



RMG CONSULTING, LLC

Auditing

Best Practices

Consulting

And

Interim Management

Property & Casualty Operations Management
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RMG Consulting, LLC

RMG Consulting, LLC was formed in 1999 to provide professional and cost effective services to the Property & Casualty insurance, reinsurance, and risk management industry. As our business has grown through repeat and expanded engagements from satisfied customers along with a growing client base, we have continued to add services to meet the demands of the marketplace. Today we are a full service consulting organization with the ability to manage virtually all of your insurance consulting needs.

Our management team has paid close attention to the environment and strategically expanded our list of services over time by attracting key personnel with expertise in related fields. Our staff consists of recognized industry professionals who have had successful leadership roles as well as hands on experience in all facets of the insurance and reinsurance arenas. We are extremely focused on delivering cost effective and practical results to our client base. Our reliance on the integration of operations, systems, technical, auditing, and organizational development skills allows us to offer an independent and unaffiliated group of P&C insurance experts for use in any phase of the effort to improve or confirm bottom line results.

Our success and growth can be attributed to providing clients with measurable bottom line improvements and savings. Many of our engagements are broad in scope while others are focused in a particular area, situation, discipline or line of business.



RMG's CAPABILITIES AND SERVICES

- *Alternative –Risk Transfer*

Resource to alternative risk transfer and financial reinsurance markets
Overview of claims management, staff interaction, policy, protocol, procedures
Loss portfolio evaluation and claims due diligence

- *Best Practices, Claims Workflow and Management*

Inter/intra company communication
Electronic benchmarking / Scorecard measurement
Reserving and settlement protocol
Evaluation / Review of operational units
Management cost containment reviews

Articulation of Best Practices / Leakage assessment
Vendor management/ Cost extrication
Claim data management
Assessment, oversight and expense control
Interim management

- *Best Practices, Primary and Reinsurer Underwriting and Operations*

Processes
Claims analysis of books or blocks of business
Training & Development
Underwriting operations guides/metrics
Loss Control operations
Redundancy and quality controls
Runoff of books or insurers

Due diligence of potential contractors
Due diligence of potential reinsured's
Due diligence of potential purchases
Reinsurance transparency
Interim management
Pricing process / policy issuance
Inter/intra company communication



- *Complex Claims and Litigation Oversight*

Coverage assessment - All product lines
Mediation / Negotiations
Complex litigation support
Insurance collectables & disputes

Expert witness
Alternative dispute resolution (ADR)
Subrogation
Settlement options and recommendations

- *Strategic Planning*

Competency assessment
Performance measurement and compensation systems
Recruitment, selection, retention

Workflow analysis, Systems approach
Training needs analysis, design and development
Staffing models

- *Accounting & Administration*

Accounting / Escrow loss fund audits
RMIS / Management information systems and reporting
Bureau reporting

TPA service fee audits
Premium audits
Boards & Bureaus



Scope of Claims Reviews

RMG has the independence, experience and flexibility to provide required information in any form and under any circumstance and the degree of confidentiality required by the client. RMG is capable of providing information in most aspects of insurer or reinsurer claims operations including

- Accounting / Escrow loss fund audits
- Benchmarking performance
- Complex claims evaluations
- Claim data management and analysis
- Claims Best Practices
- Interim management
- Litigation management and bill auditing
- Medical cost containment reviews
- Reserving analysis
- Recovery reviews
- Premium audits
- Initial investigation / Fraud detection
- TPA performance and fee audits



We know the Property & Casualty terrain first hand, so the approach we use matches the situation. For example, we regularly do the following for our clients, depending upon their needs:

- Conduct onsite claim audits,
- Undertake electronic claim benchmarking and scorecard preparation,
- Prepare a Best Practices assessment,
- Audit financial information including data, escrow loss funds and TPA service fees,
- Develop claims and underwriting training programs,
- TPA oversight, and
- Help in setting complex claim file reserves or settling cases

These reviews can be done for an entire book of business or selected claim files.

Confidentiality

RMG is sensitive to its client's need for privacy, and will sign an appropriate confidentiality or agreement if desired and the agreement meets the risk management criteria of RMG.

Insurance

RMG carries insurance for workers' compensation, automobile, general liability, property and professional liability.

Financials

RMG is a privately held Limited Liability Corporation, incorporated in New Jersey. Our 2009 revenue was approximately \$1.7 million. Our revenue coupled with a low overhead allows us to price our premier service competitively. Our D&B Duns number is 13-161-5879.



