Department of Insurance partnered with insurance agent associations and insurer representatives to sponsor a Coastal Property Insurance Forum. The purpose of the Forum was to bring to insurers attention the many positive opportunities for conducting business in our friendly regulatory environment. South Carolina's coastal property insurance system has undergone many positive changes during the past few years, to include some of the most comprehensive legislative changes in the automobile and property insurance markets. Industry's feedback indicates that those changes have improved the insurance marketplace for consumers, agents and companies. We believe you will find the information contained in this website a great resource for your company. Videotape is available at the Office of Independent Insurance Agents of South Carolina at 1-803-731-9460.

On behalf of Governor Mark Sanford, the citizens of South Carolina, and members of South Carolina's insurance industry, thank you for considering South Carolina as a place to conduct your property insurance business.

Sincerely yours,

Director of Insurance

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South Carolina Coastal Property Insurance Forum

Sponsored By:

The State of South Carolina Department of Insurance

SC Wind & Hail Underwriting Association

Independent Insurance Agents of SC

Independent Insurance of Horry County

Independent Insurance of Greater Charleston

Independent Insurance of Beaufort County

The Professional Insurance Agents of SC

The National Association of Independent Insurers

The American Insurance Association

The Alliance of American Insurers

South Carolina Insurance News Service

SC Association of Auto Insurance Agents, Inc.

Johnson & Johnson, Inc., Managers

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South Carolina Coastal Property Insurance Forum

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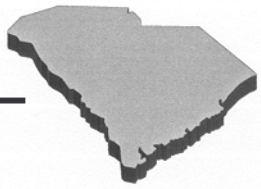
Section 1

Executive Summary



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The South Carolina Coastal Property Insurance Forum was sponsored by the South Carolina Department of Insurance, insurers transacting all lines of property and casualty insurance business within this state, and insurance trade and agents' associations.

The purpose of the Forum was to provide information to insurers concerning some of the positive legislative and regulatory changes made in South Carolina's property insurance marketplace. We hope the exchange of information resulted in greater insurer participation in South Carolina's property insurance market to meet the growing needs of our business and residential communities.

Over the past ten years, the population in South Carolina's coastal region has increased significantly. Recent census data reflects that the coastal population has grown in excess of 162,000 residents. Consequently, both the value of property increased and the growth in population had a direct impact on the ability of South Carolina's property insurance markets to increase the demand from consumers.

As part of the Department's efforts to attract additional markets to the coastal areas of the state, the Forum highlighted those positive legislative and regulatory changes that have been enacted within recent years in South Carolina.

The Forum was presented in two sessions. The first session featured presentations from industry representatives. The topic areas included:

- Property reinsurance availability in South Carolina's marketplace;
- Regulatory environment in South Carolina;
- Operations of the South Carolina Wind and Hail Association;
- Building codes enforcement in South Carolina; and
- Alternative risk markets available in South Carolina.

The second session focused on specific questions from the industry regarding South Carolina's marketplace.

Key executives representing top property insurers writing insurance in South Carolina along with reinsurer representatives discussing opportunities for insurers to conduct business in South Carolina.

This program book summarized some of the regulatory changes to South Carolina's automobile insurance system; the South Carolina's Workers Compensation insurance market; and key contact persons within our state's property insurance marketplace.

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Section 2

Panel Participants

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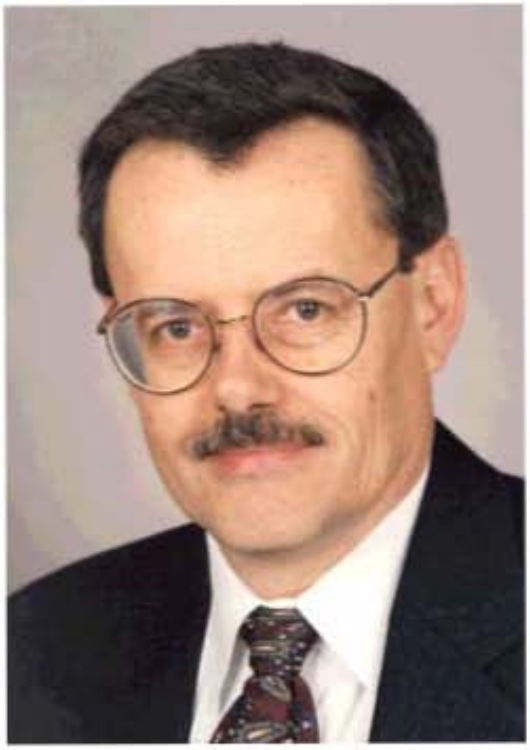

James Ament

Vice President – Operations

State Farm Fire and Casualty Company

State Farm Fire and Casualty Company is the property insurance affiliate of the State Farm Group. Mr. Ament chairs State Farm's Catastrophe Resource Group which advises senior management of State Farm on catastrophe insurance issues. He also participates in policy development of catastrophe insurance related issues both within State Farm and with other interested groups.

He has been in the property insurance business more than thirty years, all with State Farm. He started his career as an underwriter, spent several years drafting property insurance policy language, and twenty plus years handling State Farm's non-auto state regulatory rate and form filings. He has been in his present role since 1994.

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Cliff Butler

Assistant Field Vice President

Allstate Insurance Company

Cliff Butler is Assistant Field Vice President of the Southeast Regional Office of Allstate Insurance Company. He is responsible for generating profitable growth and increased market share of Allstate's property/casualty and life/savings products in the Southeast Region that includes South Carolina, North Carolina, Georgia and Alabama.

Prior to his present assignment, Butler held various positions in the Allstate Corporate Headquarters in Northbrook, including Director positions in Field Operations, in Claims, in Finance, Implementation and Quality. He also served as the Allstate Indemnity Company Controller after various positions in the Controller Department in the Nashville, Florida and Charlotte Regions.

Butler graduated from the University of North Carolina at Charlotte with a Bachelor of Arts degree in both History and Business Administration.

He served in the U.S. Army as a specialist in Legal Services.

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Gregory Butler

Regional Executive Officer

ICAT

Prior to joining ICAT, Butler served as the Chief Executive Officer of the California Earthquake Authority (CEA).

Greg is responsible for execution of ICAT's day-to-day underwriting and marketing activities.

As the first CEO of CEA, he was responsible for all aspects of making the Authority operational, indlucing establishment of all policies and procedures, oversight of the record reinsurance placement and securing its tax-exempt status. In his two years at the CEA, he saw it grow to become the largest provider of residential earthquake insurance in the world with over 900,000 policies.

Butler also served as Deputy Insurance Commissioner under California Insurance Commissioner Chuck Quackenbush.

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Section 3

Regulatory Environment

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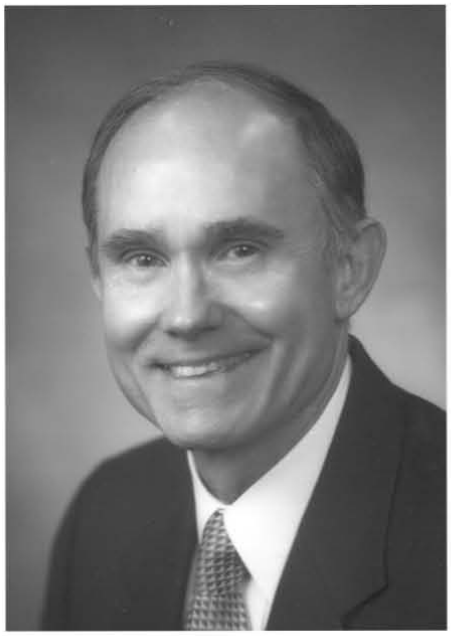

Thomas S. Marshall, CPCU, CLU, CIC

Regional Vice President

Auto-Owners Insurance Company

As Regional vice President of Auto-Owners Mr. Marshall has responsibility for company operations in North Carolina, South Carolina and Virginia.

Marshall is a graduate of Wake Forest University and holds an MBA from the Wharton School of Finance.

He serves on the Board of Directors of the South Carolina Wind & Hail Underwriting Association and the Board of Governors of the North Carolina Rate Bureau. He is a Past President of the Central Carolinas CPCU Chapter, the North Carolina Insurance News Service and the Carolinas Association of Insurance Managers.

He is Chairman of the Advisory Board of the Brantley Center for Insurance Studies at Appalachian State University and a member of the Board of Directors of the Southeastern Insurance Institute.

He writes a regular column for the magazine of the Independent Insurance Agents of North Carolina and he is co-author of the Insurance Institute of America textbook Principles of Insurance Production which is used in the AAI Course.

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OVERVIEW

The mission of the State of South Carolina Department of Insurance is to protect the public's interest and to promote fair competition in the marketplace through the licensing and examination of the insurance industry in this State; to administer and enforce all laws related to the regulation of the insurance industry; and to ensure that insurance premium rates are not excessive, inadequate, or unfairly discriminatory, and in doing so, to provide consumers and regulated entities with efficient responsive, fair, and equitable services.

During the past few years, the South Carolina Department of Insurance has adopted several important changes to its property insurance laws and regulations. These changes are designed to allow insurers to compete for business while placing the regulatory functions in a position to monitor the marketplace for the protection on citizens, agents and insurers. The changes adopted in South Carolina have been accomplished through open dialogue with insurers, the Department of Insurance, the South Carolina General Assembly, insurance agents' associations, and the trade associations.

The focus of the changes relevant to coastal property insurance issues are still developing. The South Carolina Department of Insurance is taking a leadership role in addressing both availability and affordability concerns of citizens who require the product of insurance to protect their investments. The Coastal Property Insurance Forum was designed to become a conduit for openly addressing concerns of the industry. The leadership responsibility also entailed the Department making certain that rates are adequate, not excessive, nor unfairly discrimanatory.

The following changes were a clear indication of the efforts already made to ensure that coastal property insurance products marketed in South Carolina are in keeping with the adequacy, non-excessiveness and non-discriminatory provisions of our state's insurance laws.

RATES AND FORM FILINGS SERVICE

- Form Filings: Properly completed Form Filings are being approved in less than 30 days. Timely processing of insurer's requests avoids delays and frustrations to insurers who strive to get their products in the marketplace in a timely fashion to improve their competitive posture.

- Rate Filings: Filings submitted to the Department of Insurance processed in less than 30 days, if forms properly comply with state filing requirements. Insurers benefit by implementing strategic plans for rate competitiveness and being able to implement rate changes as planned.

- Consent to Rate: Consent to rate filings have been changed to allow an insured and an insurer to consent to a rate different from the manual rate. This revision benefits insurers by allowing them to contract with

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policyholders who have risk characteristics that vary from those revisions in the rating manual. With the insured's consent, an insurer may charge either a higher or a lower premium than the manual rate for a designated risk. This change has been especially beneficial for insuring risks in the seacoast area of the State.

- De-regulation - File and Use: Insurance Form Filings: A provision has been added to South Carolina's insurance laws allowing insurers to File and Use form filings. Filings may be used 30 days after filing with the Department. The benefit allows insurers and employers to establish agreements that are specific to that employer.

- De-regulation - Large Commercial Risk Rating: A provision has been added to South Carolina's laws allowing insurers to not five rate for policies issued to large commercial risk. The threshold is $50,000 in aggregate premium.

- Thirty-Day File-and-Use: Allows insurers to file and use rates for wind coverage which are 90% or less than rates charged by, and approved for, South Carolina Wind and Hail Underwriting Association (normally, prior approval required on rate change requests). This process allows insurers more flexibility in securing an adequate rate and expedite the filing process.

- Six-Month Rate Change: Allows 6-month rate changes for wind coverage premiums. Provides quicker reaction time as reinsurance costs change.

INSURER LICENSING SERVICES

- Insurer Licensing: Licensing requests submitted to the Department by new insurers can be accomplished within 60-120 days once insurers file properly completed applications containing statutorily required financial and market conduct information. The Department's licensing staff is readily available to answer questions and assist in the licensing process. Both insurers, agents and consumers benefit from the timeliness of licensing insurers to conduct business in the State. Insurers are able to meet targeted marketing strategies.

- Agents' Licensing: Agents and brokers' licensing requests are consistently processed within 24-72 hours, if forms are properly completed. This improved process allows insurers to have their insurance agents properly trained and employed within the target market without delay. Insurers and licensed agents can introduce products in the market place according to schedule. A timely licensing process reduces potential for insurers and agents operating in an illegal capacity.

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OTHER REGULATORY CHANGES

- Customer Services: The Department's staff readily provides assistance regarding questions and concerns regarding rate and form filings, existing insurance laws and legislative changes affecting the sale of insurance in the State. Consumer's request for assistance in over 85% of the time are resolved within 15 days. Insurers, agents, and consumers all benefit from having their requests for assistance made to the South Carolina Department of Insurance processed in a timely and professional manner.

