

## MARSH CAPTIVE SOLUTIONS

# Mangrove Insurance Solutions PCC LTD

A cell in a PCC captive may be the ideal solution for organizations looking to retain risk and who have a business need to segregate insurance assets and liabilities. This segregation may be required for numerous reasons, including the need to separate assets and liabilities by division or territory; by risks associated with a joint venture, by a special project or a strategic alliance; or by risks associated with companies' regulated and non-regulated businesses. Additionally, a cell can provide clients with access to the reinsurance market by participating as a fronting vehicle to access reinsurers, or as a risk retention vehicle by assuming risk from the commercial marketplace.

Mangrove Insurance Solutions PCC Limited and Mangrove Insurance Solutions, PCC, each ultimately owned by Marsh LLC ("Sponsor") and managed by Marsh Captive Solutions ("Manager"), can provide clients with a cost effective risk financing vehicle in which assets and liabilities are segregated.

Marsh Captive Solutions has formed the Mangrove PCC facilities in the Isle of Man and Washington, D.C. to take advantage of the PCC legislation in these domiciles.

## Service Highlights

### What is a PCC?

A Protected Cell Company ("PCC") is a company structured in accordance with applicable PCC legislation. The PCC structure creates a legal segregation of its assets and liabilities into a number of different cells and a central core. The purpose of such an arrangement is to effectively 'ring-fence' the assets and

liabilities of each cell and offer protection to cell owners from the liabilities and creditors of other cells. Although each cell's assets and liabilities are segregated from those of the core and of all other cells, the PCC is a single legal entity.

Mangrove is a PCC that is licensed under applicable insurance laws and regulations to write insurance and reinsurance risks. Mangrove was set up with the purpose of offering cells that would insure and/or reinsure the risks of each cell shareholder. The cell shareholder is unrelated to the sponsor and to other cell shareholders.

## The Value of an Isle of Man PCC

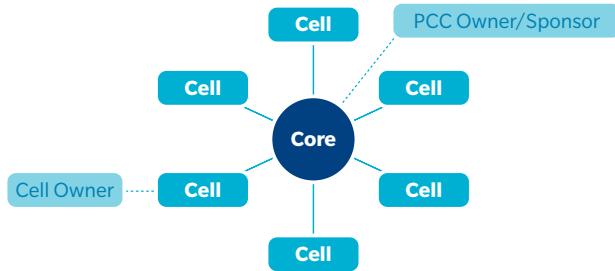
The Isle of Man has an excellent international business reputation and a stable, independent government. The Isle of Man has a triple-A sovereign rating, quality infrastructure and the capacity to grow. A PCC domiciled in the Isle of Man benefits from a robust PCC and captive legislation. The Isle of Man captive regulation has highly competitive capital and solvency requirements and a captive or cell typically enjoys the unlimited ability to mix the amount of non life insurance and reinsurance business that can be written.

## Mangrove PCC Structure in Isle of Man

Mangrove requires that cell owners enter into Participation, Subscription, and Management Agreements with the Sponsor. Non-voting shares are issued to each cell owner, who pay their share of the ongoing costs through a flat fee for administration.

As a general matter, a legal separation exists between each of the cells within the PCC. This protects the owners of one cell from any losses attributable to other cells within the PCC, subject to the satisfaction of all required conditions.

The Manager will develop a business plan on behalf of the cell owner and submit the plan to the Sponsor for approval. The business plan and the licence application will then be sent to the insurance regulator for review and approval. The Manager will work with the cell owner to determine the amount of capital needed for the owner's individual cell to satisfy the capital funding requirements set by the Sponsor and the regulator. Capital may be contributed in the form of cash or an approved letter of credit. Under certain circumstances, additional forms of capital may be contributed with approval of the insurance regulator and the Sponsor.



## Mangrove Insurance Solutions PCC

Marsh also offers Mangrove Insurance Solutions, PCC domiciled in Washington, D.C., which is designed to appeal to North American-based clients who seek a flexible structure and respected regulatory environment. Washington D.C. offers significant underwriting flexibility through a parity provision in the law that permits a captive or cell to engage in any activity that is permitted in any other captive jurisdiction (with approval from the D.C. Commissioner). In addition, Washington, D.C. captive statute allows cells within a PCC facility to establish themselves as either traditional Protected Cells or as Incorporated Cells (IC). An IC is a protected cell that is established as a legal entity separate from the PCC insurer of which it is a part.

## About Marsh Captive Solutions

Marsh Captive Solutions, comprised of nearly 500 captive advisory and management experts located throughout the globe, provides specialized expertise and strategic resources to help create a comprehensive, results-focused captive solution to meet a client's risk management needs. Marsh has been an integral part of the captive industry for 50 years, currently managing more than 1,450 single-parent captives, in addition to reinsurance pools, risk retention groups, and other captive solutions.

For more information, visit [marsh.com](http://marsh.com), or contact your local Marsh representative.

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### WHO IT'S FOR

- Companies who wish to cover non-statutory risks located in the UK or write non-admitted cover in other territories, where allowed, on a direct basis.
- Companies that want a low-cost alternative with low-touch administrative effort instead of a wholly owned captive insurance company.
- Companies who are unable or unwilling to join forces with others in the same industry in a group captive.
- Companies who wish to access the reinsurance market.
- Companies with high levels of predictable losses.
- Companies who retain worldwide risks on a reinsurance basis.
- Companies with a need to segregate risks associated with specific project, division, joint-venture or strategic alliance.

### WHAT YOU GET

The owner of a cell in Mangrove may receive some or all of the following benefits:

- Cost effective risk-financing vehicle.
- Reduced overall insurance spend.
- Access to the reinsurance market.
- Cover for uninsurable or "difficult to place" risks.
- Flexibility in programme design.
- Minimal management time requirement.
- Optimization of risk transfer and risk retention.
- Cell typically licensed and operational within six to eight weeks of date of licence application.
- Statutory segregation of various risks.

Marsh is one of the Marsh & McLennan Companies, together with Guy Carpenter, Mercer, and Oliver Wyman.

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