Expertise

Our internal and support staff is the heart of our expertise. They not only know the nuts and bolts of claims and risk management but also have the vision to see the implications of process changes. This is because our staff possesses interdisciplinary experience that spans financial, systems, legal and regulatory functions, often working in a team environment to bring solutions to multifaceted areas where improvements are sought. We invite you to take a closer look by first meeting the three principals of RMG, our staff and finally the consultants on whom we most often rely.

Principal

Dale Frediani

Summary: Dale is a recognized property and casualty insurance claims executive whose leadership style effectively balances a pragmatic management approach with strong organizational and technical skills. He has pioneered innovative approaches to large claim adjustments and litigation evaluation and management. As a Principal of RMG Consultants, he brings his extensive and successful claims expertise.

Experience: With a career, which spans over 30 years, Dale has built and managed many departments. As a First Vice President, Dale's expertise covers property claims, General Property/Casualty claim management, special investigation needs, recovery management and programs, large loss measurement and adjustment; quality/best practices audits and training, litigation and dispute resolution.

Products: Dale's background provides the ability to audit files and accounts, develop training programs to improve customer service and business retention, claim handling, and quality and expense control. Dale has also served as an expert witness in litigations involving allegations of bad faith, and as an arbitrator and appraiser in disputes between insurers, their reinsurers and their policyholders. He is a member of ARIAS-US.



Principal

George P. Garris, MBA

Summary: An Operational Executive with strong Financial, Systems, Claims and Operations experience in the Property and Casualty Insurance industry. Have accomplishments as a leader of professionals and as an individual contributor. George is skilled at building and training new teams of employees and utilizing databases to benchmark operational performance. George managed a staff of fifty employees to process over \$2 billion in claims, annually. Assembled and proposed a \$40 million Claims Division operating budget and developed a \$6 million departmental operating expense budget. Controlled daily loss funding and claims handled for 180 Independent Third Party Administrators (TPAs). Managed interaction between Reliance and Corporate Systems to review, analyze and load claim data. He has managed State and Bureau Compliance functions. Design policy feeds from MGAs and Program Managers, and performed internal audits. Maintained oversight of the internal claims system (WINS) including claims coding and vendor table maintenance. George participated in contract negotiations, marketing presentations, pricing decisions, and capital budgets. Financial responsibilities included Treasurer of Third Party Administrator, approving cash disbursements, booking claim financials, and closing loss fund escrow accounts.

Experience: George's 25 years experience spans all aspects of a backroom operation. As a Claims Vice President, he built departments to control and audit financial statements and budgets, control data flows from external sources and perform state reporting and bureau compliance functions. These experiences have contributed to his ability to develop statistical tools for benchmarking.

Products: Administrative, financial, system, and statistical audits; report design to extract data from the system to identify areas of strength and weakness; design programs to address cost control issues.



Principal

John A. Morgan, CPCU

Summary: John joined RMG Consultants in March 2008 and has been a part of the insurance industry since 1970. A proven leader, John has held key executive positions with leading companies including Reliance National Insurance Co. and Home Insurance Co. Most recently, Mr. Morgan managed his own firm providing coverage review and analysis on domestic and international property, boiler & machinery, marine and reinsurance claims.

Experience: Bringing more than 37 years of experience to the firm, previously John held various senior level positions managing property and marine claims with responsibility for large complex domestic and international property, marine and reinsurance claims. Mr. Morgan's experience includes general property, petrochemical, utilities, boiler & machinery and engineered risks. Additionally, John's strength lies in marine claims, aviation, animal mortality, bloodstock, litigation management and reinsurance.

Products: John's specialization includes domestic and international first party property insurance claims including HPR, business interruption, complex coverage analysis, insurance contract wording, assumed reinsurance claims, litigation management including bad faith and punitive damages and catastrophe management. John is an ARIAS-US Certified Arbitrator and has participated in arbitrations both as a party appointed arbitrator and as a participating party.



Principal

John Saulino

Summary: Results oriented, Senior Claims Executive with broad experience in managing and handling all lines of business. John oversees all facets of due diligence engagements, audits, and Best Practices projects. John serves as Team Leader on major projects for RMG clients who include reinsurers, insurers and self-insured companies. In addition, he has often been sought out to perform the Lead or Team Leader function for another consulting company with whom RMG has a strategic relationship. John has been complimented by clients and team members for having the knowledge and leadership to bring together participants from diverse backgrounds into a unified and productive group in order to deliver difficult and time sensitive projects to successful conclusions.