- Catastrophe Modeling and Reinsurance Expenses: The Department allows insurance companies to use catastrophe modeling when making filings. Companies can consider past and prospective expenses and recoveries associated with catastrophic reinsurance and past and prospective loss experience including windstorm catastrophe models and simulations.

- Loss Mitigation Credits: The Department allows the use of various newly developed hurricane and wind rate formula factors both in the coastal area and in the newly defined seacoast area. This process makes it easier for insurers to create or amend filings to fit specific needs.

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Bruce G. Earwaker, FCAS

Vice President of Pricing & Underwriting for Personal Lines

Travelers Insurance

Mr. Earwaker has been with Travelers since 1977, where he is now responsible for pricing, underwriting and catastrophe management on property lines of business. Previously he was vice president of pricing & underwriting for personal lines and responsible for pricing and underwriting for auto and property in the Northeast region.

Bruce graduated Magna Cum Laude with a B.S. in Insurance from the University of Connecticut and has presented expert testimony at Florida rate hearings held to review Travelers Homeowners filing in 1993 and the Connecticut Insurance Department on the description/validity/applications of hurricane modeling in 1995. He was also a member of the Florida Insurance Department's hurricane modeling actuarial advisory panel in 1994.

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James A. Kinder

President

South Carolina Captive Insurance Association

Jim serves as president of the South Carolina Captive Insurance Association, Inc. (SCCIA), a statewide trade association that represents the captive insurance industry in South Carolina. In this capacity, he oversees the association's activities including educational programs, trade shows, government relations, publications and member services. Mr. Kinder has been with SCCIA since its founding.

Besides serving as President of SCCIA, Mr. Kinder also holds executive positions with several other industry trade associations. He is the CEO of the Self-Insurance Institute of America, Inc. (SIIA), CFO of Self-Insurance Educational Foundation (SIEF) and Chairman/CEO of Self-Insurers' Publishing Corp. (SIPC). He is a member of the American Society of Association Executives.

Mr. Kinder has more than 35 years experience in the insurance industry. Jim started with Pacific Indemnity Insurance Company in Los Angeles as an underwriter, later moving to Alexander & Alexander, Inc. (Now Aon) as director of their association insurance division. After leaving A&A, he formed Association Administrators & Consultants, Inc., a Third Party Administrator and brokerage firm located in Irvine, California. Shortly after, Jim founded Kinder & Associates, Inc., which provides consulting, administration management and government public relations services for industry trade associations. Jim now holds title of Chairman/CEO with Kinder & Associates, Inc.

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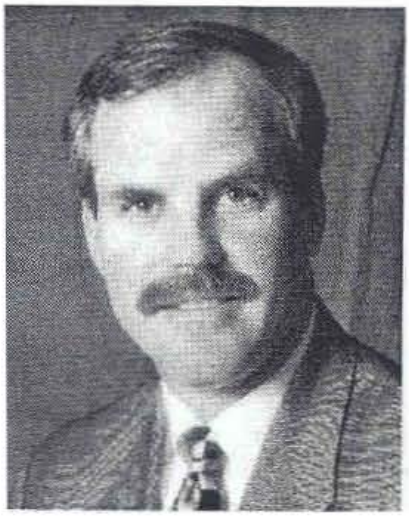

Michael L. Lesniak.CPCU

Regional Vice President
Charlotte Regional
Office

The Hartford

Since 1996 Mr. Lesniak has been responsible for Business Insurance operations in the Carolinas.

Mike joined the Hartford in Chicago in 1984 and previously was regional vice president of the St. Louis regional office.

Mike is a graduate of Western Illinois University and holds as MBA degree.

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Robert Lippincott, III

Chairman &
Chief Executive Officer

AXA Corporate
Solutions America

Mr. Lippincott's career has centered itself within the insurance and reinsurance industry since his graduation from St. Joseph's College in Philadelphia. He joined AXA Re in 1983 as Chairman and Chief Executive Officer of the American subsidiary.

In 1989, he was commissioned to create AXA America, the company coordinating the operations of AXA Reinsurance, AXA Re Life Insurance and AXA Space.

Robert currently serves as Chairman and Chief Executive Officer of AXA America Corporate Solutions, AXA Corporate Solutions Reinsurance and AXA Corporate Solutions Life Insurance and as Chairman of AXA Space.

Mr. Lippincott is the Chairman of the Reinsurance Association of America.

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Moderator

John A. Weitzel, CPA

Principal

Palmetto Consulting of Columbia, LLC

Mr. Weitzel was previously President and Chief Executive Officer, and prior to that Chief Financial Officer of The Seibels Bruce Group, Inc, a publicly held insurance group, which wrote approximately $200 million in direct property/ casualty premium in 45 states. He has also been Chief Financial Officer of Milwaukee Insurance Group, Inc., a property/casualty and life group producing about $200 million of premium regionally in 17 states. Previously, he was CFO for Universal Reinsurance Corporation, an international reinsurer that assumed approximately $130 million in premium. In addition, he was Director of Internal Audit for Armco Insurance Group and started his career as a Certified Public Accountant with Peat Marwick, Mitchell & Co.

Mr. Weitzel has made presentations on "Capital Formation for Insurance Companies" on behalf of Executive Enterprises and for the annual international conference of Insurance Accountants and Systems Association. He has appeared as a featured guest on Carolina Business Review, an educational television program, and on several occasions on the radio show, Your Money Matters. He has made numerous road show presentations on behalf of his companies on Wall Street and throughout the financial community in conjunction with capital transactions.

He recently completed a term serving on the Board of Directors of the Columbia, South Carolina Chamber of Commerce. He is active in the Financial Executives International (currently a Board member of the Southern Carolinas Chapter) and American Institute of CPAs. Previously, he served on the Milwaukee Chapter FEI Board of Directors, and was Chairman of the Insurance Committee of the Wisconsin Institute of CPAs. He has served as Treasurer and a Board member of various community organizations in Columbia, South Carolina; Milwaukee, Wisconsin; and Columbus, Ohio.

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Section 4

South Carolina Wind & Hail Underwriting Association

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Ronald D. Payne,
CPCU, CLU

Underwriting-
Superintendent

State Farm Fire and
Casualty Company

Ron participates in the management of State Farm's property insurance business for South Carolina.

Ron is the Treasurer of the South Carolina Wind and Hail Underwriting Association. He has been in the property insurance business for more than 32 years, all with State Farm. He began his career as an underwriter and has held various management positions.

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OVERVIEW

The South Carolina Wind and Hail Underwriting Association (SCWHUA) is the residual property market in South Carolina. It provides coverage for the perils of wind and hail in the coastal area designated by the Legislature as "Beach." The territory is defined by state law.

Although its official name is the South Carolina Wind and Hail Underwriting Association, it is often referred to as the Beach Plan or Wind Pool. It is an Association of insurance companies which makes wind and hail property insurance available to people and businesses in the coastal area who are not able to buy it through the standard insurance markets.

In 1971, the South Carolina Legislature required the insurance industry to make wind and hail insurance available to consumers in the coastal area. The insurance industry established this Association, as a private organization, to meet this requirement.

SCWHUA OPERATION

A Board of Directors, consisting of eleven insurance company representatives, two coastal insurance agents, and one consumer representative, acts as the governing body for the organization. The Plan is managed by a staff of professional insurance people independent of any single insurance company. All property and casualty insurance companies which do business in the State of South Carolina participate in funding the Plan and sharing in any losses or profits.

COVERAGE ELIGIBILITY

Almost anyone in the coastal area can apply for coverage. Just the same, it should be pointed out that consumers may find broader coverage at a better price in the regular competitive insurance market. In fact, it is highly recommended that an applicant seek to buy insurance in the standard market before applying to the Plan for coverage.

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AVAILABLE COVERAGES

The Association offers a limited peril policy protecting against losses arising out of wind or hail damage. Replacement cost coverage can be requested for primary residences.
The Association provides up to $650,000.00 of protection (structure, contents, loss of use) for personal risks such as dwellings and mobile homes. Commercial risks can be insured for up to $1.5 million (structure, contents, loss of business income). Applicants must specify which limits and coverages are requested.

All policies are written for one year only. Continuation of coverage requires the submission of a new application and payment of premium.

ELIGIBLE PROPERTY

There are reasonable standards which must be met. For example:

- The property must not be over water.
- The property, especially the roof, must be in good condition.
- The property must not be used for any illegal or immoral purpose.
- The property must be in compliance with the Southern Building Code and with the Federal Flood construction and zoning guidelines.

An inspection of the property is required on every policy issued. A follow-up inspection is undertaken every four years.

Coverage in the Plan requires the submission of a completed application and full payment of premium. On new business, coverage goes into effect fifteen days after the receipt of the completed application packet. For rewrite policies, the completed application packet must be received no later than five days after the expiration of the policy.

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COVERAGE FOR MOBILE HOMES

Mobile Homes are eligible for coverage. The Association does require that the mobile homes have proper piers along with a specified number of diagonal ties to the frame and over-the-roof ties.

The Association's standards for mobile homes were provided by the Mobile Home Manufacturers Association. This Association has used these same standards since 1977. Consumers should be aware that local communities may have standards which are less stringent or more stringent than the Association's. Just the same, the Association follows the uniform set of specifications throughout the coastal area.

AVAILABILITY OF FLOOD INSURANCE

The Association does not provide flood insurance.

Loss arising out of a hurricane is generally caused by one or two key factors. The first is damage due to wind. The second is damage due to the force of water. For many coastal residents, the high tides and storm surge which occur as part of a hurricane can be even more devastating than the wind damage.

COMPARISON SHOPPING

Consumers are encouraged to shop around in the voluntary marketplace before purchasing a policy through SCWHUA. SCWHUA is a "last chance" insurer. Better insurance coverage may be available in the regular competitive marketplace. If insureds find better coverage after they are insured with the Plan, they can cancel their SCWHUA policy without penalty.

AGENTS

By state law, the Association does not have any agents. Any individual holding a property, surety and marine insurance license from the South Carolina Department of Insurance may submit applications to SCWHUA on behalf of a consumer. Just the same, no agent or broker has authority to act on behalf of SCWHUA.

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REINSURANCE

The Association purchases reinsurance to limit potential assessments arising out of major storms. Currently, the Association has reinsurance coverage to significantly reduce potential assessments arising out of 1-in-50 year and 1-in-100 year storms. It is anticipated that the coverage will soon expand to protect member companies from a 1-in-250 year storm.

SINGLE ADJUSTER PROGRAM

The Association serves as the coordinating office for the Single Adjuster Program in South Carolina. During a major hurricane, wind pool losses are matched with NFIP or WYO flood losses. One adjuster is assigned to handle both the wind and flood claims for a given insured. This significantly reduces potential problems on the issue of "Is it wind or water?"

The system is based on matching policies at the time an application for coverage is received by SCWHUA. The system was successfully tested during Hurricanes Bertha and Fran.

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PARTICIPATION

All property and casualty insurance companies licensed by the South Carolina Department of Insurance are automatically members of the Association. Participation for a given year is based on the property market share in the state using the previous year's written premium figures.

The participation is then adjusted based on voluntary wind business written in the coastal area. Companies must submit bordereaux listing policies with wind coverage. By writing wind coverage, companies can reduce their participation. It is possible to "write yourself out" of the Plan and have a zero rate of participation.

A manual on reporting voluntary business is available upon request.

EDUCATION

A Rates, Rules and Form Manual is available from the Association office. It outlines the procedures for submitting risks to the Association. In addition, periodic bulletins are distributed offering clarification of individual underwriting matters.

The Association also co-sponsors training sessions with the Independent Insurance Agents of South Carolina. The sessions are open to any interested person and are approved for continuing education credit in South Carolina.

Other presentations are made throughout the year. The Association staff speaks to groups such as agents meetings, company functions, and various insurance groups.

Additional information is available at www.scwhua.com

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OVERVIEW SUMMARY

- **Support is available for insurers wishing to take risks out of the plan.**

  Purpose: Quality risks are now being insured by the Association. Individual insurance companies may find a portion of these risks to meet their underwriting criteria.

  Benefit: Insurance companies can write quality business on a selected basis and reduce their participation in the Association.

- **Insurers which write wind in the coastal area reduce their participation in the Association.**

  Purpose: The Voluntary Credit Program rewards companies that write wind and hail insurance in the coastal area.

  Benefit: Insurance companies reduce their potential assessments by selecting coastal business which meets their individual underwriting requirements.

