MARSH

2020 “Virtual” National Food & Beverage Industry Forum

September 16, 2020 2:00 P.M. – 4:45 P.M. EDT

MARSH & McLENNAN COMPANIES

Agenda

September 16, 2020		
Topic	**Presenter**	
Welcome and Overview	Greg Benefield, Marsh	2:00 – 2:05 PM
The New Era of Smarter Food Safety	Frank Yiannas, Deputy Commissioner, FDA	2:05 – 2:35 PM
The Age of Disruption	Hunter Williams, Oliver Wyman	2:35 – 3:00 PM
Peer-to-Peer Roundtable Discussion	David Schwartzenfeld, Marsh	3:00 – 3:25 PM
BREAK		**3:25 – 3:30 PM**
Insurance Industry Trends & Results	Paul Sherbine, Marsh	3:30 – 3:55 PM
How Food and Beverage Companies Are Creatively Managing Risk	Michael Kornblau, and Aiden Joo, Marsh	3:55 – 4:35 PM
Q&A and Closing Remarks	Jodie DeVries and Greg Benefield, Marsh	**4:35 – 4:45 PM**

Today’s Speakers

Frank Yiannas
Deputy Commissioner, FDA

Hunter Williams
Partner, Oliver Wyman

Paul Sherbine
Market Information Group Leader, Marsh

Michael Kornblau
Credit Specialties Leader, Marsh

Aiden Joo
Alternative Risk Transfer Leader, Marsh

Jodie Devries
Michigan Food & Beverage Leader
Marsh

David Schwartzenfeld
Southeast Retail/Wholesale, Food & Beverage Leader, Marsh

Greg Benefield
Food & Beverage Segment Leader, Marsh

How Do You Prepare For:

A pandemic combined with an economic shut down
that's left us teetering on economic meltdown
while navigating social unrest
during an election year

Source: Andy Stanley, August 2020

The New Era of Smarter Food Safety

Frank Yiannas, Deputy Commissioner, FDA

NEW ERA OF SMARTER FOOD SAFETY

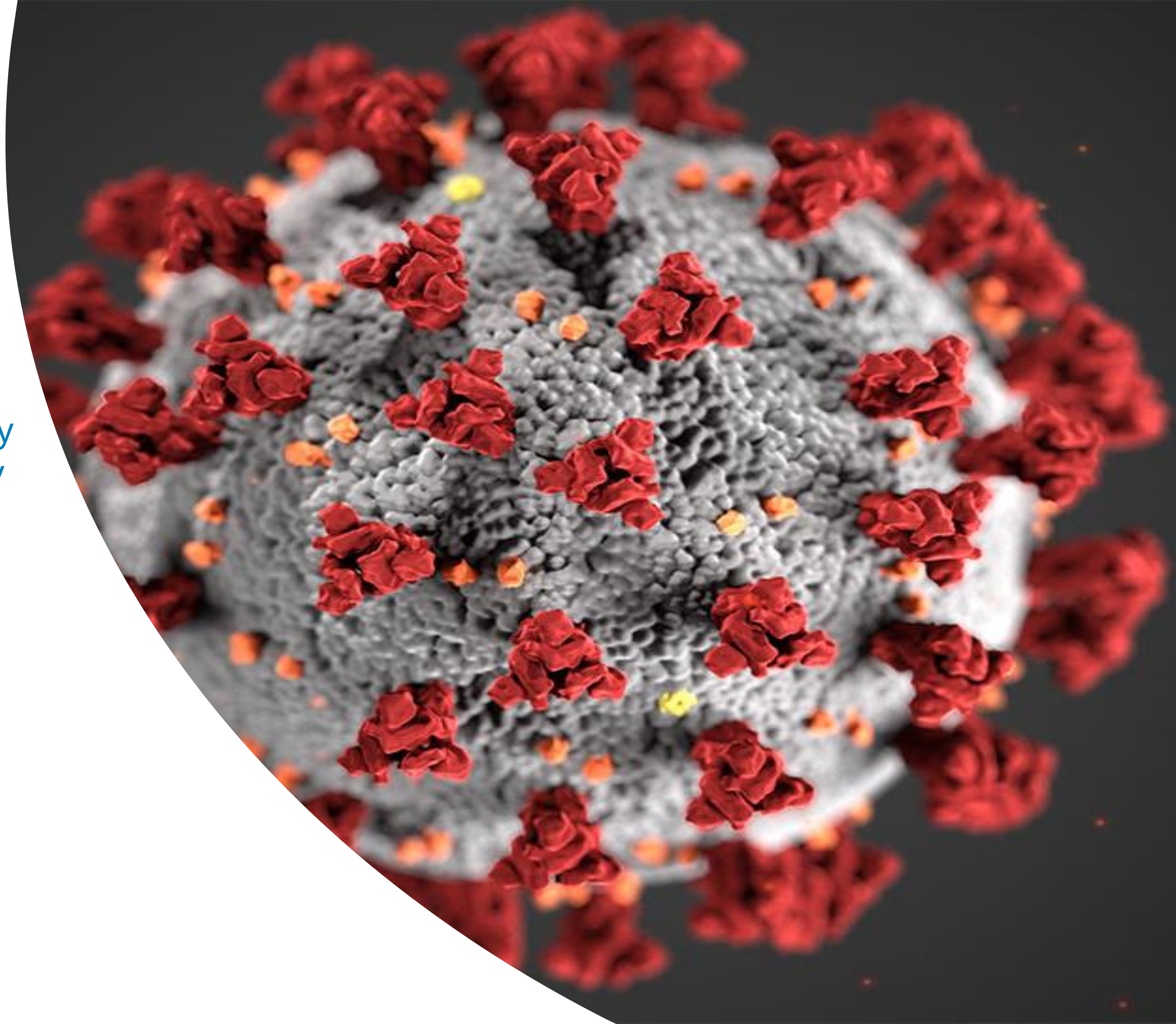
FDA's Blueprint for the Future

@FrankYiannasFDA

COVID-19

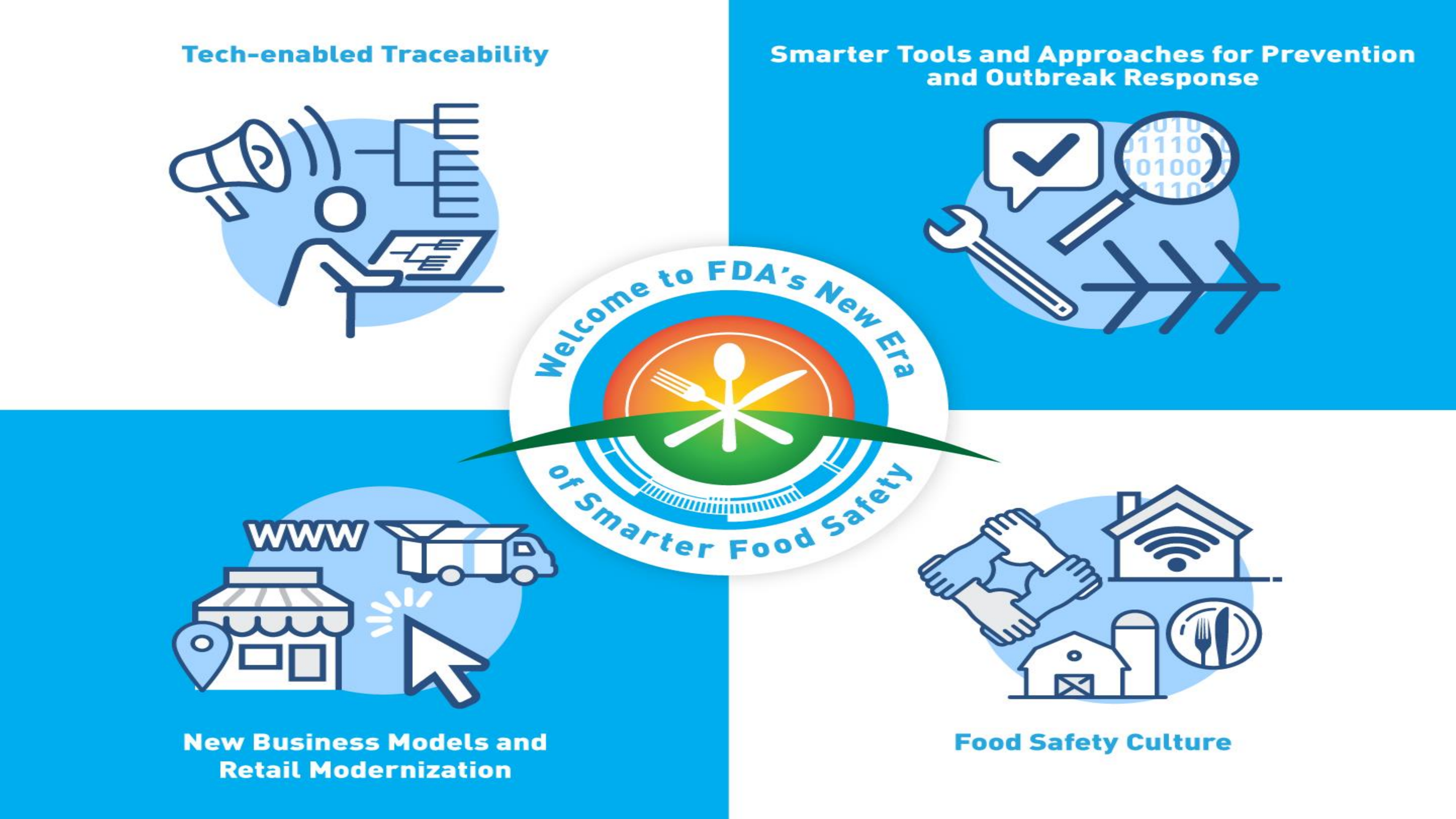
"I'd like to salute the heroism of workers at all points of the food supply chain who have not been able to stay home to shelter in place."

