



## History

Mystic Insurance Intermediaries, Inc was founded in 1985 to serve the merger, acquisition, divestiture and reinsurance needs of insurance organizations and insurance industry investors.

In choosing our Company name we wished to reflect on the sea-going image of Mystic, Connecticut, a historic seaport, where the traditions and precepts of a bygone era are preserved and displayed. Mystic operates under the traditional reinsurance tenets of utmost good faith and shared risks and fortunes.

For more than two decades Mystic has established a reputation for integrity, experience and innovation in structuring and negotiating reinsurance transactions, actuarial valuations, due diligence reviews, acquisitions or divestitures for insurance companies.

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# Mergers & Acquisitions



- Insurance Industry Contacts
- Actuarial Valuations
- Offering Documents
- Confidentiality
- Innovative Structures
- Service

Price

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## *Divestitures*

An insurance company's most valuable asset is the business it has written over time. For a variety of sound business reasons, an insurance company may have to make the hard decision to divest itself of a given line of business. At Mystic we believe that a seller should always retain the services of an intermediary firm when making a divestiture.

For starters, the intermediary can locate, screen and qualify potential buyers without identifying you as the seller. Only the serious buyers, we have qualified, will learn that you are selling, thus preserving confidentiality of your intent to your field force, policyholders and staff until appropriate. Your intermediary would also have the feel for the marketability of your property.

Mystic can prepare your offering document, valuations of properties to be divested, negotiate on your behalf, draft all necessary agreements and assist with any reinsurance needs. Our staff is comprised of nothing but insurance professionals with tangible reinsurance experience. At Mystic your project matters to us regardless of its size. Every transaction involves our collective expertise and our entire staff is dedicated to moving your project to a successful conclusion.

When you objectively compare Mystic's industry contacts, technical expertise, commitment to service and cost there is only one clear choice ~ **MYSTIC** ~

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## *Acquisitions*

Companies consider acquiring insurance properties for many reasons. For some, it is to make a first-time entrance into the market. Others wish to expand their business base to recognize economies of scale, and some merely want diversification in their existing operation. But regardless of your reason for seeking an acquisition ~ Mystic can help!

We specialize in helping companies enter the insurance/reinsurance industry. Therefore, we maintain an extensive inventory of "clean" shells and constantly monitor the industry for additional shells. Mystic can also help if your target is a fully operational company. Often Mystic brings an intimate knowledge of the target's management or business gained from past dealings through our reinsurance practice. Mystic uses this knowledge and relationship with their management to provide you with the best available information that will lead to a successful negotiation.

Companies seeking books of business, will benefit from Mystic's wealth of experience in the reinsurance arena. We can provide the full service of a professional reinsurer ~ so you can assume your target block with confidence in both product assumptions and treaty structure.

Whether you are a first time buyer looking to enter the insurance market or a well-established insurer yourself, Mystic can expedite your search. ~ **MYSTIC** ~

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## Reinsurance Brokerage



- Reinsurance Experts
- Actuarial Resources
- Competitive Pricing
- In Depth Experience
- Compliance Issues
- Licensed Reinsurance Intermediary

**Overview** ~ The economic and regulatory impact of the 1990 's and 2000's dramatically altered the relationship between ceding company and reinsurer. Treaties prepared by a reinsurer can no longer be taken for granted. It can not be assumed that such treaties will include and deliver exactly what you intended. With the complexity of state regulatory requirements, treaty review by an objective third party is extremely important.

**Services** ~ Mystic will help you find the right reinsurance partner for your company's specific needs. We will oversee the entire transaction and even draft the treaty for you at no additional cost. Expand your options by letting us introduce you to companies that may not specialize in reinsurance, but that would be able and willing to accept your business as a reinsurer. Mystic can help your staff prepare the reinsurance cession reports and assist you in determining and facilitating the capture of the information the reinsurer will require. We will also help you monitor the financial stability of your reinsurance partner and the book of business reinsured.

**Compliance** ~ When reserve credits are at issue, Mystic will help you structure the reinsurance agreement to make sure those reserve credits will be acceptable to your insurance department . Mystic is a fully licensed reinsurance intermediary which assures you that our activities will be in compliance with your State.

**Coinsurance** ~ The lifeblood of any insurance organization is the capital necessary to support new business writings. For over a decade, Mystic has been a leader in helping companies find access to this precious resource through reinsurance. We pioneered the treaty design that solved the "full transfer of risk" issue to be in compliance with state regulations. When you need capital Mystic is your best source.

**Special Risk** ~ Your regular automatic reinsurers offer some, but probably not all, of the reinsurance products you need. Mystic can help when it comes to finding a reinsurance outlet for your non-traditional insurance products. Mystic specializes in Bulk ADB, long term care, stop loss and specialty health reinsurance coverages.

**Assumption Reinsurance** ~ Whether you are the buyer or seller of a bloc of business, Mystic can

assist either party in drafting reinsurance treaties that will be fair to both sides. In many instances before going to assumption reinsurance, coinsurance treaties, administrative service agreements and trust agreements become a necessity. Mystic can help you through this process.