- **The Association has purchased reinsurance to limit assessments from 50 year and 100 year storms.**

  Purpose: The reinsurance program is designed to limit potential assessments following a major hurricane.

  Benefit: In the aftermath of a storm, the Association will have an alternate, primary source of funds. It will be the direct result of using funds generated through normal operations.

- **The Single Adjuster Program has been successfully implemented in South Carolina benefiting consumers and insurers.**

  Purpose: The program coordinates the adjusting of flood policies and SCWHUA wind policies with the use of a single adjuster.

  Benefit: The program improves service to consumers during a difficult time and reduces the potential for duplicate payment.

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OTHER FACTS ABOUT SCWHUA

- More than 400 of South Carolina's property and casualty insurance companies support the South Carolina Wind and Hail Underwriting Association and subsidize any losses it incurs - especially from catastrophes.

- As of July 31, 1997, SCWHUA the Association had 19,3000 policies with $4.3 billion in exposure.

- The Association offers four programs. They are:

  1. Dwelling

  2. Mobile Home

  3. Commercial

  4. Condo-Unit Owners

  This includes structure, contents, and loss of use.

  Commercial lines policies are subject to a location maximum of $1.5 million. This includes structure, contents, and loss of business income.

  Personal lines policies are subject to a location maximum of $650,000.00. This includes structure, contents, and loss of use.

  Direct damage coverages are subject to a 1% deductible. There is an optional 2% deductible available. Deductibles apply separately to each building and separately to the contents in each building.

  Indirect coverages are subject to a 10 or 15 day deductible. There is no coverage for acts of government authority.

- The following companies representing over 65% of the property market in South Carolina participate on the committees:

Allstate	Companion P&C	SC Farm Bureau
American Modern Home	Foremost	Selective
Auto Owners	Hartford	State Auto
Capital City	Nationwide	State Farm
CIGNA	Royal&SunAllilance	Travelers
USAA		

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STATEMENT OF MEMBER PARTICIPATION
SHIFTING SANDS MUTUAL

NOTES ON PARTICIPATION SHEET

1. Each year, the Association makes a "Call for Premium." Companies report their property writings in the state. Using a set of industry-wide factors, property premiums in package policies are determined. This item reflects the total for the sample member company.

2. When the Call for Premium process has been completed, the Association verifies them via the annual statements filed at the South Carolina Department of Insurance. The report is then submitted to the Insurance Department for certification. Item 2. reflects the total property premiums written as determined by this process.

3. This item is the percentage of written premium in the state for the sample company.

4. This line reflects the wind premiums written by this Association.

5. This line is the total of all voluntary wind premiums written and reported by the member companies. Companies on a periodic basis (annually, monthly, quarterly) submit lists of policies in the coastal area which they have written and include the peril of wind. The Association goes through a sampling process and tests each bordereau. Using industry factors, the Association recognizes the wind portion of the property premium. The total of all voluntary premiums reported to the Association appears in this line.

6. This line combines the wind premiums written by the Association and the voluntary premiums reported by member companies.

7. The member companies' initial participation rate is then applied to the total wind premiums (voluntary and Association).

8. The voluntary credit section recognizes the actual amount of voluntary credit that a member company received. In addition, the member company is allowed to transfer voluntary credits back and forth between subsidiary companies. Voluntary credits may not be bartered or sold to other member companies.

9. The voluntary credit is then subtracted from the required maximum share of premiums.

10. The final participation percentage is determined by adding up the possible allocation from the Association in line 9 for all companies. This is then divided into each member company's item 9. The final participation will be used for the sharing of all profits and losses due to Association operations.

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STATEMENT OF MEMBERS PARTICIPATION IN SOUTH CAROLINA WIND AND HAIL UNDERWRITING ASSOCIATION
1996 ASSOCIATION YEAR

THIS IS THE COMPUTATION OF YOUR PARTICIPATION BASED ON VOLUNTARY PREMIUMS WRITTEN BY YOUR COMPANY(IES)

SHIFTING SANDS MUTUAL

1.	Net Direct Premium Written by Your Company(ies) in the State*		3,846,221
2.	Net Direct Premium Written by All Companies in the State*		528,931,335
3.	Your percentage of Total Net Direct Premiums Written in the State*		0.72717%
4.	Total Premiums Written by Association - 1995 Association Year (Premiums Transaction Through October 31, 1995)		16,360,133
5.	Total Voluntary Premiums Written by All Companies**		6,833,713
6.	Total Premiums Written by Association and Voluntary by All Companies (Item No. 4 + Item No. 5)		23,193,846
7.	Your Company's (Group's) Maximum Required Share of Premiums Written (Item No. 3 x Item No. 6)		168,659
8.	Voluntary Credit:		
	A. Written by Your Company (Group)	2,598	
	B. Less Excess Voluntary Credit Transferred to Another Company (Companies) in Accordance with Excess Voluntary Premium Writings Transfer Procedure	0	
	C. Excess Voluntary Credit Received from Another Company (Companies) in Accordance with Excess Voluntary Premium Writings Transfer Procedure	0	2,598
9.	Your maximum Possible Allocation from Association (Item No. 7 - Item No. 8)		166,061
10.	Your Final Percentage Participation (Item No. 9 for your Company (Group) divided by Total Item No. 9 for all Companies $17,615,978		0.9427%

* Based on 1995 Reports of Premiums Submitted by Member Companies

** Voluntary Premiums Written are Those Applicable to Calendar Year 1995.

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RESOURCES FOR ADDITIONAL INFORMATION

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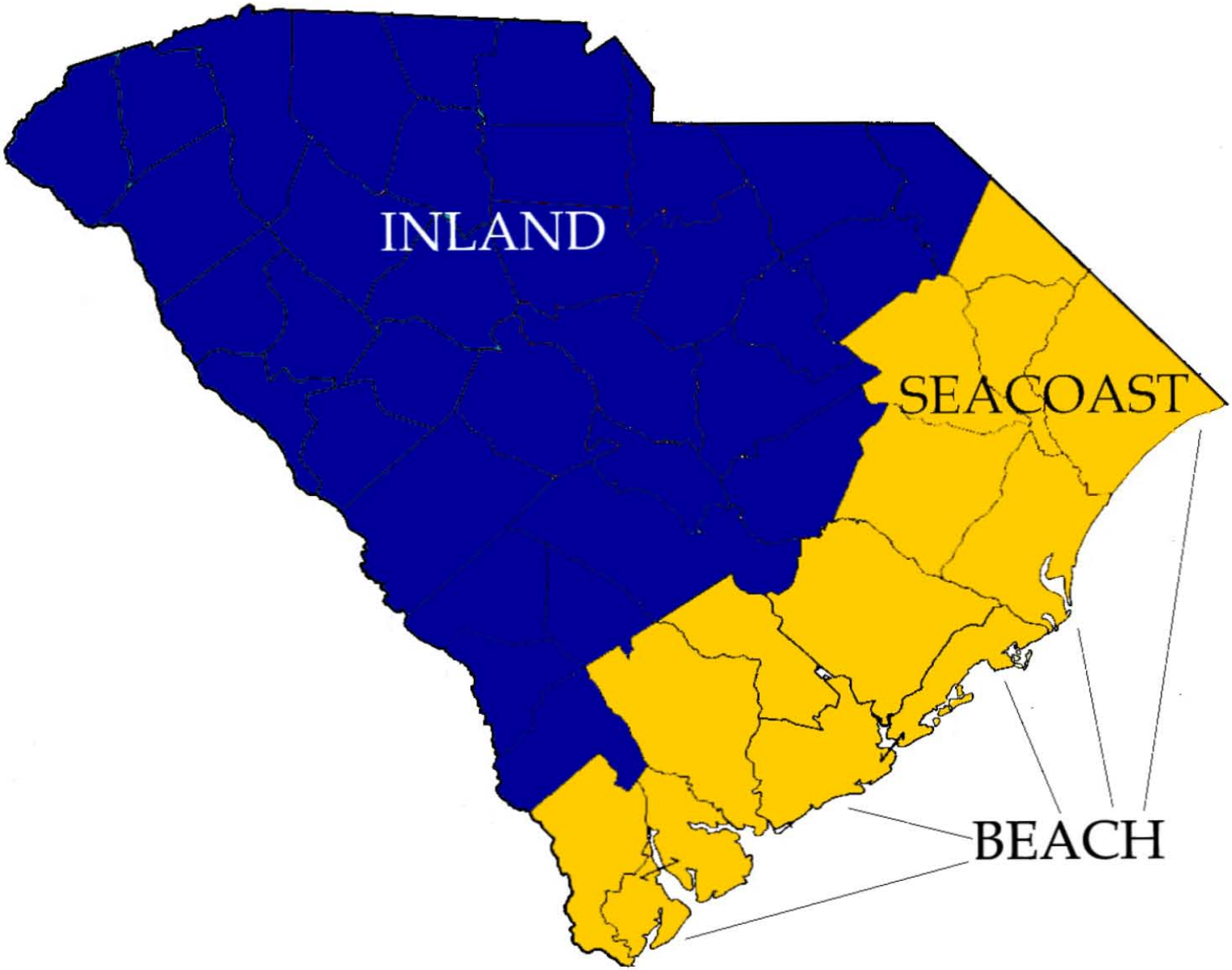

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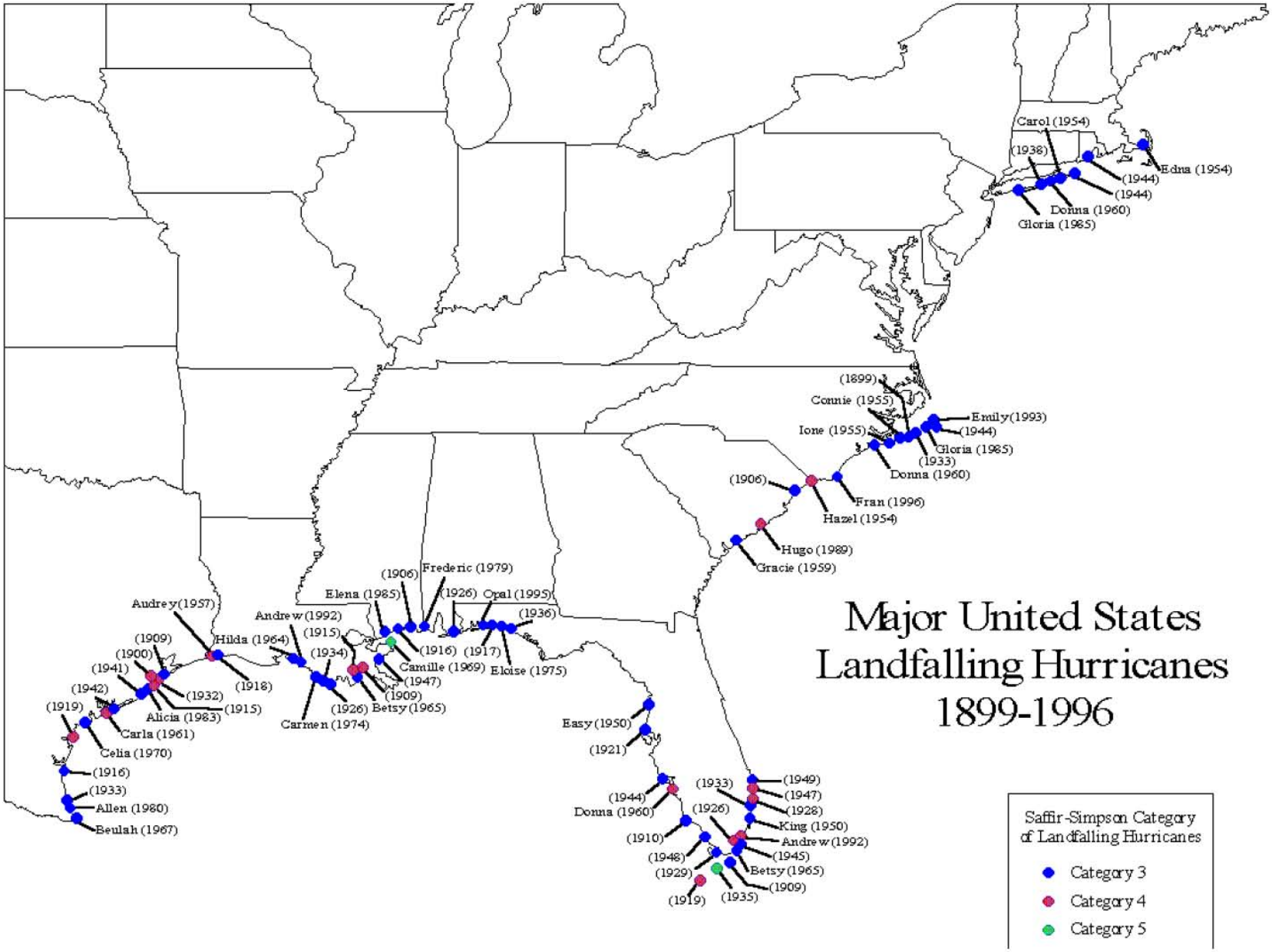

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Section 5

Building Codes

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Dominic Sims

Executive Vice President

Southern Building Code Congress International (SBCCI)

Dominic Sims became SBCCI's new Executive Vice President on August 13. Sims maintains general corporate responsibilities for the technical services, membership services and operations division of SBCCI, and has specific responsibilities with the governmental affairs division and special projects.