Deputy FDA Commissioner Frank Yiannas
World Food Safety Day
June 5, 2020



A Modern Approach for Modern Times

People-Led * FSMA-Based * Technology-Enabled


Tech-enabled Traceability
Smarter Tools and Approaches for Prevention and Outbreak Response
Welcome to FDA's New Era of Smarter Food Safety
WWW
New Business Models and Retail Modernization
Food Safety Culture

Tech-Enabled Traceability

Polling Question..

Better Food Traceability will result in…..

a) More narrow recalls

b) Smaller outbreaks

c) Better root cause analysis

d) Greater supply chain transparency

e) Consumer trust


Americans told to toss romaine lettuce over E. coli fears

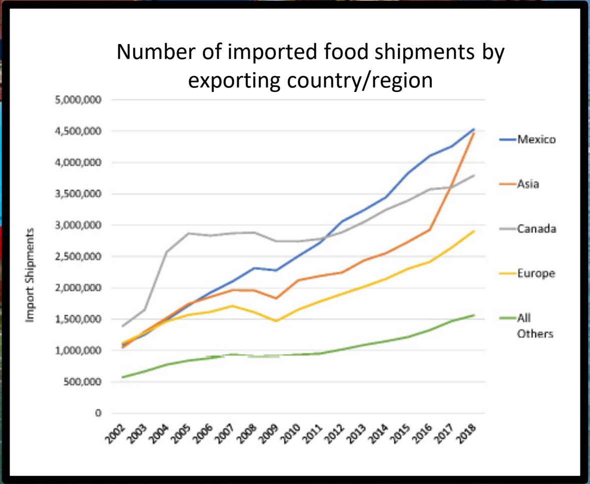

Sell by Date: 01/07/17
Total Price $4.78
Price per LB $4.78
Net Wt. 16 OZ (454g)
Grocery Store

Advancing Traceability

- FSMA Section 204 Rule is a first step.
- Will harmonize the information and data needed for enhanced traceability.
- Lays foundation for end-to-end traceability.

Smarter Tools and Approaches for Prevention and Outbreak Response

Using AI to Prevent Violative Imported Foods from Entering Commerce



New Business Models and Retail Modernization

Online Grocery Shopping

- Before the pandemic, prediction was that online grocery shopping would have a 20 percent share of consumer food spending within the next few years.
- Now, one survey reports that 31 percent of U.S. households are already using online grocery services.

Sources:

FMI/Nielsen: The Digitally Engaged Food Shopper; January 2018 (https://www.fmi.org/digital-shopper)

Brick Meets Click/ShopperKit Online Grocery Shopping Survey conducted March 23-25, 2020

Fresh Look at Retail

- Smart kitchen equipment.
- Full adoption of FDA Food Code.
- Enhance Food Safety Management Systems.

Food Safety Culture

Why the Focus on Culture?

US oil spill inquiry chief slams BP's 'culture of complacency'

GM Recall Probe to Blame Cultural Failings

Columbia Report Faults NASA Culture, Government Oversight

Food Safety Culture

Food Safety = Behavior

- Employee health and safety
- Consumer education
- Research and stakeholder engagement

We will get there TOGETHER, stronger, and more resilient than ever.

For more information and to get involved:

Subscribe to Updates

www.fda.gov/SmarterFoodSafety

Contact Us

smarterfoodsafety@fda.hhs.gov

Preparing for the Age of Disruption

Hunter Williams, Partner, Oliver Wyman

Polling Question..

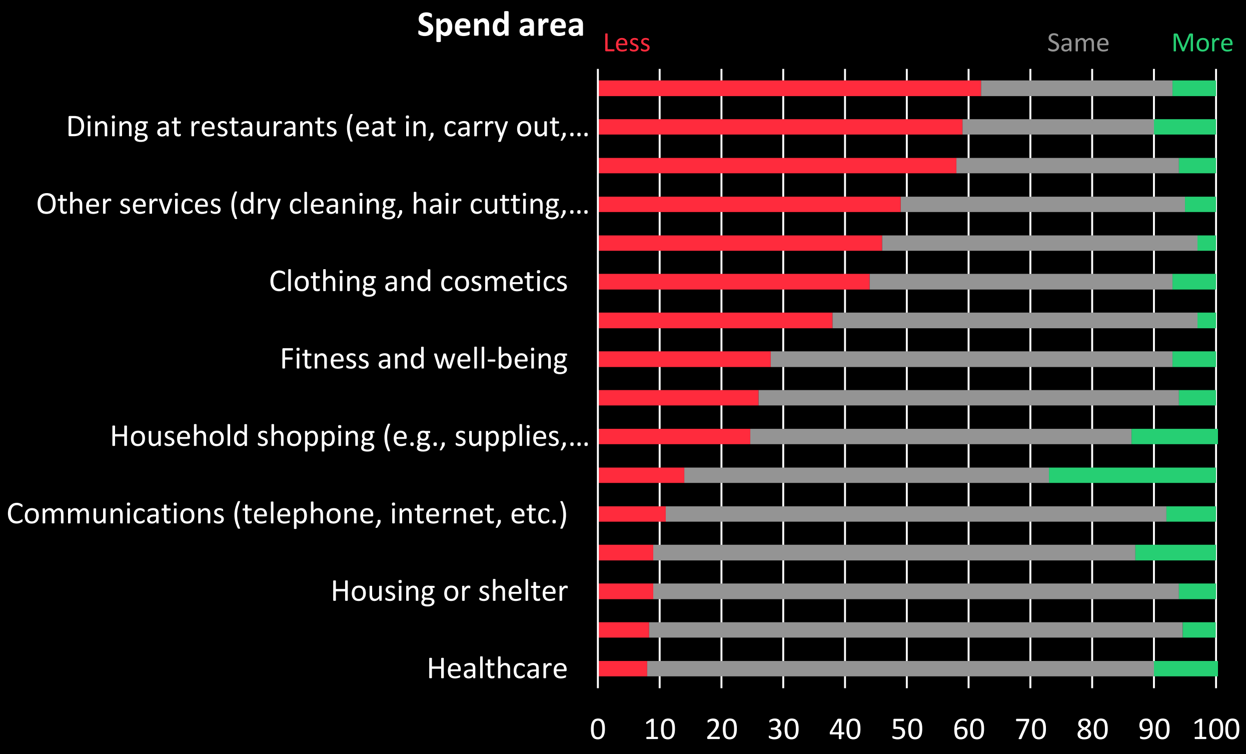
What has been the biggest change in your eating habits since the pandemic began?

a) Indulging more in comfort food and favorite brands.
b) Finally learned how to cook.
c) Focusing more on nutrition/eating well.
d) Thankful for restaurant delivery.
e) Not much has really changed.