**Due Diligence** ~ Mystic believes that a successful reinsurance treaty requires constant vigilance. Whether it be modeling the business reinsured or auditing the actual treaty accounting Mystic can assist you in monitoring your treaty.

**Summary** ~ Let Mystic be your reinsurance “back room” and serve as a cost effective and efficient adjunct to your staff.

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## Due Diligence



- Reinsurance Experts
- Accounting Skills
- Actuarial Resources
- In Depth Experience
- Compliance Issues
- Audit Proficiency
- Arbitration Counsel

**Overview** ~ Mystic offers a variety of due diligence services for reinsurance agreements from start to finish on a consulting basis. We are your one-stop reinsurance compliance resource.

**Modeling** ~ Mystic can assist in projecting the financial flows of a proposed reinsurance transaction. Our actuaries can test the reinsurance under various scenarios. These tests will demonstrate that the treaty will be in compliance with “transfer of risk” regulation issues. But most importantly ceder and reinsurer will have clear understanding of the expected results at the onset of the treaty.

**Treaty Reviews** ~ would encompass the review of any current or proposed treaty for accuracy in fairly representing the intentions of the parties, compliance with current or proposed State Regulations, inclusion of all reasonable and necessary protections and their enforceability, and then recommendations and negotiations of such changes when needed.

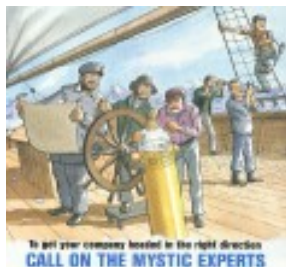
**Accounting Reviews** ~ for a treaty that’s already in place Mystic would review the actual accounting reports and numbers passed between the parties. The purpose of this review is two-fold. First, to determine that the accounting practices adopted by the parties are accurately reflected in the treaty, and secondly, to verify that the treaty’s “mechanics” are correct. We will note any unusual or irregular occurrences in the accounting that may indicate the need for a more expansive audit protocol.

**Financial Analysis** ~ would encompass any projection of an existing treaty under various scenarios. Based on the reinsured policies’ past experience and employing accepted actuarial principals, our actuaries are capable of producing any number of models to demonstrate the effects of a given set of actions. For example, what are the effect of terminating a treaty for new business or the effects of an immediate recapture.

**On-Site Audits** ~ recommends annually the complete verification of the ceder's reporting to the reinsurer by examination of the books, records and papers of the ceder. Mystic would review and verify the methodology as well as the results of key items such as reserves, underlying claim payments, accounting procedures and the computer systems that generate the reinsurance reports.

**Arbitration** ~ unfortunately, sometimes reinsurer and ceder are unable to resolve disputed issues among themselves and as a last resort a treaty will end up in arbitration. Mystic is well qualified to be your resource as either an arbitrator or an expert witness.

**Summary** ~ Mystic can assist you whether your organization acts as ceder or reinsurer. With Mystic's support you can be assured that you will have a firm grasp of any life reinsurance treaty or reinsurance program for which you are responsible. With the rapid promulgation of reinsurance regulation over the past few years, our due diligence process is a must addition. In today's evolving reinsurance environment, uncovering any error or omission in your reinsurance, earlier rather than later, can spell the difference between an amicable resolution and arbitration.



## Mystic Insurance Intermediaries, Inc.

### Senior Staff

**Peter M. Wilson, FLMI President & Treasurer** Peter has an MBA in Finance and BBA in Mgmt from the University of Wisconsin-Whitewater. He began his career at USLICO, later with General Life of Wisconsin and was a VP with Monogram Re, a subsidiary of GE Capital. He has an extensive accounting background as well as over 37 years of insurance company experience. Peter heads up Mystic's Reinsurance practice.

**Antonio D. Vila, FSA, MAAA Exec.VP & Chief Actuary**

Tony has a BS degree in Mathematics from MIT. Tony began his career as a credit actuary with American Bankers and served as chief actuary for Monogram Re, a subsidiary of GE Capital. Tony has over 35 years of related actuarial experience and heads Mystic's actuarial practice. Tony is an expert in the modeling of reinsurance treaties.

**Pamela Peters, CPA Capital Business Service**

Pam has a BS degree in Accounting from Northeastern Illinois and a BA in Math from Wartburg College. She has been in public accounting for 26 years. Pam began her insurance career with UNICOA and was later with First Penn Pacific and Monogram Re. Pam heads up Mystic's due diligence practice.



# Operations

Mystic Insurance Intermediaries, Inc. is a licensed Reinsurance Intermediary. It holds Reinsurance Intermediary licenses from the following states:

California, Delaware, Minnesota, New York, North Carolina, Wisconsin

These licenses afford Mystic Insurance the broadest range of authorities to engage in the business of reinsurance brokerage services. Insurance block sales are effected through reinsurance agreements. Mystic also has authority from the State of Delaware to act as a reinsurance manager. Please note for New York purposes we operate under the name: Mystic Reinsurance Intermediaries.

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