Prior to joining SBCCI, Sims served as Executive Director of Palm Beach County, Florida, Planning, Zoning, and Building Department. He held several other positions during his tenure with Palm Beach County, including building division coordinator, construction research specialist, and building inspector/plan examiner. Sims is a past member of the SBCCI Board of Directors and served as Vice Chairman of the Florida Governor's Building Code Study Commission. He has held numerous committee titles with SBCCI and the International Code Council. Sims has professional certifications with SBCCI, Council of American Building Officials, State of Ohio, and the State of Florida Department of Business & Professional Regulations.

Sims holds a bachelor's degree in organizational management from Palm Beach Atlantic College, an associate's degree in legal technology (administrative law) from Palm Beach Community College.

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OVERVIEW

On June 13, 1997, the Governor of South Carolina signed into law Act 123 that amended Chapter 8, Chapter 9, Title 6, Section 6-8-10 through 6-9-130 and Chapter 75 of Title 38, Section 38-75-470 through 38-75-480 of the 1976 South Carolina Code of Laws. The passage of this legislation established the following: the adoption of a statewide building code which includes the education and certification of building codes inspectors and officials; the creation of an Advisory Committee to the Director of Insurance and to the South Carolina Building Codes Council; and the development a loss mitigation grant fund. State and local officials are to be commended for their efforts with the passage of this important legislation. The South Carolina Building Codes Council continues to ensure the enforcement and effectiveness of these codes.

The Building Codes Council updated the mandatory building codes for use within South Carolina on May 24, 2000. The documents adopted for mandatory use include the 2000 edition of the International Building, Residential, Plumbing, Mechanical, Fuel Gas, Energy Conservation and Fire Codes. The document adopted as the permissive code (by option of the local jurisdiction) is the 2000 edition of the International Property Maintenance Code.

The International Code Series was developed as a joint project by the Southern Building Code Congress International, the International Conference of Building Officials and the Building Officials and Code Administrators International and will replace the Standard, National and Uniform Building Code Series. The 1997 editions of the Standard, National and Uniform Codes, a regional code, and the 1995 edition of the CABO One and Two Family Dwelling Code, a national code, were the last to be published. The International Building Code Series will replace those documents as a single set of National Codes. All Codes Training and Code Enforcement Officer certification examinations will be based in the International Code series.

The 1997 South Carolina building codes legislation charged the South Carolina Building Codes Council with the oversight and responsibility of the registration of building codes enforcement officers and the promulgation of regulations setting forth continuing education requirements for these enforcement officers. The South Carolina Building Codes Council established the implementation date for local jurisdictions as July 1, 2001 for all codes, with the exception of the International Residential Code. The implementation date established for the International Residential Code is July 1, 2002. All local jurisdictions must adopt and begin enforcement of the mandatory codes by their respective implementation dates and may adopt and enforce the permissive code at any time after the mandatory codes.

Funding for the implementation of training certification and continuing education programs for building codes enforcement officers is obtained from the fire premium tax revenue collected annually. These funds are transferred to the South Carolina Department of Labor, Licensing and Regulation for the continuing education of building inspectors and building officials. In addition, the South Carolina Department of Insurance may apply for and accept grants-in-aid from federal, state and private sources for the implementation of building codes enforcement programs.

The South Carolina Department of Insurance, the South Carolina Building Code Council, and The Home Builders of America, have all contributed to the goal of strengthening the standards of building code enforcement.

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BUILDING CODE ENFORCEMENT

- **Quality of Construction Statewide:** While the quality of construction has improved throughout South Carolina as a result of the enactment of the statewide building codes, the coastal area of the state has significantly strengthened their enforcement of the codes.

- **Lawmakers are Committed to Loss Mitigation:** South Carolina's commitment to safety and preparedness from natural disaster is evident with the creation of the Loss Mitigation Grant Program and the Advisory Committee.

- **Advisory Committee to the Director of Insurance:** The Advisory Committee, appointed by the Director of Insurance, continues to study issues associated with the development of strategies for reducing loss of life and mitigating property losses due to hurricanes, earthquakes and natural fires.

- **Loss Mitigation Grant Program:** Within the Department of Insurance, a grant program was established to aid local governments with the implementation and enforcement of the statewide building code and the development and implementation of strategies for dealing with catastrophes. One hundred thousand dollars of the revenue collected annually from fire premium taxes funds the grant program. This valuable funding allows local governments to not only enforce the statewide building code, but to develop strategies to reduce the loss of life and mitigate property losses due to hurricanes, earthquakes and fires. To date, the Department of Insurance, through the Loss Mitigation Grant Program, has awarded funds for projects that include, but are not limited to the start-up of local building codes enforcement programs; the reimbursement for training expenses for codes enforcement employees; public educational seminars regarding building codes enforcement and the implementation of the new international code as it relates to one and two family dwellings; as well as other projects relating to hazard awareness and best mitigation practices.

- **Licensing Standards:** As of July 1, 1998, it is unlawful for any person to engage in the practice of code enforcement as defined by regulation without first being registered.

  A certificate of registration must be issued by the SC Building Codes Council to each qualifying code enforcement officer. This certificate of registration must set forth the classification for which the code enforcement officer is qualified to practice.

- **Continuing Education and Training:** In order to maintain registration, all code enforcement officers must accumulate a minimum of 12 hours per year of continuing education. One hour of continuing education is awarded for each hour of active participation by a code enforcement officer in any course, seminar, workshop, session or other training medium approved by the South Carolina Building Codes Council.

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Section 6

Alternative Risk Market

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James A. Kinder

President

South Carolina Captive Insurance Association

Jim serves as president of the South Carolina Captive Insurance Association, Inc. (SCCIA), a statewide trade association that represents the captive insurance industry in South Carolina. In this capacity, he oversees the association's activities including educational programs, trade shows, government relations, publications and member services. Mr. Kinder has been with SCCIA since its founding.

Besides serving as President of SCCIA, Mr. Kinder also holds executive positions with several other industry trade associations. He is the CEO of the Self-Insurance Institute of America, Inc. (SIIA), CFO of Self-Insurance Educational Foundation (SIEF) and Chairman/CEO of Self-Insurers' Publishing Corp. (SIPC). He is a member of the American Society of Association Executives.

Mr. Kinder has more than 35 years experience in the insurance industry. Jim started with Pacific Indemnity Insurance Company in Los Angeles as an underwriter, later moving to Alexander & Alexander, Inc. (Now Aon) as director of their association insurance division. After leaving A&A, he formed Association Administrators & Consultants, Inc., a Third Party Administrator and brokerage firm located in Irvine, California. Shortly after, Jim founded Kinder & Associates, Inc., which provides consulting, administration management and government public relations services for industry trade associations. Jim now holds title of Chairman/CEO with Kinder & Associates, Inc.

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OVERVIEW

On June 6, 2000, Governor Jim Hodges signed into law Act 331, establishing South Carolina as the world's newest captive domicile. With this, South Carolina entered a market long dominated by offshore markets in the Caymans, Bermuda, Guernsey and Dublin, Ireland. Within a year South Carolina was viewed as one of the three most important US domiciles lead only by Vermont and Hawaii. On October 17, 2000, the Department officially established The Alternative Risk Transfer Services division as a new and separate division to serve the market.

Legislation passed in 2001 created an entirely new and unique captive vehicle for South Carolina, "captive reinsurers". Companies formed under this law must be primarily engaged in reinsurance enterprises, be capitalized at either $300 million or 10% of reserves, have a parent company with a net worth of at least $500 million and maintain 35% of its reserves in South Carolina financial institutions.

Companies today face a broad range of risks. In today's market, more than ever before, the companies that will succeed and thrive are the ones who seek innovative ways to manage those exposures and identify alternatives.

Alternative risk financing programs are playing an increasingly important role in the commercial lines market, often offering distinct advantages over traditional insurance products. Most reliable estimates now indicate that "the alternative market" now represents 45% or more of the commercial market–and is growing!

South Carolina has entered this market with full commitment, offering a full range of opportunities for alternative risk transfer and financing. Captives, protected cells, securitization and special purpose vehicles are all either fully available in South Carolina or in the development process. The ultimate goal is to offer any of the alternatives available, either onshore or offshore, right here in South Carolina. The Department of Insurance has now demonstrated its commitment to this market and its intent to continue as a world leader in innovation.

For those attempting any of the various alternative risk financing options, it's important to approach the deal with clear, realistic objectives and a full understanding of exactly what the company hopes to accomplish. The South Carolina Department of Insurance has created a separate division, the Alternative Risk Transfer Services (ARTS) department to facilitate this growth.

With respect to this new market opportunity, the following topic areas have been selected for further discussion. Additional reading material can be found in the attachment located in the rear of this section.

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SECURITIZATION OF RISK

- Increasingly, there is a convergence of traditional risk management and financial risk management. Risk financing is evolving and consequently, risk managers must take the initiative towards combining insurance/reinsurance and financial market strength with expertise.

- Securitization facilitates risk transfer to the capital markets, as insurance risk is transformed into investment risk. Although it has been utilized almost solely by insurers and reinsurers in the past, commercial insurance customers are increasingly using it.

- Securities are created for which returns are determined by values of underlying liabilities. A liability-backed security, for example, segregates pools of liabilities and pays investors returns based on the performance of the pool. In effect, this creates an index unique to each pool of risks.

PROTECTED CELLS

- Legislation passed in 2000-designed to facilitate securitization of risk

- Legislation updated in 2001 to add security and to integrate more fully with captive vehicles

- Useful in numerous captive structures

- When integrated into sponsored captives, are extremely flexible and useful (sponsored captives may discount reserves)

CAPTIVES

- According to *Best's Viewpoint*, an industry 4,355 in number generating about $28 billion in premium.

- Prior to 2000, South Carolina's share of this was zero.

- Captives have (actively) operated onshore for more than 20 years now, off shore for even longer, and will continue to operate and grow at an estimated rate of at least 5% per year for the next 10 years

- Captives provide insurance in markets where traditional insurance is either unavailable or unaffordable and provide much needed protection for industry and individuals, helping to maintain jobs that would otherwise be lost without a method for obtaining insurance.

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COMPETITIVE BUSINESS ENVIRONMENT

- Department of Insurance has a business friendly approach.
- Willing and able to review and develop any reasonable alternative approach to risk financing and transfer.

INTERSTATE AND INTERNATIONAL INFRASTRUCTURE

- An active and growing association for the propagation of captives and other alternative risk and financing vehicles (SCCIA).
- South Carolina currently has 10 recognized captive management groups, four are "homegrown" groups operating in Charleston and Greenville and employing SC administrators. (Charleston Captive Management, USA Risk Group SC, Seamark, and W.A. Taft, SC.)
- Four legal groups now offer a captive insurance specialization.
- Three South Carolina banking and financial groups and at least one international banking group have recognized the need to offer services specially geared toward SC captives.
- South Carolina is easy geographically to get to. Cost of doing business is low. Recreation oriented (the golf capital of the world). Environmentally diverse and beautiful – temperate weather year round.
- Department of Insurance has a segregated department dedicated to captive service. Easy to reach. Flexible in approach.

COMPETITIVE CORPORATE AND PREMIUM TAX STRUCTURE

- South Carolina allows all know forms of captive and securitization vehicles.
- Tax structure almost identical to Vermont's.
- Designed to be extremely flexible and situation-specific in setting standards.
- Lowest cost of entry in any onshore domicile

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Attachment

SOUTH CAROLINA
ALTERNATIVE RISK TRANSFER MARKET

SECURITIZATION

Strategic risk management adopts a more integrated view of risk than traditional risk management, incorporating both insurable and financial risks. Through this holistic or integrated approach to risk management, a new arsenal of risk financing tools has been developed. Securitization is among the most useful of these.