Experience: As a former industry Senior Vice President Claims with more than 30 years of experience in the Casualty, Excess and Reinsurance industry, John is experienced in all Casualty lines including Excess and Surplus, Environmental, Products, and Professional claims and has operated in both the Domestic and International markets. John has given well-received lectures to the Reinsurance Association of America, Excess & Surplus Lines Claims Association and the International Reinsurance Underwriters. He has also authored an article on Best Practices. John has been a long time member of the Excess and Surplus Lines Claims Association where he was formerly a on the Board of Directors and held various officer roles for the organization.

Products: John, a recognized industry leader, specializes in Claims Management, Complex Auditing and Analysis, Litigation Management and Control, Best Practices Development, and Due Diligence. He also specializes in claims auditing for the specific purpose of Litigation Support including Expert Witness testimony regarding industry custom and practice handling. John is often asked to represent carriers in Bad Faith Litigation. He also has been engaged as an Arbitrator in disputes between carriers and reinsurers.



Bill Burner - Senior Consultant

Summary: Substantial experience in the claims industry specializing in Workers' Compensation, including over 13 years of experience in the State of California. Bill has served in various claims management positions, with continuously increasing responsibilities for a national insurance carrier.

Experience: Handling, supervising and managing all levels of claims, including catastrophic losses with all related reporting. Bill is also versed in training staff members in "Best Practices" for claims handling, encompassing areas such as technical expertise, investigations, medical management, negotiations, reserving, litigation management, fraud identification, recovery, leakage assessment and customer service.

Products: Bill's main focus is in workers' compensation claims for insurance companies and self-insured employers. Bill audits internal and external claim operations, which entails interviews with claims handlers and assessment of "Best Practices" for claims handling. Bill also conducts claim file reviews with insured employees, brokers, primary carriers, reinsurers, excess carriers, and other consultants. Coordinating and responding to audit findings by federal or state agencies, internal departments, clients and/or their consultants. Bill also has experience in Property Catastrophe Management.

Jim Duhig, CPCU – Director, Environmental

Summary: Seasoned Claims Executive with extensive experience handling claims for Mass Tort and the Environmental line of business.

Experience: As an Assistant Vice-President, Jim had corporate responsibility for claims and coverage litigation involving a wide range of extremely complicated toxic tort and pharmaceutical matters including Asbestos, DES, Agent Orange, and Breast Implants. Jim also has experience in all casualty areas, having acted as a National Claims Officer overseeing technical field office operations, establishing coverage positions, reserving and settlement authorizations and conducting field auditing.

Products: Provides audits of the environmental claims line of business. With extensive experience in primary and excess claims, in addition to the collection of difficult reinsurance matters, Jim also provides support for almost any area of casualty claim audits.

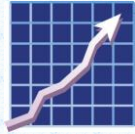


Jim Howlin – Director, Environmental

Summary: Jim brings a wealth of experience with major reinsurers and insurance carriers, specializing in claims handling for the Environmental line of business and support for medical malpractice and all other lines of business which he handled extensively as a Home Office Examiner and Assistant Manager while at the Home Insurance Company. Jim started his career at Liberty Mutual where he handled all line of business before joining the Home Insurance Company.

Experience: As a Vice-President for a large reinsurer, Jim handled almost all types of casualty claims especially special risk exposures including products, non-standard auto, construction, and medical malpractice. He later specialized in the handling of asbestos and environmental claim issues including claim audits arising from treaties and facultative certificates issued to ceding companies.

Products: Jim provides audits for the environmental claims line of business. With extensive experience in primary, excess and reinsurance Jim also provides support for almost any area of casualty claim audits.



Valerie Ullman Katz, CPCU, MBA, ARM, CBCP – Director

Summary: With over 20 years of insurance experience, Valerie is a dynamic, creative senior Insurance and Claims Management Executive with knowledge and experience in national and international multi-line units. Valerie is an inspirational team leader who motivates others to use their talents and knowledge to reduce costs and improve productivity. She is an expert in translating and bringing about innovation and change through team actions in the redesign of systems and the reengineering of processes.

Experience: Valerie has improved efficiencies by instituting a check and balance system for proprietary review to prevent internal and external fraud. She has tested veracity of numbers by conducting monthly audits of data to repair document irregularities, resulting in 100% audit accuracy and compliance with Sarbanes-Oxley requirements. Valerie has realigned department, eliminating redundancy, resulting in more streamlined procedures and increased operational effectiveness. She restructured, revitalized and implemented process to eliminate overpayment of claims, resulting in a savings of 7%. Reorganized Processing and Policy Search Units and changed work flows to replace 60 positions with 12, resulting in savings of \$1.5 MM in salaries. Initiated and designed training program to increase understanding among staff, resulting in a significant reduction in processing turnaround time. Identified problem areas in the administrative processing of claims and implemented changes, resulting in significant time savings, ranging between 5 and 20% on claims valued at \$1Million.