2020: A YEAR FOR THE AGES

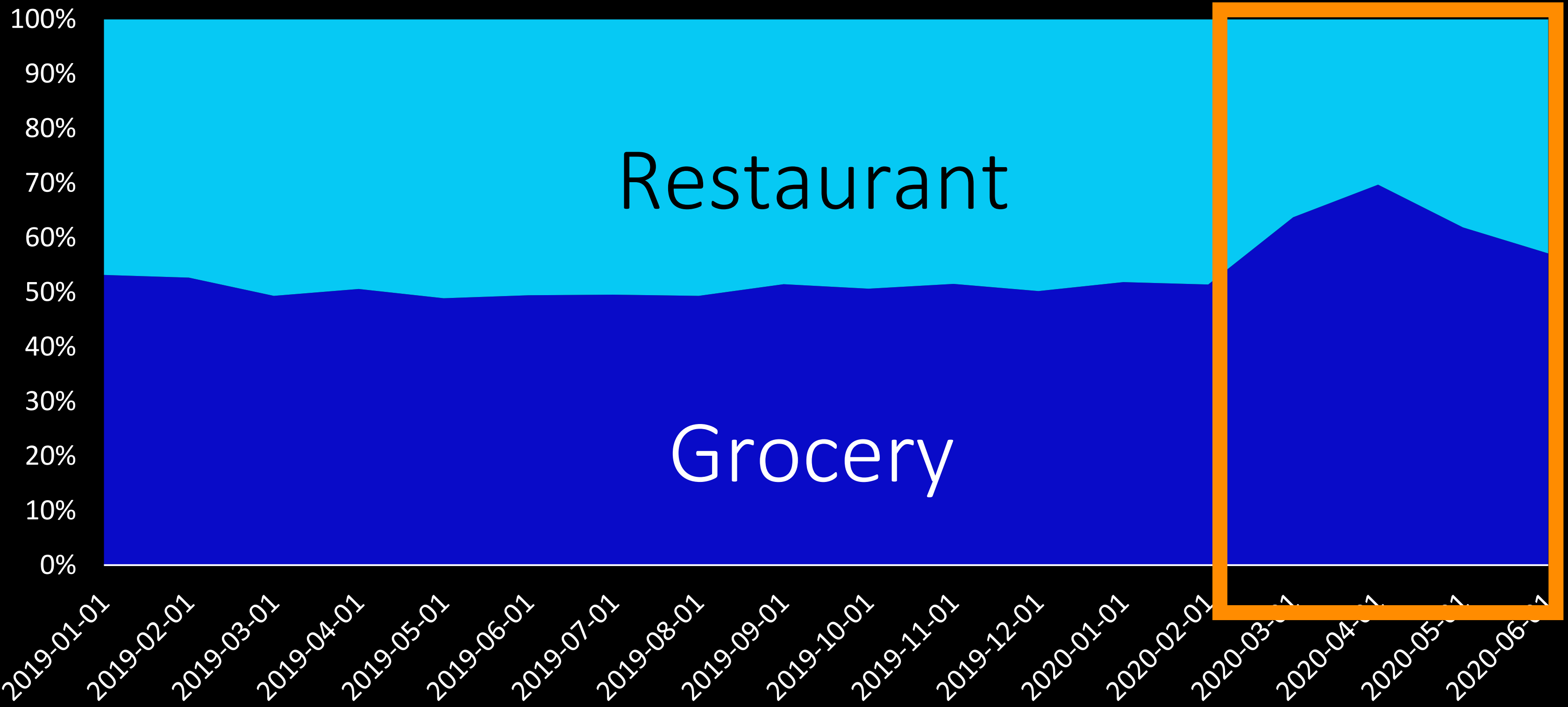
… and it's only September

PEOPLE ARE SPENDING DIFFERENTLY



Source: Oliver Wyman primary consumer research

PEOPLE ARE SPENDING DIFFERENTLY IN FOOD



Source: U.S. Census Bureau, Retail Sales: Restaurants and Other Eating Places [MRTSSM7225USN], Grocery Stores [MRTSSM4451USS]; retrieved from FRED, Federal Reserve Bank of St. Louis

SATISFYING CONSUMERS DEMANDS NEW CONSIDERATIONS

Employee safety

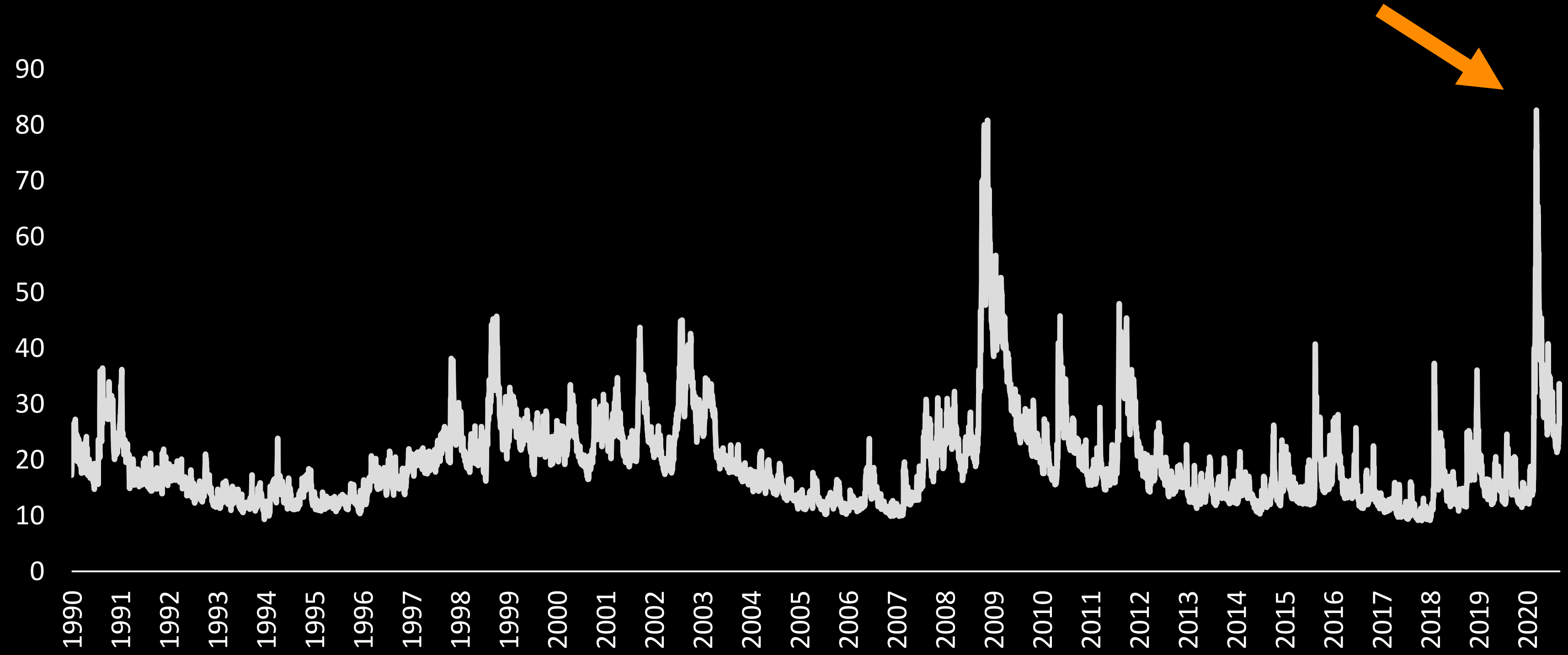
Transport issues

Supply disruptions

Consumption shifts

UNCERTAINTY IS HIGHER THAN EVER

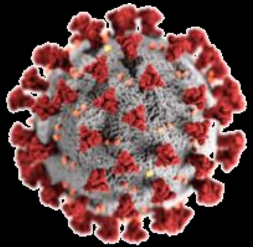
VIX Volatility Index



What comes next?

