

## Protected Self Insurance Overview

### PROTECTED SELF-INSURANCE STRUCTURE

The Hospitality Insurance Program is proud to offer hospitality businesses industry-specific coverage and access to a unique and creative structure aiming to change how members acquire insurance, from purchasers to partial owners of their insurance program.

The HIP program is designed for the hospitality industry across Canada and for over 15 years, the program has changed how members acquire insurance, from purchasers to partial owners of their insurance program. This structure, known as “Protected Self-Insurance”, enables members to influence the stability of their insurance program and the costs associated with insurance coverage. Under the HIP, a large portion of premiums gets allocated to a member-owned “Protected Self-Insurance” fund.

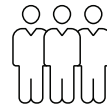
This fund also allows the unique opportunity to circumvent traditional insurance costs and provide for returns of premiums when surpluses are generated due to low-claiming years. This structure also limits the impact of outside market factors respecting members’ insurance premiums as premiums paid to the insurance market are limited to Excess Insurance.



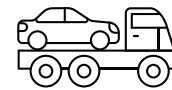
Business Property & Liability Insurance



Employee Benefits



Business Life Insurance

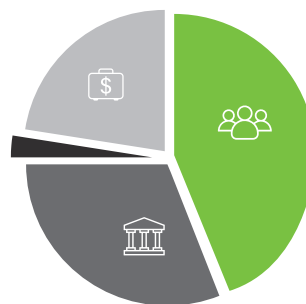


Commercial Auto & Transportation Insurance

### PSI STRUCTURE VS. TRADITIONAL STRUCTURE

#### BENEFITS OF PSI STRUCTURE

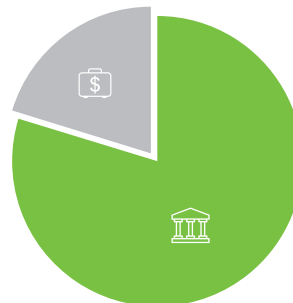
- Typically 8%-10% rate reduction for qualifying properties
- Conservative and comprehensive analysis to ensure business solutions through HIP provide best value
- Unlike traditional shopping of insurance – rates charged are representative of industry claims
- Administrative efficiencies generated in the delivery of risk management, underwriting, claims, and policy issuance reduces costs for policyholders
- PSI fund can never be in a deficit position, fully insured by “A” rated insurers
- Superior coverage - highly specialized and customized to the hospitality industry
- Since 2004; members received **\$2.6M in returns of premiums** - under a traditional structure, these funds would remain in the insurance industry and not be returned.



#### Protected Self Insurance

- Long-Term Rate Stability
- Ownership of Premiums
- Potential Return of Premiums

- PSI Fund
- Excess Insurer
- Loss Pool Fee Administration



#### Traditional Insurance Program

- Unstable Rates
- No Potential Return of Premiums
- Enhanced Profit for Insurance Companies

- Insurance Company
- Broker