Simply put, securities are created for which returns are determined by values of underlying liabilities. A liability-backed security, for example, segregates pools of liabilities and pays investors returns based on the performance of the pool. In effect, this creates an index unique to each pool of risks.

Securitization facilitates risk transfer to the capital markets, as insurance risk is transformed into investment risk. Although it has been utilized almost solely by insurers and reinsurers in the past, it is increasingly being used by commercial insurance customers.

Increasingly, there is a convergence of traditional risk management and financial risk management. Risk financing is evolving and consequently, risk managers must take the initiative towards combining insurance/reinsurance and financial market strength with expertise.

CAPTIVES

On June 6, 2000, Governor Jim Hodges signed into law Act 331, establishing South Carolina as the world's newest captive domicile. With this, South Carolina entered a market long dominated by offshore markets in the Caymans, Bermuda, Guernsey and Dublin, Ireland. Within a year South Carolina was viewed as one of the three most important US domiciles lead only by Vermont and Hawaii.

As of this writing, South Carolina ARTS has licenses 10 captive companies. Four pure/single parent companies; five captive risk retention groups and one sponsored/protected cell company. Eight captive management groups have established a presence in the state. Three of these, Charleston Captive Management, The SeaMark Group and USA Risk Group, establishing new offices in Charleston. In addition, law firms, banking and financial services groups, actuaries and CPAs are reaping benefits from providing services to this new industry. Coordinating much of the efforts of this development has fallen to the South Carolina Captive Insurance Association. Founded and managed by Jim Kinder, the association has hosted two educational conferences and has established working groups dealing with legislation, captive development,

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education and service networks, among other issues. The association publishes a quarterly newsletter, *The Palmetto Captive Insurance Journal*.

On October 17, 2000, the Department officially established The Alternative Risk Transfer Services division as a new and separate division to serve the market. The Director named Clayton Ingram as the Director of Business Development for the new division. The staff has now grown to include Leslie Jones, actuarial affairs; Steve Matthews, financial analyst; Doug ConCannon, legal counsel and Gloria Jacobs, administrative assistant. Additional staff is anticipated as the program grows.

Equal in importance to providing a valuable alternative market for risk transfer, the captive initiative will provide important new economic growth for South Carolina. In addition to new financial streams, new avenues are created for associated service industries from risk management services (including claims handling, risk control, actuarial services) and Captive operations (including management, legal, banking/investment and auditing services.)

A Protected Cell Company is legally one company that can create distinct parts, or cells, which have their own assets and liabilities. It is effectively a captive operating within a single company. The concept is similar to a "rent-a-captive" approach; the company structure is "rented," with capital usually being supplied by the cell owner.

Characteristics of a PCC include:

- It is a single legal person. The creation of a protected cell within the company does not create, in respect of that cell, a legal person separate from the company.

- Protected cells are created within the capital structure of the company in order to segregate and protect the assets within that cell from claims that are unrelated to that cell.

- Protected assets attributable to a cell of a PCC are only available to the creditors of the company who are creditors in respect of that cell. Such assets are absolutely protected from the creditors of the company who are not creditors in respect of that particular cell.

- Creditors who have contracted with the PCC in respect of one particular cell only are able to make claims both against the assets of that cell and against the general non-cellular assets of the company (but not against assets in the other protected cells).

The protected cell legislation of 38-10 was originally conceived to provide a vehicle for insurance securitization. With the development of 38-90 (the Captive Insurance Companies Act) it became clear that the two worked together. In fact, the sponsored captive portion of the captives act specifically references protected cell.

The bulk of the new amendments in 2001 clarify that all the provisions of the protected cell legislation apply to captive insurance companies as well.

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REINSURANCE CAPTIVES

Legislation passed in 2001 created an entirely new and unique captive vehicle for South Carolina, "captive reinsurers". Companies formed under this law must be primarily engaged in reinsurance enterprises, be capitalized at either $300 million or 10% of reserves, have a parent company with a net worth of at least $500 million and maintain 35% of its reserves in South Carolina financial institutions. Though this is a relatively small market in terms of the number of companies who can take advantage of these laws, it is very important. The US reinsurance market is currently being out-competed by foreign reinsurance companies who are allowed to discount their reserves. This law seeks to level the playing field with what offshore and overseas reinsurers are allowed to do versus what they may do in the United States. This is good news for South Carolina and good news for business.

SC enters a new sector of the financial services industry. Reinsurance represents **$150-$200 billion** capital worldwide. Before this legislation, South Carolina's share of this market was $0. This will also increase our share of the assets management industry that is currently monopolized by the Northeastern states. This solves a major business reporting problem for Property and Casualty companies in the US, allowing, for the first time, US reinsurers to report discounted reserves to the US Securities and Exchange Commission. This means they will finally be able to compete more effectively against non-US reinsurers and should allow greater potential for expansion in an ever-hardening market.

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Lesson One: Make a splash!

The captive market is clearly on the rise, largely boosted by the hardening market and the interest created by new types of captives. The result has been a fairly dramatic upturn in interest in captives in the last six months or so. But the interest is not being reflected across all regions and all domiciles -some are benefiting dramatically while others are staying still.

New domiciles seem to be springing up every month - the US in particular seems on course to have practically every state as a captive domicile. In reality there are now 17 states with captive legislation, plus Washington DC, plus the US Virgin Islands and Guam. It surely will not be long before the US becomes a territory made up purely of captive domiciles.

But while there has been a small explosion of domiciles around the world, the success or potential success of these new domiciles varies considerably. While some domiciles have been around for years with little interest, others have already shown signs of growth.

There are a variety of reasons for this. One is the power of marketing. Some domiciles have been established with little planning as to how it will attract captives - in other words, the legislation is put in place and then it is assumed that captives will come running.

On the other hand, some domiciles have understood that to attract captives it takes marketing, promotion, publicity, and a friendly welcome. A good example is South Carolina, a newcomer to the scene, having passed its legislation only last year. But it already has a handful of captives, including redomiciliations, and much of this is due to a positive marketing strategy. South Carolina has a business development director focused purely on this sector, and has already established the South Carolina Captive Insurance Association.

It has also recognized the value of conferences, and is hosting two captive insurance conferences in the space of a few weeks: "South Carolina Captive Insurance Association Spring Forum: Making the Best of Alternative Risk Financing and Captive Insurance" in May and the "Captive and Risk Financing Summit" in June. South Carolina has clearly decided to become a major player and has gained the state and private resources to attempt this, and this is a crucial factor in the success or failure of a domicile. In other words, it is important not to be half-hearted - to become established it is necessary to go in with all guns blazing, with investment and structures and services in place (which means expenses up front). You have to speculate to accumulate.

Bermuda, Guernsey, Vermont and Hawaii are all examples of domiciles with a good grasp of the value of marketing, through conferences, new products and through the works of the various captive associations. There are many other domiciles equally as successful, but there are others that are less positive in their attitude to gaining new business.

Sometimes this is because there simply are not the resources available. This is especially true of some of the brand new domiciles, where the state or country cannot afford to have a dedicated captive insurance person or office until the domicile has provide itself and attracted captives - a classic Catch 22 position.

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In other cases, the problem is that the passing of captive legislation has some other purpose which overrides all others, such as pure economic development of the region. This can be a problem (though not always, as Dublin's IFSC was designed to create jobs and keep Irish professionals in the country, rather than simply attract captives, yet it succeeded on both counts).

There have always been winners and losers in the captive sector, and some domiciles will flourish while others stagnate. But given the recent upsurge in interest in the captive sector, all domiciles should be looking to tap into this and attract captives, rather than waiting for them to come knocking at the door.

*The above item is the editorial from April's issue of **Captive Insurance Company Review. Captive Insurance Company Review** is only available on subscription from Risk and Insurance Research Group. If you would like to subscribe or to see a sample copy of **Captive Insurance Company Review**, E-mail us now.*

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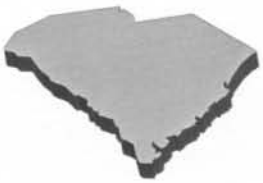
Section 7

Reinsurance



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Robert Lippincott, III

Chairman &
Chief Executive Officer

AXA Corporate
Solutions America

Mr. Lippincott's career has centered itself within the insurance and reinsurance industry since his graduation from St. Joseph's College in Philadelphia. He joined AXA Re in 1983 as Chairman and Chief Executive Officer of the American subsidiary.

In 1989, he was commissioned to create AXA America, the company coordinating the operations of AXA Reinsurance, AXA Re Life Insurance and AXA Space.

Robert currently serves as Chairman and Chief Executive Officer of AXA America Corporate Solutions, AXA Corporate Solutions Reinsurance and AXA Corporate Solutions Life Insurance and as Chairman of AXA Space.

Mr. Lippincott is the Chairman of the Reinsurance Association of America.

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Overview

According to reinsurers, prior to the terrorists attack on September 11, 2001, property reinsurance was readily available in South Carolina's coastal marketplace. However, post September 11, 2001 reports within the reinsurance marketplace have been mixed. According to reinsurers contacted, South Carolina's Coastal property insurance marketplace continues to be a viable market or the reinsurance industry. Experts have noted that South Carolina's marketplace availability concerns are more related to the growth in the marketplace than the riskeness of the marketplace. There are a number of positive features about South Carolina's coastal market place and are best described in the following areas:

Reinsurance Risk Concentration

- South Carolina coastline is heavily populated
- Tremendous growth in coastal areas
- Clusters of population in Charleston and Myrtle Beach

Reinsurance - Insured Values

- Property values increasing in coastal areas
- More high value homes and commercial developments

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Stability – Solvency

- Reinsurance industry appears to be stable and solvent
- Technology has improved coastal property market by improving accuracy of modeling
- Technology will improve underwriting process through geocoding and imaging of documents

Historical Patterns

- South Carolina has a much lower exposure than South Florida and many Gulf states
- South Carolina is not North Carolina
- Please note historical track of storms and the frequency of severe hits compared to other areas

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Reinsurance Costs

- South Carolina allows the use of modeling in the rate making process by law
- South Carolina allows the impact of changes in reinsurance rates in rate making process
- Technology should allow stability in benchmark RATES

Availability

- Reinsurance is available but effects of September 11th uncertain
- Technology should bring stability in benchmark rate setting
- Technology should enhance underwriting process by use of geo-coding and imaging

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Section 8

Demographic Information

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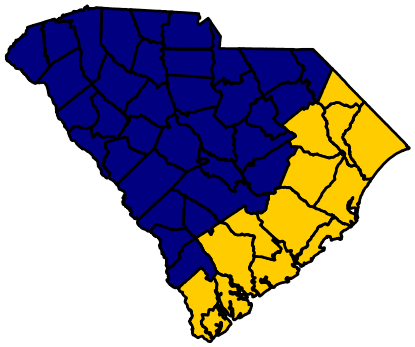
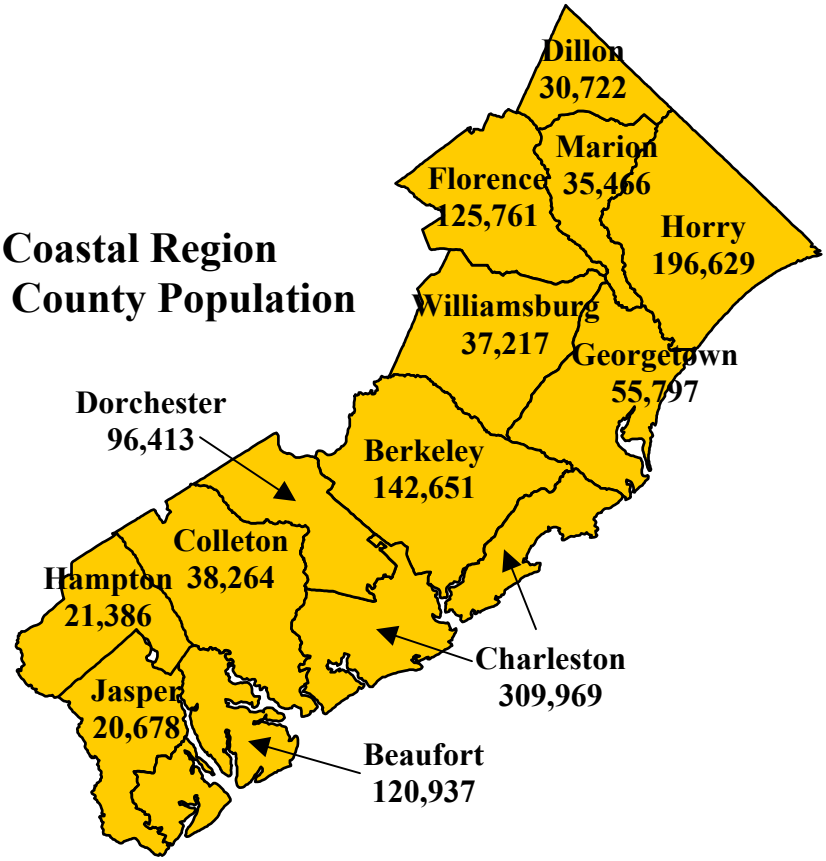