2020 MARKS A TURNING POINT

Before Covid



Age of disruption

1990 2000 2010 2020 2030

LASTING TRANSFORMATIONS IN THE NEW AGE

Digitalization... at hyperspeed

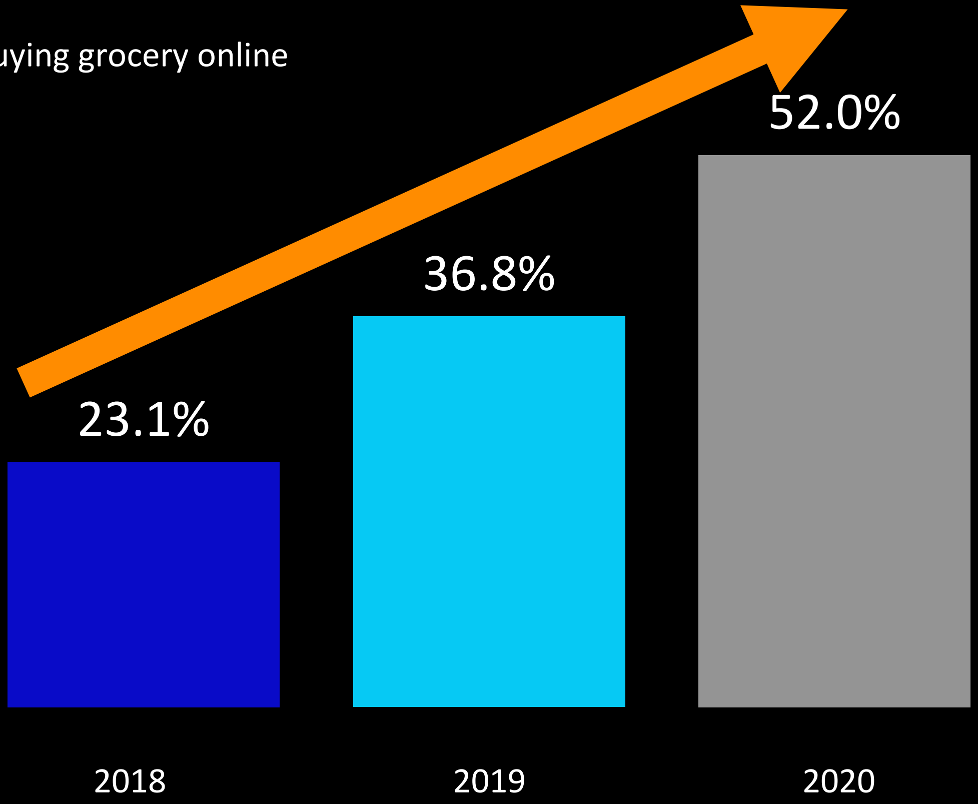
Value chain reconfiguration

“Winner Take All” sector

New archetypes for success

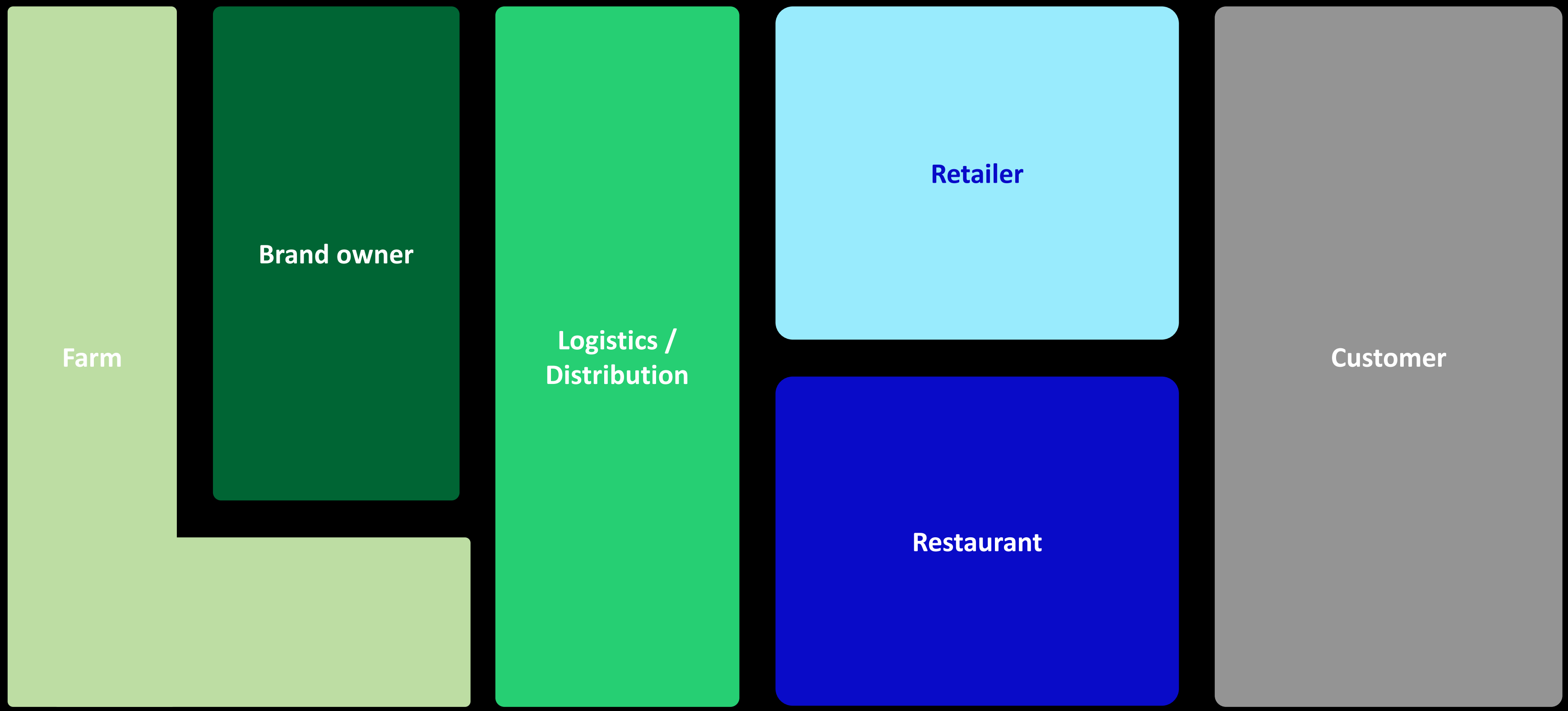
HYPERSPEED DIGITALIZATION

Internet users buying grocery online



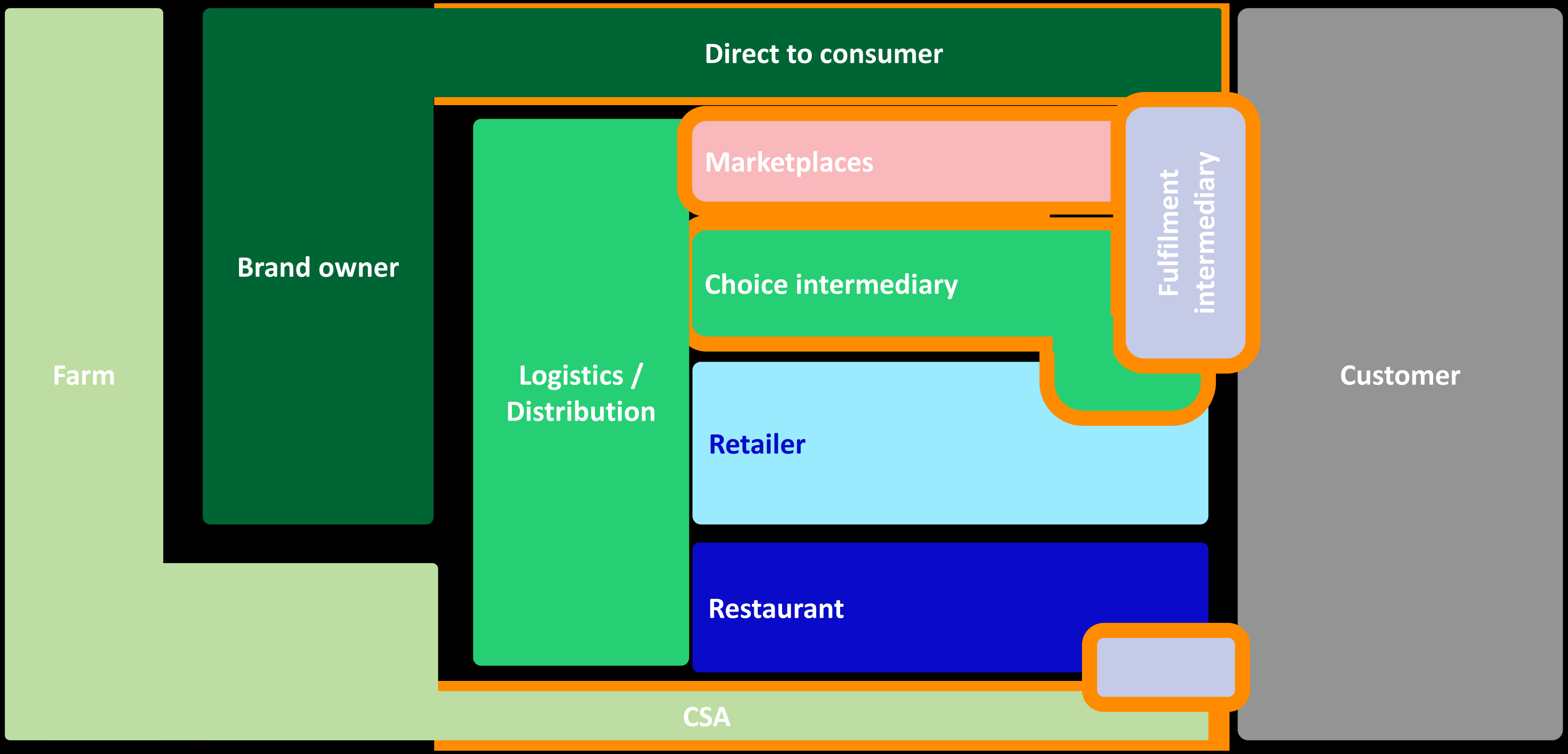
Source: Coresight Reserach

TRADITIONAL VALUE CHAIN



SHORT TERM "VALUE SCATTER"