Services: Valerie is a seasoned claims executive and conducts claims audits for all Property & Casualty insurance lines. Valerie also performs Technical and Organizational Best Practice engagements including staffing and workflow reviews to reduce cost and increase the productivity of claim departments.

Andrea Morgan - Director CPCU, ARe, AU

Summary: A senior claims professional with extensive management and technical experience in both primary and reinsurance casualty claims. Andrea has 33 years of experience with 25 years in reinsurance claims management. Andrea's background also includes experience in business process redesign and systems to maximize efficiency.

Experience: As a Senior Vice President for a Major Reinsurer, Andrea was responsible for the management of the domestic assumed reinsurance claims department. She developed and executed policies and procedures to ensure reserve adequacy and adherence to loss processing and productivity standards. She has overseen, handled and coordinated complex claim exposures, client audits, due diligence reviews, and commutations.

Services: Andrea provides due diligence and operational reviews, commutation assessments, litigation support, auditing, as well as expert witness assignments. She is developing a claims training and education program for our clients. Her background includes experience in claims reengineering and systems development and she supports these areas as well.



Mary E. Mooney – Director

Summary: Mary has twenty years of comprehensive experience in sales, business development, team building, operations and customer service. Expertise includes identifying and implementing new initiatives, cultivating relationships with internal and external partners; exceptional networking and negotiating skills.

Experience: Mary's extensive business experience in the management and oversight of various consumer and trade shows has given her a familiarity with building and interior design products. In several of her positions, including managing her own exposition, conference and meeting planning company, she was responsible for multi-million dollar budgets and company profitability as well as managing sales and production staff.

Services: Mary provides research, marketing and client services support for this full-service insurance industry consulting organization. Primary duties include evaluating fine arts and unique types of personal property losses; reporting on collected client data; data quality review; assisting Principals with report and presentation design and production as well as organizing off- site facilities for arbitration hearings and other functions. She also fulfills office management functions on a day to day basis.

Jack Murphy - Senior Consultant

Summary: Jack is recognized and respected throughout the casualty claim business as one of the most experienced and technically proficient claims professionals in the Medical and Dental Malpractice, Automobile Bodily Injury and GL disciplines. His integrity, dedication to detail and results oriented philosophy of claims management has been the hallmark of his long and successful career. He brings these traits, along with his extensive knowledge of the casualty claims business to RMG, as a Senior Consultant.

Experience: In a career that spans over many years in both the corporate and consultant claims areas, Jack has been involved in all levels of the claims business ranging from outside adjuster to the handling of complex claims litigation with potential exposures in the millions of dollars. Responsibilities include the implementation claims training seminars, audit and reserve reviews, settlement teams, arbitrations and mediations, trial monitoring and the management, oversight and direction of claims on a national basis.

Products: Given his long and varied career, Jack is able to provide quality claims service in many areas. These include direct claims handling, conducting comprehensive and detailed reserve reviews, best practices audits, seminars in the areas of claims handling, human anatomy as it relates to successful claims management, and the anatomy of a lawsuit. He also is available for in-house settlement teams, trial monitoring, and court ordered settlement conferences, direct negotiations, arbitrations and mediations.

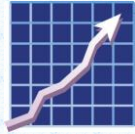


Gail R. Schlafer, CPCU - Director, Reinsurance

Summary: Gail has had 30 years experience in insurance and reinsurance underwriting as both a both an underwriter and executive in facultative as well as treaty fields. While her greatest expertise lies in underwriting most casualty lines of business, she has also had extensive experience in managing and underwriting on a multiline basis for regional insurance companies. This experience includes auditing insurance companies, consulting on reinsurance strategy, contract analyzation, and review of MGA programs.

Experience: Gail has been a reinsurance executive for the last 25 years with management roles in casualty facultative, treaty underwriting and marketing. Prior to joining RMG, Gail was a Senior Vice President in direct treaty for the Munich Re Group in Princeton, NJ for 10 years. In that capacity she worked with all types of property/casualty insurance companies with a special emphasis on regional clients. She has dealt with a wide range of companies throughout the United States, dealing with issues such as underwriting best practices, underwriting and marketing strategies, aggregate accumulation, reinsurance buying strategy and contract wording issues. Prior to joining Munich Re, she also held executive positions at GMAC Re and Cigna (now Ace-Tempest) Re in the brokered reinsurance market. At Cigna she worked with a wide range of companies and programs from National Accounts, Excess and Surplus lines, and malpractice risk retention groups to small regional clients. Gail has her CPCU designation and is a former member of the Reinsurance section committee.