South Carolina
Coastal Region Demographics

Population Change for South Carolina Coastal Counties (1990-2000)				
	April 1,1990	April 1,2000	Difference	Percent change
South Carolina	3,486,310	4,012,012	525,702	15.1%
Beaufort County	86,425	120,937	34,512	39.9%
Berkeley County	128,658	142,651	13,993	10.9%
Charleston County	295,159	309,969	14,810	5.0%
Colleton County	34,377	38,264	3,887	11.3%
Dillon County	29,114	30,722	1,608	5.5%
Dorchester County	83,060	96,413	13,353	16.1%
Florence County	114,344	125,761	11,417	10.0%
Georgetown County	46,302	55,797	9,495	20.5%
Hampton County	18,186	21,386	3,200	17.6%
Horry County	144,053	196,629	52,576	36.5%
Jasper County	15,487	20,678	5,191	33.5%
Marion County	33,899	35,466	1,567	4.6%
Williamsburg County	36,815	37,217	402	1.1%
Totals	1,031,502	1,193,626	162,124	13.5%

S.C. Coastal Region
2000 County Population



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Population Demographics for South Carolina Coastal Counties (2000)			
	% Population 18+	% In Labor Force 16+	Median Family Income
Beaufort County	76.8	68.2	$34,534
Berkeley County	74.8	68.5	$31,233
Charleston County	76.2	68.3	$31,374
Colleton County	72.5	67.5	$25,508
Dillon County	71.0	60.6	$22,144
Dorchester County	71.2	68.2	$34,209
Florence County	74.0	64.3	$28,718
Georgetown County	74.8	61.9	$27,448
Hampton County	72.4	58.6	$22,964
Horry County	78.6	66.0	$28,504
Jasper County	73.2	60.3	$22,409
Marion County	72.4	62.7	$21,873
Williamsburg County	71.4	60.2	$21,985

Crime Statistics for South Carolina Coastal Counties (2000) Crimes Per 10,000 Population in 1998			
	Murder, Rape Robbery	Breaking & Entering, Larceny, Vehicle Theft	All Crimes Index Total
South Carolina	20.8	486.9	577.2
Beaufort County	18.1	560.6	653.4
Berkeley County	11.9	377.0	448.9
Charleston County	28.1	649.4	740.0
Colleton County	13.7	420.9	533.3
Dillon County	31.3	508.8	696.7
Dorchester County	13.5	378.7	436.2
Florence County	18.5	549.2	646.5
Georgetown County	20.3	507.5	614.4
Hampton County	10.9	300.8	396.4
Horry County	30.4	834.6	1,038.9
Jasper County	25.3	661.7	752.9
Marion County	15.4	404.9	492.0
Williamsburg County	11.0	424.3	511.9

ACCRA Cost of Living Index

4th Quarter 2000

MSA	Composite	Grocery	Housing	Utilities	Transportation	Health Care	Miscellaneous
Charleston-N. Charleston	102.8	102.8	107.0	97.0	95.7	102.2	102.9
Myrtle Beach	96.8	101.7	93.6	81.2	95.9	95.0	101.4
Hilton Head	108.8	110.5	113.7	83.1	104.5	104.8	112.0

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COUNTY	Housing Units in Selected South Carolina Counties (1950-2000)					
	1950	1960	1970	1980	1990	2000
Beaufort	7,087	10,747	14,097	27,309	45,981	60,509
Berkeley	7,207	9,732	16,240	31,775	45,697	54,717
Charleston	47,187	61,946	77,067	99,685	123,550	141,031
Colleton	7,761	8,069	8,581	12,144	14,926	18,129
Dillon	7,308	7,902	8,439	10,152	10,590	12,679
Dorchester	5,879	7,025	9,726	20,342	30,632	37,237
Florence	19,529	22,558	27,578	39,186	43,209	51,836
Georgetown	8,174	9,634	10,813	16,416	21,134	28,282
Hampton	4,850	4,795	5,080	6,637	7,058	8,582
Horry	16,635	24,684	29,109	55,003	89,960	122,085
Jasper	2,724	3,248	3,668	5,292	6,070	7,928
Marion	8,219	8,723	6,904	11,936	12,777	15,143
Marlboro	8,247	8,025	8,147	10,691	10,955	11,894
Williamsburg	9,782	9,958	9,839	12,506	13,265	15,552
SOUTH CAROLINA	557,672	678,679	815,309	1,153,381	1,424,155	1,753,670

	2000	1990	2000	1990	2000	1990	2000	1990
Area Name	Average Household Size		Average Family Size		Ave Household Size Owner-Occupied Housing Units		Ave Household Size Renter-Occupied Housing Units	
South Carolina	**2.53**	**2.68**	**3.02**	**3.16**	**2.59**	**2.75**	**2.37**	**2.52**
Beaufort County	2.51	2.59	2.90	3.01	2.44	2.58	2.71	2.61
Berkeley County	2.75	3.01	3.15	3.38	2.77	3.04	2.69	2.95
Charleston County	2.42	2.61	3.01	3.16	2.53	2.73	2.25	2.43
Colleton County	2.62	2.83	3.11	3.31	2.65	2.86	2.49	2.73
Dillon County	2.71	2.91	3.24	3.47	2.75	2.90	2.59	2.95
Dorchester County	2.72	2.87	3.13	3.25	2.80	2.98	2.47	2.60
Florence County	2.59	2.78	3.08	3.27	2.65	2.82	2.40	2.66
Georgetown County	2.55	2.83	3.01	3.31	2.57	2.87	2.46	2.70
Hampton County	2.64	2.87	3.19	3.41	2.69	2.88	2.48	2.84
Horry County	2.37	2.52	2.84	2.97	2.39	2.56	2.33	2.43
Jasper County	2.75	2.87	3.22	3.38	2.74	2.90	2.76	2.79
Marion County	2.64	2.86	3.16	3.39	2.65	2.85	2.60	2.88
Marlboro County	2.59	2.82	3.14	3.38	2.68	2.86	2.40	2.75
Williamsburg County	2.69	3.03	3.22	3.56	2.74	3.05	2.47	2.94

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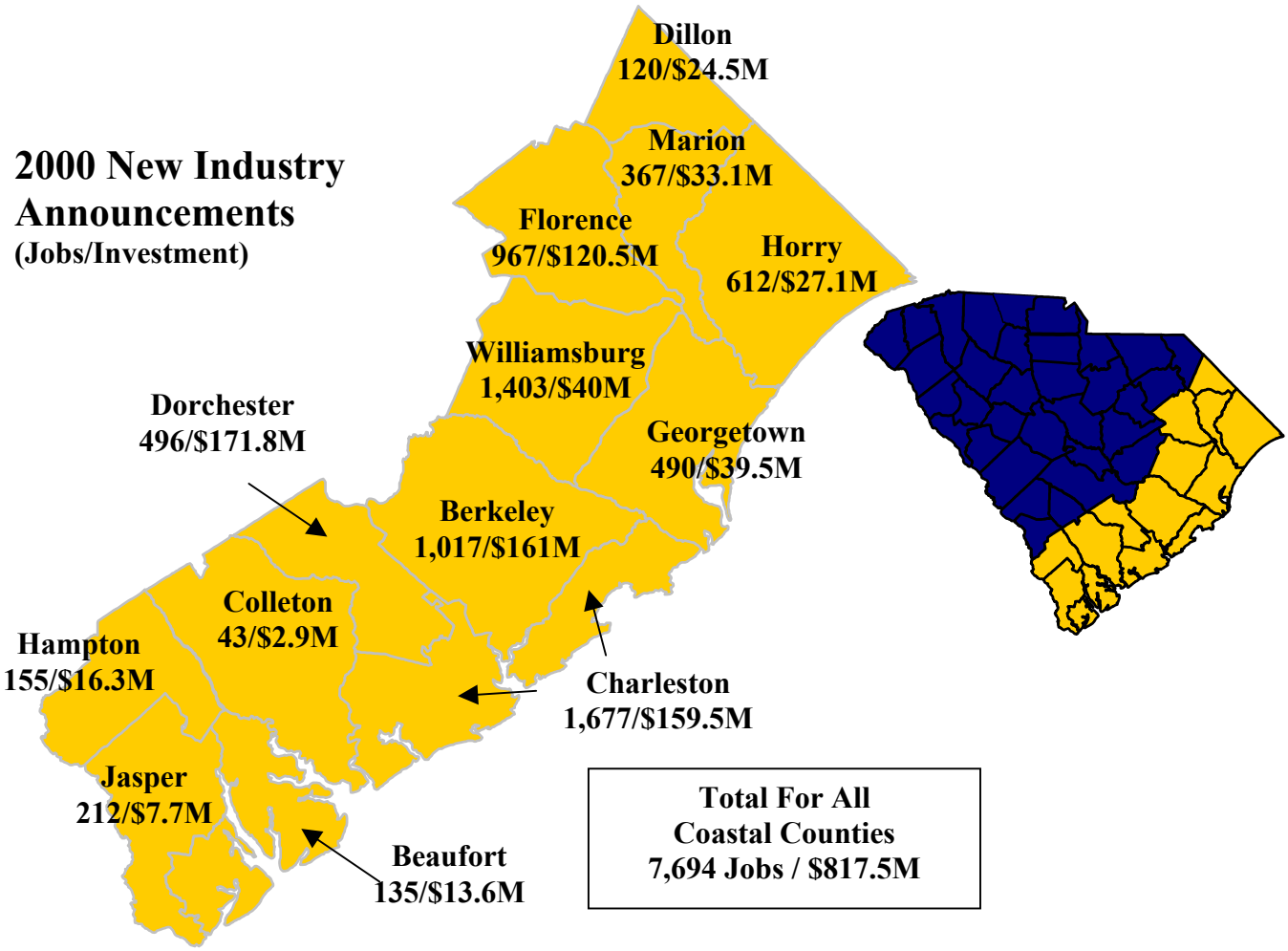

Year 2000 County Announcements

The tables on the following pages, lists the company name, job creation, and investment during the year 2000 for counties located in the Coastal Region of South Carolina. In most instances, the job creation and/or the investment is listed. In some instances, a zero is placed in the category if the company requested that information remain confidential. Therefore, a zero does not necessarily reflect a lack of new jobs created nor a lack of new investment.