LONG TERM VALUE RECONFIGURATION



WINNER TAKE ALL: BRAND CONSOLIDATION TODAY

Demand consolidation as consumers shift back to (the often big) brands they know and trust

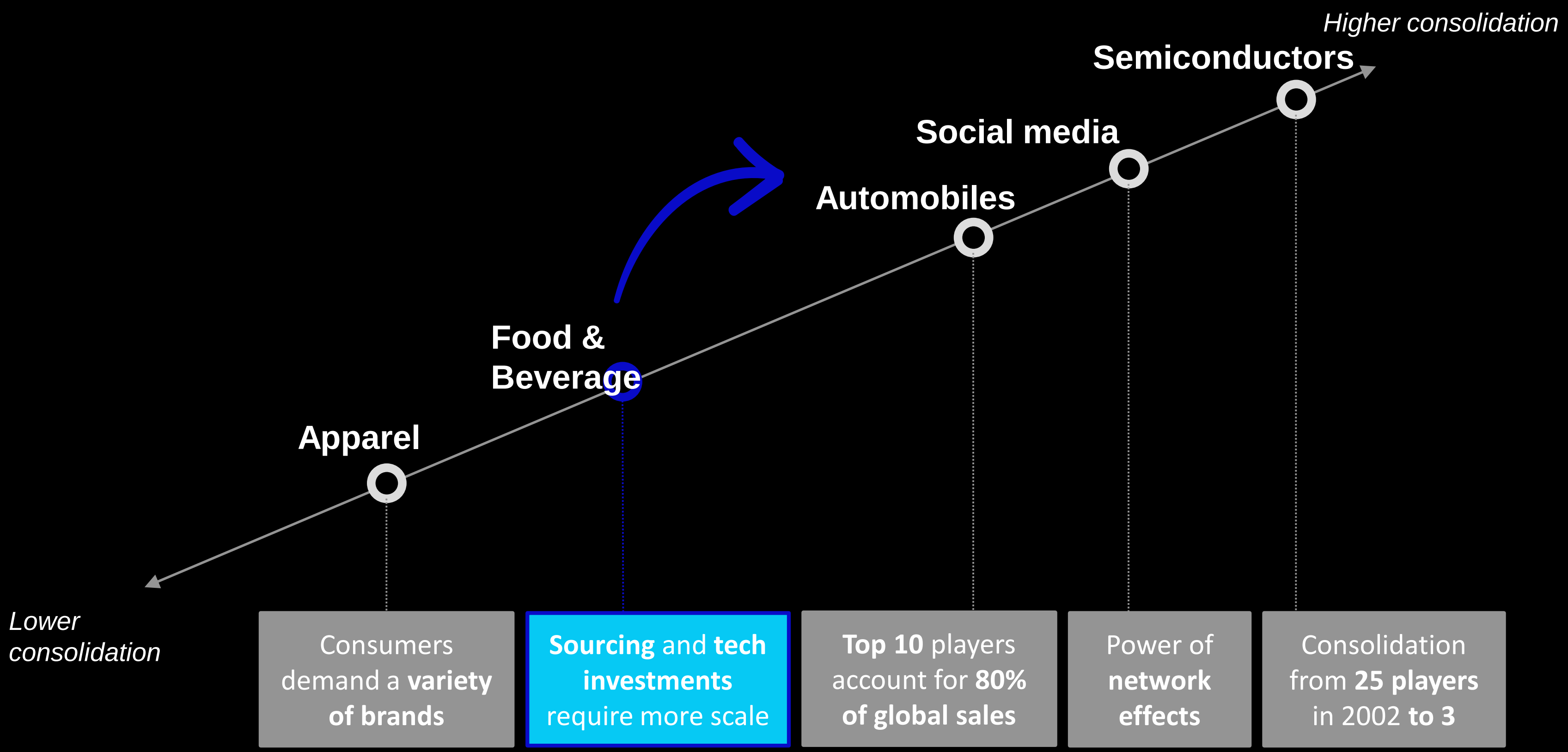
> **60%** of consumers are turning more to brands they trust[1]

Supply consolidation as retailers and manufacturers rationalize and reduce innovation

> **7%** reduction in the number of different items sold in grocery stores[2]

1. 2020 Edelman Trust Barometer Special Report: Brands and the Coronavirus 2. Nielsen market research

WINNERS TAKE ALL: SUPPLY CONSOLIDATION TOMORROW



ARCHETYPES FOR SUCCESS

2020: YEAR OF THE FULFILMENT SPECIALISTS

instacart

ocado

Instacart Inc + Add to myFT

Instacart valuation nearly doubles to $13.7bn

Grocery delivery group raises $225m from Yuri Milner's DST Global, General Catalyst and others

Share

Save

An Instacart shopper scans produce while assembling a customer's grocery delivery © AFP via Getty Images

What do you do?

WHAT WE ARE BEING ASKED BY OUR CLIENTS

How do I get cost out more quickly?

How do I modernize my supply chain?

Who should I be acquiring?

Who should I partner with?

How do we adjust and quantify business continuity plans?

When will sales normalize based on pandemic trend?

What is the right pricing strategy?

Which of my promotions still work?

WHAT WE HAVE LEARNED SO FAR

We are in the **"long haul"** of suppression so treat it like a **marathon not a sprint**

Most of the investments now are going to **capabilities** that will drive **long term growth**

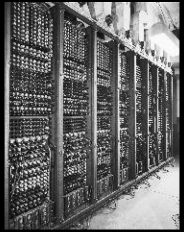
This crisis makes for especially strange bedfellows but **partnerships** are here to stay

There is risk and **uncertainty** for all, but it can be quantified and **portfolio-managed**

OUT OF DISRUPTION, PROGRESS

1939-45 – **WWII**

+$150 trillion



Aviation Computing

2020 – **COVID-19**

$9 trillion (and growing)

?

OLIVER WYMAN

Peer-to-Peer Roundtable Discussion

David Schwartzenfeld, Southeast Zone Food & Beverage Leader, Marsh

Group Discussion Questions…

- What lessons have you learned during COVID-19 and how will you apply them to sharpen your response to future crises and to strengthen your overall risk management approach?
- How do you intend to conduct underwriting meetings to best position your company for upcoming renewals?
- Are you seeing an increase in EPL cases and are there any new strategies to mitigate claims?
- Is anyone aware of new floor cleaning products or procedures that have proven results to reduce slips?
- What alternative insurance solutions are you exploring to mitigate the impact of the hardening market for Property, Liability and D&O?
- How has your company responded to civil unrest, looting and rioting - any best practices to share?
- Has anyone been successful in recovering under Property insurance for business interruption due to COVID-19?
- How are you handling injuries from employees who are working remotely?
- OSHA seems to have an increased role investigating workplace violence, but the investigation depth appears to vary by OSHA representative. Does anyone have experience they can share or guidance in this area?

BREAK

2020 Mid-Year Insurance Results

Paul Sherbine, Market Information Group Leader, Marsh

Polling Question..

"On a scale of 1 to 10 (with 1 being No Concern and 10 being Extremely Concerned) due to recent events, how concerned are you about the financial stability of insurers on your program?"

2020 Mid-Year US Results

- Combined ratio of 97.6%.
- 2.9 % increase in net premiums to $317 billion.
- Underwriting gains $4.4 billion slightly down from $4.6 billion reported in June 2019.
- Policyholders' surplus fell $22 billion to $820 billion from year end 2019.
- Unrealized capital losses of $38 billion caused the reduction from year end 2019, a large majority reported by Berkshire Hathaway and State Farm .
- Net income of $25 billion, down 22% from prior year period.
- Catastrophes add 6.5 points to combined ratio in 2020 as compared to 4.5 points in 2019.
- Net investment income fell 1.2% to $26.4 billion from $26.8 billion in 2019.
- Favorable loss reserve development lowered the combined ratio by 1.8 points, down from 2.4 points in 2019.