Services: Gail's diverse background allows her to provide a wide variety of reinsurance and insurance casualty/property underwriting services. This includes auditing of insurance companies, including risk selection analysis; best practices overviews, operational and underwriting reviews of MGAs, reinsurance strategy consultation, contract wording reviews, and reinsurance expert witness.



Kathy Stapola – Senior Consultant Workers’ Compensation

Summary: Kathy brings outstanding technical and administrative experience to RMG especially in the performance of auditing and Best Practices engagements. These technical skills coupled with a strong financial background make her an invaluable team member in analyzing cost effective solutions to troublesome issue.

Experience: Kathy has more than 25 years industry experience at the claim technical, supervisor and Senior Regional Consultant level for major insurers, third party administrators and consulting firms. She has been involved in almost every aspect of Workers’ Compensation claim technical and financial rework issues including development and implementation of leakage assessments.

Services: Kathy’s principal engagements have included difficult audit matters in litigation, internal audits for clients where she recommends individual file guidance, disposition recommendations, and oversight of case nurse involvement, improvement opportunities and Best Practices engagements.

Fred Wise – Senior Consultant

Summary: Fred brings more than 30 years of claims management experience in quality improvement, claims cost management, claims automation and operation redesign. His focus on results translates to projects being completed ahead of schedule and under budget.

Experience: Fred was responsible for the claims service of 16 branch offices, and managing the national accounts, cost management and individual life and health divisions. His analysis of file documentation resulted in operating efficiency and served as the groundwork for the development of a model file concept. The measures he implemented to streamline life / health operations reduced costs, and improved service. His initiatives to expand in-house nurse case management operations reduced vendor costs, improved service and produced better outcomes for patients. This includes responsibility for claims services of national accounts and cost management divisions.

Products: Fred specializes in Accident & Health, Occupational Benefits and Workers’ Compensation audits as well as Compliance and Organizational Development projects. Fred also provides expertise in the Property and Casualty claims arena.



Ronald R. Wirsing – Director

Summary: Ron brings extensive claims experience with particular emphasis in auditing and providing Workers' Compensation technical direction focused on improving claims performance and reducing loss cost through Best Practices.

Experience: Ron has held numerous positions throughout his career, focused particularly in the Workers' Compensation arena. Ron's responsibilities included having Home Office oversight on large loss claims, being a Risk Management and Risk Control Consultant as well as holding positions as the Vice-President and Assistant Secretary of companies prior to joining RMG. Ron has authored several courses, developed a loss trending and tracking analysis product that identified cost drivers for clients, customized a vendor's workers' compensation claim system by implementing financial analysis feedback to management, an integrated medical fee schedule payment process, fraud detection alerts, and risk management tools for client support in the industry.

Products: Ron specializes in Workers' Compensation and Risk Management auditing, claims best practices, as well as putting together Workers' Compensation training course work.



Turning Data into Action[©]

By combining data from the initial pricing study, claim data and financial data, RMG can build databases and apply statistical techniques to determine the areas of highest concerns. We have developed a benchmarking process to statistically review each component of the claims process and benchmark each activity. Results are then summarized and ranked in importance. This new process leads to the design of focused audits that result in immediately reducing losses. To maximize the results, we believe an auditor should be aware of the most significant areas for improvement before the claim files are selected for audit. This approach maximizes savings and minimizes operating expenses by undertaking a "measure twice, cut once" process.

Our goal is to reduce losses and allocated expenses through the use of focused audits. This includes reviewing the following:

- ✓ Reducing escrow levels by reviewing loss funding procedures
- ✓ Returning funds, and reducing the incurred, from un-cashed claim checks
- ✓ Reviewing large loss prefunding requests to ensure that these funds are not sitting idle waiting for a claim to close
- ✓ Ensure that only covered claims are paid by reviewing the coverage verification process
- ✓ Statistically benchmarking claim settlements, managed care, litigations, allocated expenses to identify specific branch offices for focused audits
- ✓ Using systems to identify where claim reserves are too high, or too low
- ✓ Determining areas where the time to report a claim or the time to close a claim is significantly increasing the ultimate incurred.