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Beaufort County

CompanyName	County	Jobs	Investment	Product
Island Packet	Beaufort	8	$0	Daily newspaper publisher
Graphics Corp	Beaufort	1	$20,000	Signs & displays
Curry Copy Center of Hilton Head Inc	Beaufort	0	$10,000	Printing
Athena Corp	Beaufort	4	$180,000	Polymer bathtubs, counter tops and showers
XRD Inc	Beaufort	14	$500,000	Research and development
Racor-Parker	Beaufort	60	$5,000,000	Diesel filtration systems and components

Berkeley County

Company Name	County	Jobs	Investment	Product
Gates Rubber Co	Berkeley	0	$1,137,000	Timing belts, rubber
Davis and Small Decor Inc	Berkeley	9	$1,083,000	Signs and advertising specialties
Image Network of Charleston Inc	Berkeley	0	$100,000	Screen printing
Idea	Berkeley	15	$850,000	Textiles distribution and warehousing
Icon Health & Fitness	Berkeley	50	$5,000,000	Distribution of health and fitness equipment
Harbor & Lake Inc	Berkeley	0	$5,000	Transporting boats
Bayer Corp	Berkeley	10	$16,000,000	Dyestuffs, pigments & specialty colorants
Bayer Corp	Berkeley	17	$45,000,000	Dyestuffs, pigments & specialty colorants
Greenhouse	Berkeley	20	$250,000	Horticulture products
Atlantic Coast Steel & Supply	Berkeley	3	$10,000	Reinforcing steel fabrication
Fabrics Div	Berkeley	0	$6,311,059	Finishing plant-paper mach felt mfg
Agfa Corporation	Berkeley	2	$750,000	Finishing film products
Jackson & Tull/SMARTech	Berkeley	25	$750,000	Antennas for satellite systems
Briggs Plumbing Products	Berkeley	90	$801,000	Vitreous china
Briggs Plumbing Products	Berkeley	30	$5,100,000	Vitreous china
Brackett & Cochran Mfg Inc	Berkeley	10	$2,300,000	Job shop
SPAWAR Systems Center	Berkeley	22	$849,000	Telecommunications services for the Navy
Williams Technologies	Berkeley	147	$4,000,000	GM transmissions - remanufacture
National Car Rental	Berkeley	200	$0	Car rental reservation center
MVP Group	Berkeley	75	$5,000,000	Candles and stoneware distribution headquarters
Master Sheet Metal Works Inc	Berkeley	2	$150,000	Sheet metal fabrication
JM Steel Corp	Berkeley	14	$0	Steel processing for mining, construction and auto industry

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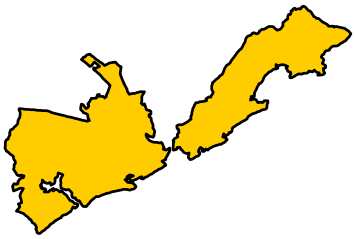

Charleston County

CompanyName	County	Jobs	Investment	Product
Getrag Precision Gear	Charleston	200	$40,000,000	Manufacturer of gears for autos & trucks
Folbot Inc	Charleston	2	$0	Kayaks & accessories
Dial America Marketing	Charleston	0	$500,000	Telemarketing service agency
G S Carter & Son Lumber Co	Charleston	1	$0	Lumber products
Hill-Rom Company	Charleston	0	$4,000,000	Efica therapy unit
BBT Screen Printers Inc	Charleston	17	$0	Screen printing
Inc	Charleston	5	$158,000	Marine and industrial boiler repairs
Berle Manufacturing Co Inc	Charleston	0	$100,000	Mens & boys trousers & slacks
AstenJohnson Inc	Charleston	50	$0	Textiles: miscellaneous
American Paint Paddle Company	Charleston	5	$75,600	Paint stirring paddles
Acme Distribution Centers Inc	Charleston	15	$2,500,000	Warehousing and distribution of various goods
Cessco S Inc	Charleston	1	$5,000	Pesticides and agricultural chemicals
Corinthian Marble, Inc	Charleston	6	$10,000	Marble vanity tops
Collectech Systems	Charleston	250	$2,000,000	Bill collection and customer retention call center
Chevron USA Products Co	Charleston	0	$800,000	Lubrication oil manufacturing & packaging
Berchtold Corp	Charleston	0	$1,300,000	Surgical lighting equipment
Broad Street Printing Co	Charleston	0	$5,000	Printing & copying
CSI	Charleston	100	$5,000,000	Software programming, custom
Charleston Awning & Metal Co	Charleston	1	$5,000	Ornamental iron work
The Code Corporation	Charleston	8	$0	Optical readers and scanners-mfg
T&T Inc	Charleston	4	$75,000	Automotive trimmings, apparel findings, related prod.
Trade Logistics Company	Charleston	0	$50,000	Warehousing & distribution
Your Future Inc	Charleston	6	$0	Computer training
Touch of Glass Inc	Charleston	2	$207,000	Custom fabricated glass & mirror specialties
Scientific Research Corp	Charleston	60	$50,000	Network control systems
Varian Interay	Charleston	12	$750,000	X-ray tubes & apparatus
Universal Netcom	Charleston	0	$10,000	Installation of voice, data and fiber optic cable
Ulanji.com	Charleston	18	$0	Internet application provider
Center)	Charleston	40	$4,000,000	Aeroengine bearing services
Metal Trades Inc	Charleston	190	$0	Heavy metal fabrication
Metal Management	Charleston	2	$0	Metal service center
SCRA (SC Research Authority)	Charleston	27	$604,821	Manufacturing technology research
Machinist Inc	Charleston	3	$100,000	General machine shop
P C Corner	Charleston	0	$3,000	Custom computer integration and networks
Letron Inc	Charleston	12	$0	Foil for edging shelves and furniture
KMC Telecom	Charleston	60	$12,500,000	High speed telecommunications
Kinder Morgan Energy Partners	Charleston	0	$18,000,000	Cargo handling
Jato Communications	Charleston	12	$0	High speed internet access provider
Maquet Corp	Charleston	18	$2,000,000	Operating room tables, sales and distribution
Rhodia Inc	Charleston	0	$10,800,000	Organo-phosphorus chemicals
Picquet Roofing Inc	Charleston	4	$0	Roofing & sheet metal fabrication
Phillips Industrial Services Corp	Charleston	12	$480,000	Special industrial coatings

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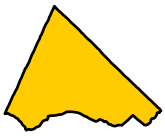

Dillon County

Company Name	County	Jobs	Investment	Product
Herald Publishing Co Inc	Dillon	50	$2,500,000	Distribuion of office supplies
Herald Multiforms Inc	Dillon	4	$1,600,000	Business forms
Charles Craft Inc	Dillon	0	$2,100,000	Specialty yarns-synthetic fibers
Blenheim Bottlers Inc	Dillon	5	$7,000,000	Ginger Ale

Dorchester County

Company Name	County	Jobs	Investment	Product
Giant Cement Holding Inc	Dorchester	51	$5,000,000	Corporate headquarters for cement manufacturer
Giant Cement Co	Dorchester	5	$0	Portland & masonry cement
Geodata Consultants, Inc	Dorchester	2	$1,000,000	Computerized mapping services
Double B Trucking & Logistics	Dorchester	11	$500,000	Trucking & logistics
Gransfors Bruks Inc	Dorchester	2	$0	Safety apparel-forestry industry
Con-Vel Inc	Dorchester	4	$0	Constant velocity joints & driveshafts
Blue Circle Cement	Dorchester	0	$5,538,000	Portland cement
The Summerville Journal Scene	Dorchester	0	$10,000	Newspaper-The Summerville Journal Scene
The Journal Co	Dorchester	0	$15,000	Newspapers
Manufacturing	Dorchester	50	$400,000	Windows
Showa Denko Carbon Inc	Dorchester	3	$4,100,000	Graphite electrodes/granular graphite
Selden Mast Inc	Dorchester	3	$0	Yacht masts and rigging
Westvaco Corp	Dorchester	0	$347,000	Lumber
Wellington Home Products Inc	Dorchester	0	$250,000	Lawn furniture pads
Linde Lift Truck Corp	Dorchester	15	$2,000,000	Industrial & narrow aisle forklifts
South Carolina	Dorchester	10	$1,400,000	Flat rolled wire products
Group	Dorchester	250	$100,000,000	Fuel injectors (gasoline & diesel)
Quality Marble	Dorchester	40	$1,750,000	Marble
Scout Boats Inc	Dorchester	20	$500,000	Fiberglass boats

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Florence County

Company Name	County	Jobs	Investment	Product
Fleet Mortgage Group	Florence	0	$3,046,800	Taxes, collections and insurance
Honda of South Carolina Mfg Inc	Florence	200	$20,000,000	All terrain vehicles
Crenlo Inc	Florence	200	$35,000,000	Cabs for construction machinery
Barloworld Handling LP	Florence	2	$0	Forklift dealers
Aluminum Ladder Company	Florence	16	$303,310	Misc. structural steel & handrails
Inc	Florence	1	$30,000	Sheet metal stamping dies
SteelFab Inc of SC	Florence	10	$1,000,000	Structural & miscellaneous steel
Inc	Florence	0	$250,000	Bakery products
Sims Machining	Florence	2	$300,000	CNC production machining
Wellman Inc	Florence	0	$6,500,000	Nylon & polyester staple fiber
W Lee Flowers & Company	Florence	50	$2,324,000	Grocery food distribution
M&M Document Center	Florence	0	$30,000	Digital printing
Mid-South Metal Specialties Inc	Florence	1	$13,000	CNC precision turning & milling
Lion Chemical Laboratories Inc	Florence	0	$10,000	Electronic component coatings
S&W Manufacturing	Florence	80	$5,250,000	File folder & filing supplies
Pee Dee Apparel	Florence	0	$1,000	Men's boys' clothing, NEC

Georgetown County

Company Name	County	Jobs	Investment	Product
3V Inc	Georgetown	15	$0	Detergent auxiliaries
Hammock Source	Georgetown	6	$0	Handmade rope hammocks
Akzo-Nobel Salt America	Georgetown	0	$50,000	Bulk & package evaporated salt
Cooper Wiring Devices	Georgetown	0	$360,000	Current carrying wiring devices
The SEFA Group, Inc	Georgetown	22	$13,500,000	Manufacturing of low carbon fly ash
Inc	Georgetown	7	$250,000	Fabricated wire into insulation process
South Carolina Tees	Georgetown	400	$10,000,000	T-shirts
S & S Precast	Georgetown	20	$500,000	Precast concrete products

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Hampton County

Company Name	County	Jobs	Investment	Product
Ferguson Forest Products Inc	Hampton	3	$500,500	Logging
Elliott Sawmilling Co Inc	Hampton	60	$11,000,000	Lumber
Hampton Gin Company	Hampton	50	$500,000	Cotton gin
Cummings Oil Company Inc	Hampton	0	$100,000	Ice - bulk & package
Benton & Rhodes Inc	Hampton	0	$500,000	Logging, land and timber dealer
Southern Millwright & Supply	Hampton	2	$50,000	Millwright
X-Rod	Hampton	4	$200,000	Custom plastic products
Paul Haney & Associates	Hampton	10	$200,000	Mechanical systems design

Horry County

Company Name	County	Jobs	Investment	Product
Flight International	Horry	110	$5,000,000	Aircraft finshing, interior and exterior
Glendinning Marine Products	Horry	5	$100,000	Electronic engine controls
Grove Recreations Inc	Horry	0	$50,000	Fiberglass laminating of props (figures)
Ebtron Inc	Horry	4	$0	Air flow measurement
Conbraco Ind Inc	Horry	12	$1,600,000	Teflon seals
Waccamaw Metal Recycling Inc	Horry	3	$0	Recycling services
Unicon Concrete LLC	Horry	5	$500,000	Ready-mixed concrete
Loris Industries	Horry	4	$576,000	Spun rayon acrylic and polyester yarn
Precision Southeast Inc	Horry	14	$260,000	Small plastic parts
Native Sons	Horry	100	$2,500,000	Embroidered garments
Conway/Myrtle Beach Inc	Horry	9	$1,130,000	Soft drinks

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Jasper County

Company Name	County	Jobs	Investment	Product
Hilton Head Cookie Co	Jasper	3	$600,000	Cookies
High Cotton Inc	Jasper	45	$1,750,000	Screen printed gift items
Hilton Head Outdoor Products	Jasper	2	$40,000	Canvas bags & totes
Carolina Asphalt Paving Inc	Jasper	38	$1,600,000	Asphalt mixtures
SiO2	Jasper	10	$750,000	Quartz silestone for kitchen counter tops
Wood Tech Associates	Jasper	23	$515,000	Custom cabinetry
Shutters	Jasper	7	$225,000	Shutters
Roberts Trailer Sales	Jasper	4	$200,000	Utility trailers
Oliver Kitchens and Baths	Jasper	23	$395,500	Cabinetry

Marion County

Company Name	County	Jobs	Investment	Product
Beneteau USA	Marion	120	$6,500,000	Luxury sailing yachts
Arvin Meritor	Marion	67	$11,700,000	Gas lift supports
White Printing Co Inc	Marion	0	$15,000	Commercial printing, lithographic
Raytex Finishing Company	Marion	0	$600,000	Home Furnishing
Palmetto Hardwoods Inc	Marion	2	$100,000	Hardwood lumber

Williamsburg County

Company Name	County	Jobs	Investment	Product
Insurall Casualty	Williamsburg	311	$5,000,000	Call center for insurance company
House of Raeford Farms Inc	Williamsburg	85	$0	Fully cooked bone-in chicken
Locker Co	Williamsburg	2	$50,000	Meat processing
Hebron Apparel Inc	Williamsburg	0	$40,400	T-shirts
ClientLogic Corp	Williamsburg	250	$7,500,000	Technical support call center
Tip Top Tees	Williamsburg	400	$530,000	T-shirts
Tupperware US Inc	Williamsburg	38	$3,350,000	Plastic housewares
Summit Manufacturing	Williamsburg	50	$17,000,000	Polyethelyne based nonwoven geosynthetics
Williamsburg Packing Co	Williamsburg	2	$75,000	Pork-sausage, custom slaughter
Williamsburg Beverage Dist	Williamsburg	0	$47,000	Beer distribution
Valley Forge Flag Corp	Williamsburg	100	$1,000,000	Flags
Pierce Machinery & Wire Inc	Williamsburg	0	$200,000	Bailing wire