2020 Mid-Year Sector Analysis

- Property lines premium volume rose to about $24 billion from $21 billion as increased pricing has taken place across the board.
- Occurrence form liability premium volume rose $2 billion to $26.7billion.
- Claims made form liability rose $1.8 billion to $13.3 billion.
- Workers’ Compensation premiums fell $2 billion to $25.7 billion.
- Most other lines saw flat growth as rate increases were offset by Covid related reductions in policyholders’ buys.

2020 Mid-Year – A.M. Best Analysis

- Industry underwriting expenses increased 5.5% as many companies recorded policyholder credits as many insurers issued credits to insureds due to decline in automobile use due to COVID.
- Policyholder dividends also increased by $3.4 billion as insurers issued large refunds for the same reason.
- Realized capital gains also fell $5.5 billion during this period.
- Casualty lines (ex-WC) also had NPW growth.
- A reduction in favorable reserve development and increasing loss trends dampened casualty results.

COVID Losses in 2020

- Estimates of losses for the industry have been anywhere from $40 billion to as much as $125 billion depending on estimates of BI insured losses.
- For the most part this is considered an earnings event rather than capital impairment event.
- Very few rating changes have been related to COVID losses.
- Dramatic investment portfolio gains and losses seen on a quarterly basis.
- Many carriers are taking advantage of low interest environment to access debt markets, preparing for hardening prices to take advantage of stronger rate environment.

How Food and Beverage Companies Are Creatively Managing Risks

Michael Kornblau, US Credit Specialties Leader, Marsh

Aiden Joo, US Alternative Risk Transfer Leader, Marsh

Trade Credit Solutions

Michael Kornblau, US Credit Specialties Leader, Marsh

Polling Question..

"How would you characterize your primary accounts receivable strategy?"

a) As an asset to monetize/increase my financing program.
b) A tool to provide a competitive advantage over my competition.
c) Manage this to meet performance objectives.
d) We expect almost all of our receivables to be repaid.
e) Uncertain.

Credit Risk Permeates the Supply Chain

- Prior to COVID-19, (trade) credit losses were already increasing throughout 2019 and early 2020.
- Credit risk is always present, even with large, investment-grade buyer companies because so many factors are difficult to underwrite and predict how they may impact individual customers.
- Pandemic risk is one that very few companies considered when evaluating credit risk and supply chain resiliency, and most are now scrambling to address it.
- As COVID-19 slows GDP growth, companies are buying and selling less, and many are now facing severe working capital shortfalls.

Examples:

- Pandemic
- Political events
- Acts of terrorism
- Trade wars
- Tariffs
- Cyber attack and related liability
- Catastrophic weather events
- Recession

It's all about Liquidity:
Cash is King

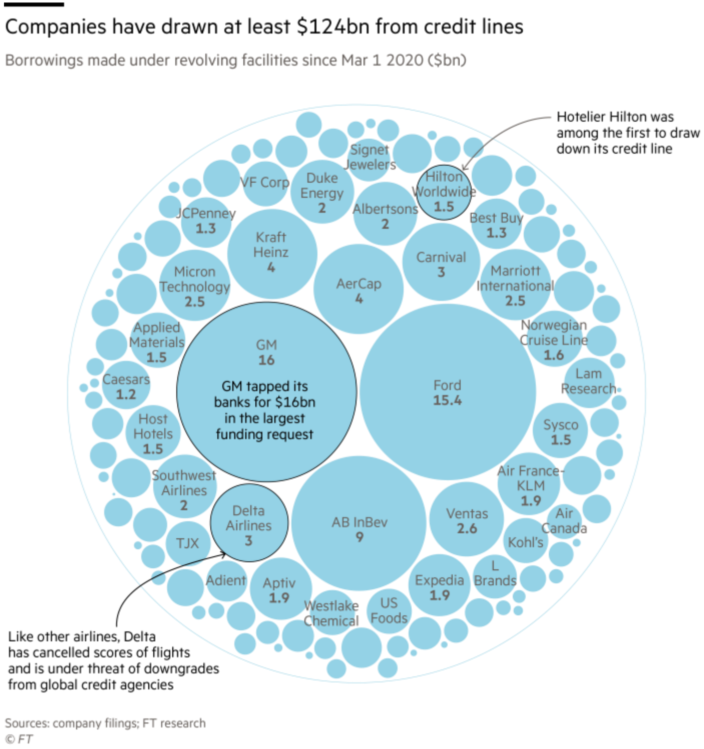
Access to working capital is proving to be the primary line of defense to weather the COVID-19 storm for most companies.

Diminishing revenues, difficulty in collecting accounts receivable, and increased bad debts severely impact cash flow and can quickly create a liquidity crisis for even the healthiest of companies

Liquidity shortfalls, i.e., cash on account, short-term investment income, and availability under revolving credit facilities, may in turn trigger loan covenants and put the company's bank credit lines and ultimately their ongoing solvency at risk

Credit downgrades make accessing cash from public debt markets and new bank loans a challenge for some corporates, especially for companies in hardest hit sectors (Travel & Entertainment, Retail, Airlines, Oil & Gas)

First movers in the Dash for Cash



Financial Times, March 25, 2020

"During the past three weeks, more than 130 companies in Europe and the Americas have drawn at least $124.1bn from their lenders, according to an analysis of public disclosures by the Financial Times and people briefed on the activity. The true figure is likely to be much higher, since publicly traded companies are not required to report the drawdowns immediately and privately held groups often have no obligation to announce them at all.

Back when the world was awash with liquidity, lenders would offer low-cost revolving credit facilities — akin to a credit card — as a perk to win other business. The banks believed that most would never be used in full; such was the stigma of large companies drawing them.

But credit is now harder to come by. The $10tn US corporate bond market, where investors had eagerly lapped up debt offerings from even the shakiest companies, is now reserved for the most well-known and financially sound — the likes of Walt Disney, Coca-Cola and UPS. The short-term commercial paper market has also been frozen, requiring emergency surgery from the Federal Reserve."

Game of credit competition with no end in sight

Companies are now faced with aggressive competition for a shrinking pool of liquidity from banks and other providers of guarantees, credit insurance lines, public markets and other sources of capital.

Some companies have committed facilities – others do not.

An enormous amount of collateral is tied up as cash or bank guarantees, or parent company guarantees (PCGs) that may no longer be accepted, further restricting cash or lending lines.

Due to Basel and other regulatory constraints, banks are reducing lending to non-investment grade and smaller companies and face concentration issues on customers, industry sectors and countries of risk.

Working capital is continually being negotiated throughout the supply chain as buyer and seller companies struggle to strike a workable balance between Days Sales Outstanding (DSO) and Days Payable Outstanding (DPO).

Many clients are seeing extended customer payment terms, often beyond 120 days putting financial stress on our clients as well as creating additional risk for their customers.

Weathering the Covid-19 Storm

Maximize liquidity to pay employees, suppliers, financial obligations, defend company credit rating, survive…

Identify and monetize available assets in a quick and efficient manner

- Access short term liquidity.
- Increase borrowing from relationship lenders.
- Diversify guarantee providers offered to customers or regulators.
- Release liquid assets pledged as collateral and borrowing capacity consumed by bank guarantees.

Communicate regularly with all financial stakeholders/partners.

Utilize additional data sources to identify early warning signals if customers might not be able to pay.

Share risks with like-minded credit partners to manage additional unforeseen risks.

Managing Liquidity and Risk Transfer

Maximize liquidity to pay employees, suppliers, financial obligations, defend your credit rating, diversify financial partners / issuers of guarantees, survive…

- Identify and monetize available assets quickly and efficiently
  - Access short term liquidity.
  - Increase borrowing from relationship lenders.
  - Diversify guarantee providers offered to customers or regulators.
  - Release liquid assets pledged as collateral and borrowing capacity consumed by bank guarantees.
- Communicate regularly with all financial stakeholders/partners.
- Utilize additional data sources to identify early warning signals if customers might not be able to pay.
- Share risks with like-minded credit partners to manage additional unforeseen risks.

Risks

- Declining market liquidity.
- Rapidly deteriorating credit environment.
- A/R is unpredictable.
- Catastrophic market events typically not factored into credit evaluation – increased losses more likely.
- Obsolete financial information, dearth of timely, reliable information on counterparties hard to come by.
- Financial institutions will become more conservative and require more information to support funding.
- Sureties or Reinsurers cease supporting certain industry sectors, bond types, or geographies.

Credit Insurers View of Food & Beverage Sector

- Classified as ‘Medium Risk’ by leading credit insurer (Euler Hermes)

Positives	**Negatives**
Global Population Growth.	Market maturity in advanced economies leading to increased price competition.
Demand boost-rising middle class in Asia.	Low crop prices.
Financial structure of beverage.	Strong dependence of food processing companies major retail outlets.
Resilience to periods of downturns (ie-current pandemic).	Limited pricing power to retail outlets.

COVID-19’s Impact on the Food & Beverage Sector

- Classified as a ‘necessary’ product, Covid 19’s direct impact will be less than most other industries.
- Demand shortages can be a concern (FAO global food price index has fallen since last January by 8% due to C-19 demand shortages).
- Downstream packaged food companies somewhat more affected with limited pricing power against retailing outlets coupled with transport cost inflation.

Trade Credit Insurance
Strategic Business Tool

Supports Sales Growth	• Credit partner may allow company to take on more risk than they otherwise would. • Insurers may have better credit information that companies for newer markets or customers. • Offering more competitive open account terms than our client's competitors may provide a competitive advantage (i.e. letters of credit negative impact your customer's working capital whereby open account terms do not).
Risk Transfer	• Accounts receivables (AR) if often one of the largest assets on a company's balance sheet and prone to known and unknown risks. • May allow companies to smooth earnings by managing unforeseen losses in exchange for a small but predictable premium expense. • The additional sales revenue which must be generated to offset a bad debt write-off is often a massive multiple of the loss.
Risk Prevention	• Through leading insurers' massive databases which may include financial statements on private entities, multiple credit reporting agency report, real time payment experience, unique algorithms, and other unique data points, clients may have the ability to leverage information not otherwise available to protect against bad debt and to embed credit management discipline. • Ability to monitor and track exposures on an aggregate, global basis. • Third party credit partner may help validate your own credit decisions.
Enhances Financing	• Insurance backed accounts receivable sales programs with financial institutions allow companies to enhance cash flow, reduce leverage and improve other key operating ratios. • Insurance often allows higher advance rates and/or lower borrowing costs with the added enhancement the insurance provides lenders. • Insurers may have more appetite than banks on private obligors, obligors which do not provide full financial disclosure, etc.

Trade Credit Insurance
Enhance Financing used in Tandem with Bank AR Purchase Facility

Offered by numerous financial institutions and similar to traditional AR Factoring except that seller continues to manage collections after AR sale.

Subject to legal and accounting opinions, these facilities allow for the non- or limited-recourse sale of the AR off the balance sheet that meets FASB “true sale” guidelines.

Can typically sell AR monthly, weekly, or daily depending on needs.

Many companies pass the insurance and bank finance costs through to the customer in exchange for the materially longer terms and larger credit lines.

Trade Credit
AR Purchase Facilities – Key Benefits

1. Efficient monetization of AR assets.
2. Improves liquidity, free cash flow, days-sales-outstanding metric.
3. May improve debt-to-equity ratio.
4. Non-recourse sale of AR results in credit risk transference to the bank, which in turn requires insurance to cover the non-payment risk.
5. No disruption in customer relationships – seller continues to handle day-to-day interactions with customers and collections unless default or insolvency occurs.
6. Obtain the credit limit underwriting feedback on buyer creditworthiness and, from some insurers, ongoing credit monitoring.
7. Program may allow for the extension of substantially longer repayment terms to customers to help drive revenue growth.
8. Potential to pass insurance and cost to sell AR on to the customer in exchange for materially longer terms, thus improving margins.

Trade Credit
AR Purchase Facilities – Key Features

1. AR must be free and clear of liens and assignable to the bank.

2. Limited recourse – generally no recourse except for specified repurchase events, e.g., uninsured amounts.

3. Banks can typically purchase AR from entire customer portfolio, select segments, or individual customers, depending on minimum facility size requirements and insurance availability.

4. Depending on the bank and/or insurance structure, banks typically purchase 90% to 100% of invoice amount less bank discount margin.

5. Typically LIBOR- or Prime-based rates with some one-time set-up fees and other minimal annual fees.

6. Bank typically requires cash dominion on collections – customer payments go to dedicated bank account.

7. Program may allow for the extension of substantially longer repayment terms to customers to help drive revenue growth.

Trade Credit
Case Study – Value to corporates in A/R Purchase Programs

A large protein producer was seeking to increase its liquidity to support future potential acquisitions. The company featured significant accounts receivables but these customers were distributors which the company deemed credit worthy but would not meet the bank's credit standards to use as a financeable asset to support the facility.

Marsh arranged insurance coverage for these challenging receivables. Structure significantly increased the size of the facility with a superior borrowing rate due to the high counter party rating of the insurer and also allowed the bank to obtain capital relief.

The added cash allowed the company to help fund additional acquisitions and working capital while continued to manage its customer relationships, and continued to grow its revenues.

Key Benefits

- Corporate received more than 50% improvement in its advance rates from the bank through the insurance program.
- Borrowing costs reduced through the added collateral enhancement as well as the ability for the bank to reduce reserve requirements.
- Corporate improved its competitive position versus its competitors by offering longer sales terms and providing additional working capital to its clients.

Enabling Growth. Securing Capital. Recovering from Crisis
Trade Credit Credentials

- We are the leading adviser on trade credit risk and the arrangement of insurance for loss caused by non payment of accounts receivables/payables.
- Our leading trade finance bank clients estimate that our credit insurance solutions allow them to increase the amount of credit available to their corporate borrowers by at least 30% with estimated minimum price reductions of 15-20 bps per annum
- We work with over 80% of the Global Systematically Important Banks which includes 80% of FTSE 100 FI's and 75% of Fortune 500 FI's as well as numerous other super-regional banks, private lenders, factors, and forfaiting companies allowing us to facilitate numerous liquidity solutions for our clients.

Alternative Risk Transfer Solutions

Aiden Joo, US Alternative Risk Transfer Leader, Marsh

Polling Question..

"How many different renewal dates do you currently have for your various lines of business?"

a) 1

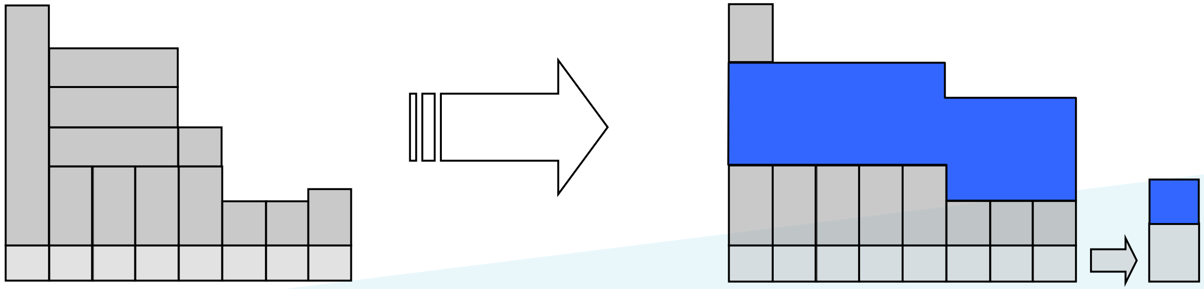
b) 2

c) More than 2

Integrated Risk Concept

A multiyear insurance product that combines multiple lines such as property, umbrella, management and professional liability — into a single insurance contract with shared limits at a fixed rate typically for a three year period offering:

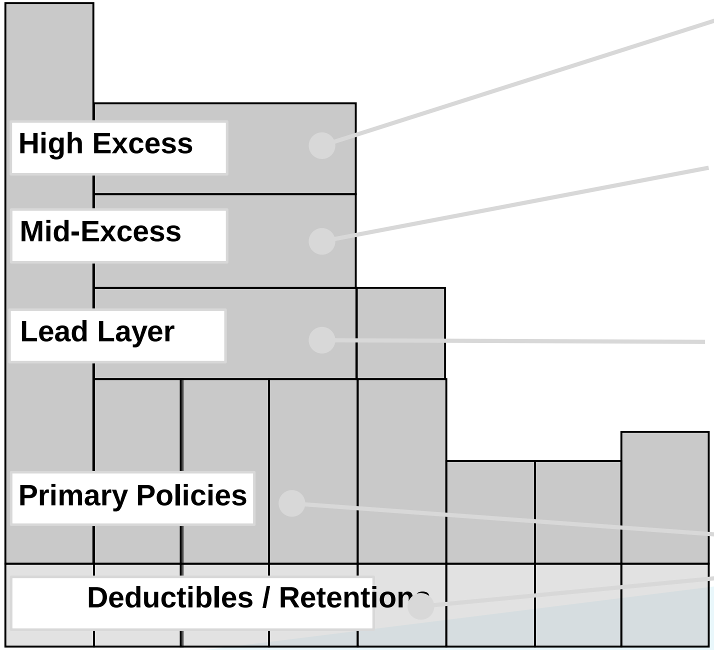
- Multiple aggregate limits over the multi-year period.
- An optional basket aggregate stop loss to cap the total amount of underlying retained risk in any one year.
- Rates, attachment points, limits, and terms and conditions that are a fixed for the multi-year policy period.
- Opportunities to reconfigure the program midterm to meet changing needs.
- Flexibility to build lead or high excess layers.