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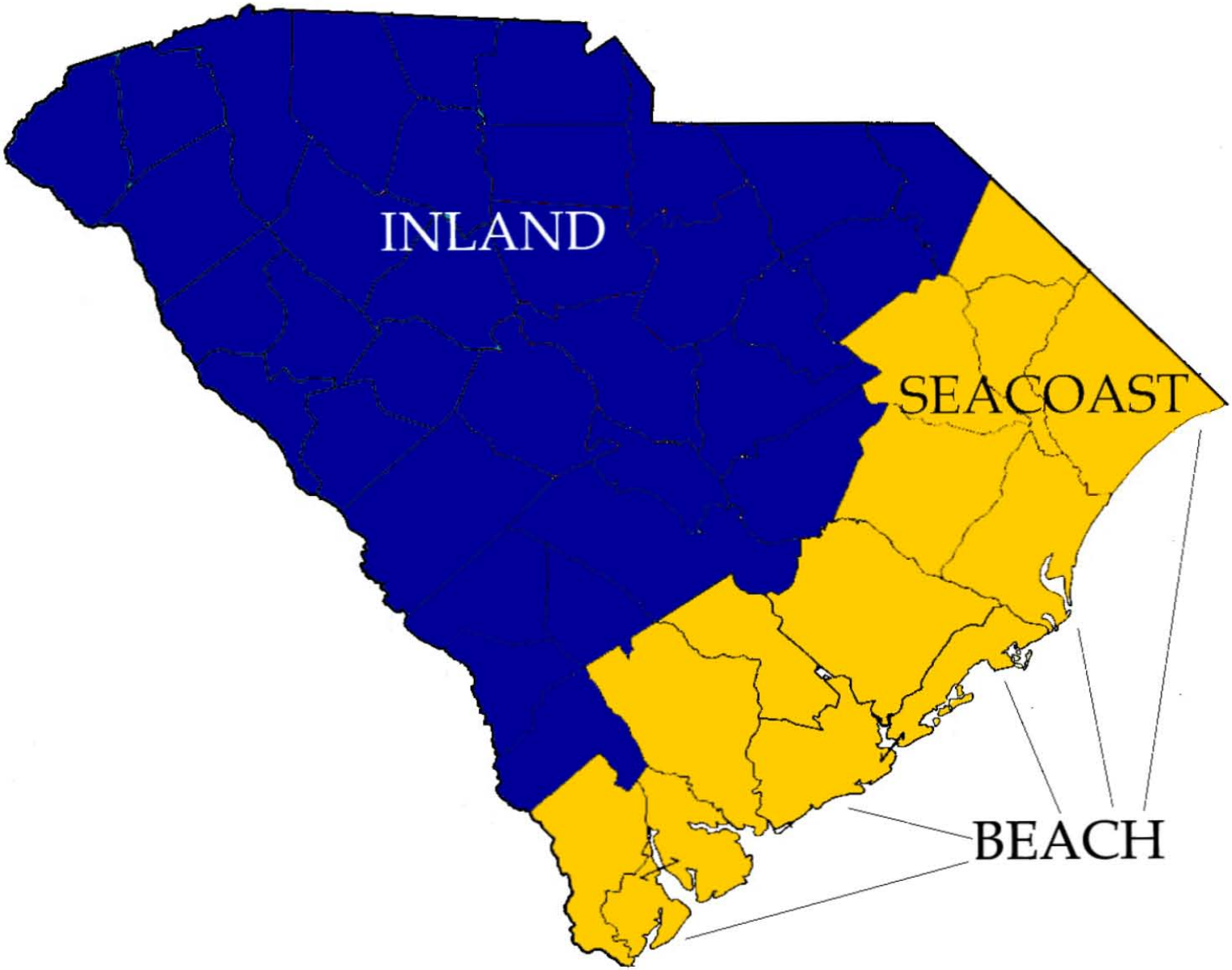

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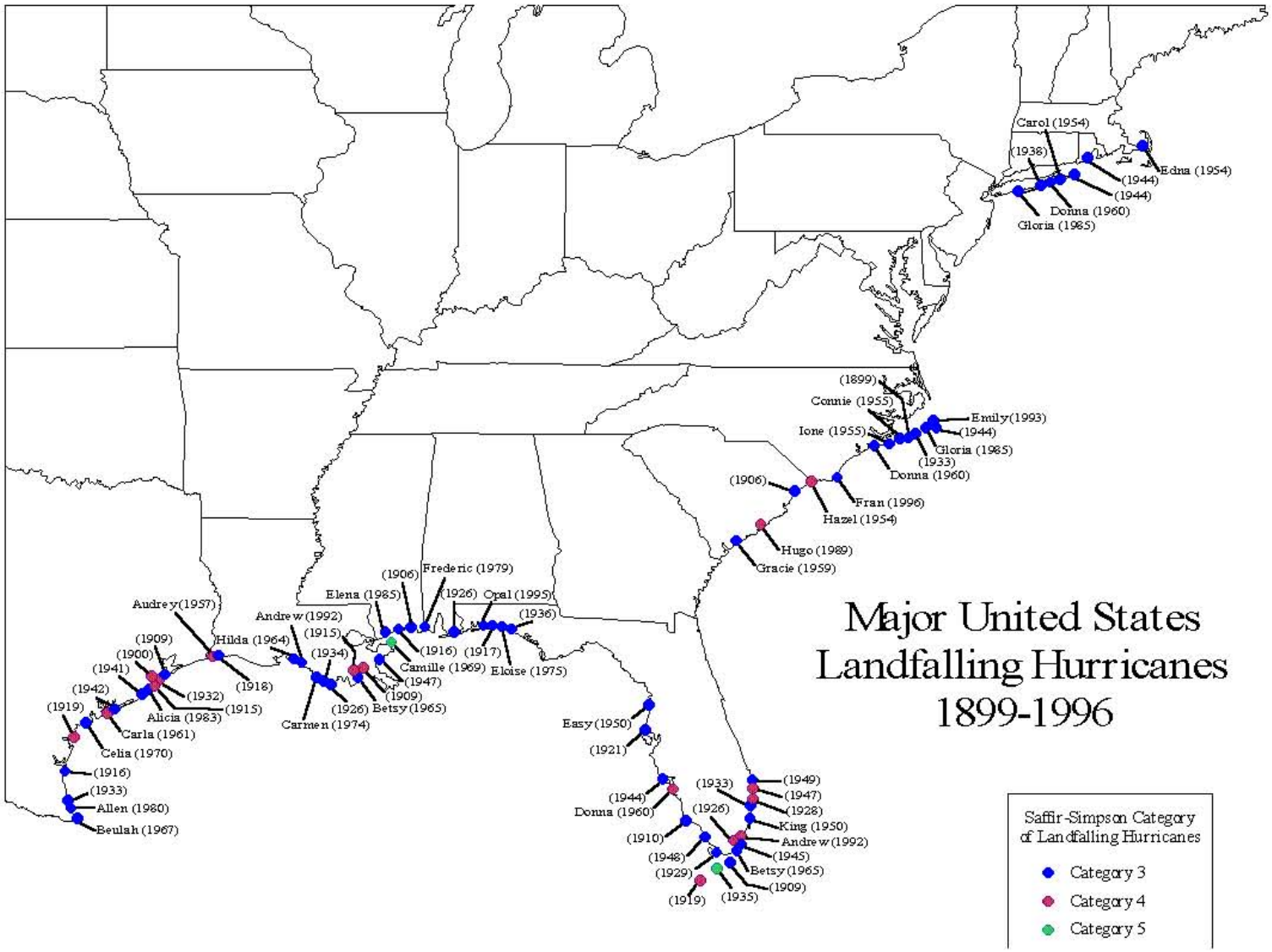

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Section 9

Other Market Opportunities

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AUTOMOBILE INSURANCE

South Carolina's new automobile insurance law took effect March 1, 1999. The new law has had tremendous success and is looked upon as a role model for other states to emulate. South Carolina's General Assembly enacted the most comprehensive changes within the state's auto insurance system, since 1974 when it enacted the "take all comers" law. The following are just a few of the positive affects the new law has had on South Carolina's automobile insurance market.

- A Joint Underwriting Association (JUA) serves as the state's automobile insurance residual market.
- All drivers insured will be based on the risk rather than on a subsidy based system.
- Approximately 125 new insurers have entered South Carolina's auto insurance market.
- Insurers are actively competing for business.
- Reduce government involvement thereby reducing expense costs for insurers, generating greater competition in the marketplace. Cost savings which are in turn passed back to the consumer in the form of lower rates.
- A new file and use law was enacted for overall rate requests of 7% or less.
- Allows companies the flexibility to adjust the rate without waiting for approval, thereby encouraging companies to file smaller rate increases.
- Encourages companies to file for rate increases on a regular basis, which negates the need for large rate increases for consumers.
- An uninsured motorists fund was created, a portion of which is distributed to insurers annually to reduce the impact of rate increases for uninsured motorists coverage.
- The new law addresses concerns of consumers who have, for years, subsidized uninsured drivers on our highways.
- Insurers have the flexibility to properly classify and charge risks available through the use of tiered rating. More flexibility created for consumers and companies in the rating of automobile insurance risks.

Allows consumers to be rated without inclusion of a subsidy and gives companies the ability to rate drivers at a level commensurate with the risk.

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PROGRAMS INITIATED IN SOUTH CAROLINA TO IMPROVE THE WORKERS' COMPENSATION INSURANCE MARKETPLACE

- **Assigned Risk Adjustment Program (ARAP):** Allows additional incentives for improved workplace safety in the assigned risk program by penalizing large employers with adverse experience. ARAP is applied only to insureds that qualify for experience rating (over $4,500 in annual workers' compensation premiums), and is only applicable if the employer's experience is worse than the average for the classification.

- **Large Deductibles:** Allows financially able employers to participate in their own experience. Injured employees are covered by the insurance policy. Deductible language is contractual between insurer and employer.

- **Workers' Compensation Servicing Carrier Bid Process:** Reduce the fees paid for servicing of assigned risk business in South Carolina. Implementation of the bid process produced substantial system savings.

- **Loss cost differential for employers written in the assigned risk program:** More accurately distribute premium charges to risks with greater potential for losses, based upon and justified by experience in the South Carolina Workers' Compensation Insurance Assigned Risk Plan. The differential substantially reduces the subsidization of Assigned Risk Plan insureds by employers written in the voluntary market.

- **Assigned Risk Premium Discounts Removed:** Increases premiums received for assigned risk business and provide additional incentives for large employers in the assigned risk plan to improve safety and loss control. Removes marketing discounts from the involuntary assigned risk program.

- **Performance Standards Program:** Provides increased scrutiny of Workers' Compensation Assigned Risk servicing carrier performance to ensure improved service to employers written in the assigned risk plan. Loss control standards are an integral part of the servicing carrier standards.

- **Employee Leasing filing approved:** Employer's experience follows the employer to minimize abuses to the experience rating program criteria. Ensures that employer cannot escape prior experience rating factors by leasing employees.

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- **Revised Experience Rating Program:** Provides for greater responsiveness of rating factors placing greater incentives on experience rated employers to improve safety awareness and loss control.

- **Communications Improvement Program:** Improves communications between the Insurance Department and the Workers' Compensation Insurance industry to take maximum advantage of safety, loss control and rating programs.

- **Assigned Risk Audit Program:** Ensures premium, classification, audit and experience rating criteria accuracy. Produces additional rate impact from discovery of misclassifications, and miscalculations in the rating procedures.

- **Loss Ratio Incentive Program Approved:** Provide incentives for South Carolina Workers' Compensation Insurance Plan servicing carriers. Rewards for better than average performance and penalizes for less than average performance provided there are reductions in injuries, claims and overall system losses.

- **Insurance Fraud Division:** Provides a Division of the Attorney's General Office to investigate and prosecute fraud. The Insurance Department has been active in providing assistance to the Fraud Division since its inception.

- **Amendments to Insurance Fraud Statutes:** Increases funding for the Division of the Attorney's General Office and provides great immunity for the reporting of fraud.

- **Assigned Risk Bill:** Provides the Director more authority over the assigned risk plan in order to ensure that the plan is fair, reasonable and equitable in its application and to provide for competitive bidding of servicing carriers by the Director.

- **Elimination of Opt Out and Creation of Stop Pay:** Eliminated the provisions of South Carolina Statutes that allowed employers to opt out of providing workers compensation coverage, and to provide a mechanism for insurers to stop payment to employees where the injury to the employee is disputed.

- **Drug Free Workplace:** A 5% credit was mandated for employers who implement a drug free workplace program.

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