Deploying Integrated Risk Capital

MAIN FOCUS AREAS – LOW DOWN TO REPLACE LEAD CAPACITY, IN THE MIDDLE EXCESS LAYERS, AT THE TOP OF THE TOWERS, AND AGGREGATE PROTECTION.

Example Program Structure
Enterprise Portfolio – Multiple Lines



1. Integrated capacity sits above / at the top of current towers providing efficient cat limit capacity. Can supplement current towers or replace programs as a “super cat” structure.

2. Block of integrated capacity across middle of various excess towers. Can supplement current towers, or replace current lead layers to act as a large cat lead layer. .

3. Replaces traditional lead layers and sits above primary /retained layers. Likely very challenging given loss activity in these layers.

4. Optional basket aggregate stop loss caps total amount of retained risk in any one year (can be added to any of the above options). Significant potential value for Corporate Clients, but market may not have appetite for meaningful attachments.

Integrated Risk Markets with Multi-Line and Year Capacity

Today's leading markets:

- **Zurich Strategic Risk Solutions**
  ($25M Net Capacity)
- **Allianz ART**
  ($25M Net Capacity)
- **Scor ART**
  ($10M - 25M Net Capacity behind Lead ART)
- **Swiss Re Innovative Risk Solutions**
  ($10M - 25M Net Capacity behind Lead ART)

Excess & supporting markets

- Berkshire Hathaway
- Munich Re
- Allied World
- AXA XL Structured Risk Solutions
- Markel
- Aspen
- Everest Re

Integrated Risk Strategy – Basket Aggregate
Complementary Option - Example and Demonstration Only

Purpose: Add on feature of Integrated Program

Trigger: Aggregated retention losses at 90%-95% confidence level

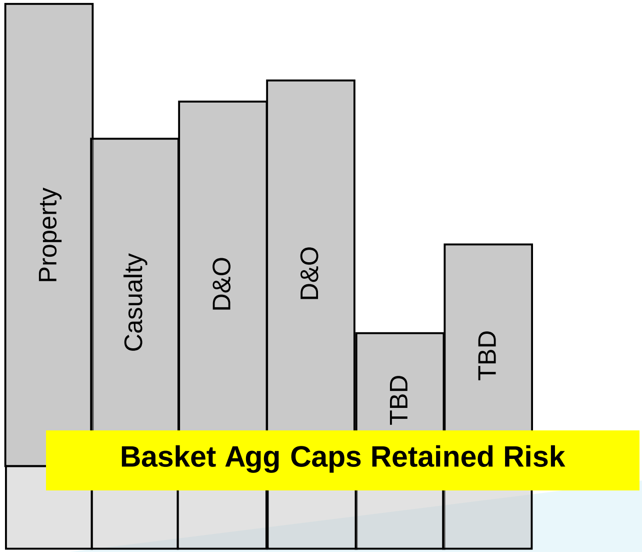
Policy period: 2021 to 2024

Limits: Up to $10M - $25M of limit as part of the Integrated Program

Retentions: Various retentions

Benefits:
- Caps retention losses at 90%-95% confidence level
- Ability to retain more risk within the retention levels or push up retentions
- Sideways protection

Drawbacks:
- High confidence level, 1 in 20 year event
- Additional cost to the Integrated Program

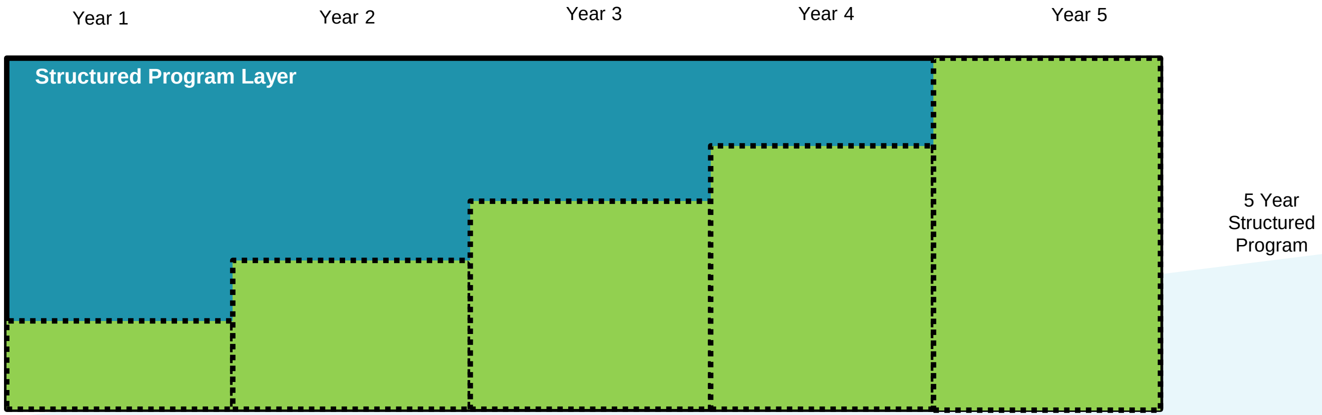


Structured (Re)insurance Program – 5 Year

Structured (Re) Insurance Program

- Structured Program is an efficient blend of Risk Financing and Risk Transfer
- Alternative Risk Transfer option to lower the Economic Cost of Risk while allowing the Captive to increase risk retention with protection of reinsurance
- Certainty of Insurance Rate for Multi-Year Term
- Potential Lead Structured Reinsurance Markets: **Allianz, AXA XL, Scor Re, Zurich, Swiss Re**
- Risk Finance Portion of the premium will be used to pay for potential losses (Notional Experience Balance)
- If Experience Balance is positive(Green Blocks), premium will be returnable if the policy is commuted(all liabilities shift back to the client) or Insureds with good experience can roll their program lowering future insurance costs
- Risk transfer is provided for years where the Frequency of Severity is higher than expected
- 40-60% pricing of traditional risk transfer pricing if no loss
- 3 year option also available
- Subject to full submission

Concept Schematic



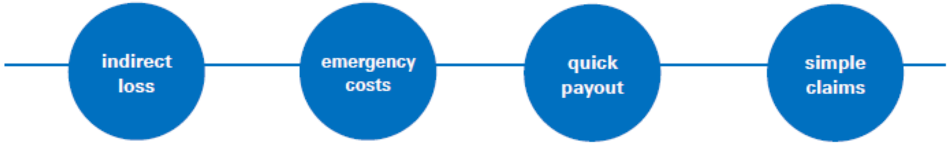
Parametric Solutions – What & Why?

What - Index based solutions

- Structured around a transparent 3rd party Index and pre-agreed payout formulas
- Payout depends only on the Index value, and not on actual losses
- Index examples (natural catastrophes and other):
  - hurricane wind speed, earthquake intensity, rainfall amount, hail size, burned land area, water gauge height
  - hotel occupancy, airport passenger traffic, foreign student university enrollment, pandemic rates
- Applicable to any industry, and to any financial loss – catastrophic or frequency exposures

Why – filling the gaps, efficiency & customization

- Underinsured or uninsurable risks:
  - indirect financial loss, deductibles or exclusions, non-damage BI
- Enhance liquidity & reduce revenue volatility:
  - free up funds, secure better lending/leverage terms, or support immediate post-event costs
- Minimal and transparent claims adjustment process with quick payout



Questions/Open Forum

Jodie DeVries, Senior Vice President, Marsh

Closing Remarks & Updates

Greg Benefield, US Food & Beverage Segment Leader, Marsh

- *Next Marsh Food & Beverage "Peer- to- Peer" Call Series, September 30th @ 11:30 a.m. EDT.*

  Topic: **"Evaluating Shock Events: COVID-19 and Beyond" presented by Reid Sawyer**

- *Marsh Q3 "Food for Thought" white paper publishing 9/30 -* **"As Activism Grows, Food and Beverage Companies Must Respond"**