



Hawaii Hurricane Relief Fund Program Operations Administration

Request for Proposal

May 21, 2025

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SECTION ONE

EXECUTIVE SUMMARY

Thank you for this opportunity. We are committed to building a long-standing partnership.

Raising the Bar on Service, Resources and Results

Marsh USA LLC is excited to present this proposal for Hawaii Hurricane Relief Fund (HHRF) to facilitate the establishment and management of operations for HHRF, tailored specifically to meet your unique needs and strategic objectives. HHRF faces distinct risks and opportunities that can be effectively addressed through comprehensive program operations administration insurance solution.

From the initial formation to navigating legislative and regulatory requirements and implementing effective risk management strategies, we will be with you every step of the way. Our ongoing management services will ensure that your HHRF operates smoothly and continues to align with Hawaii Hurricane Relief Fund' vision for a stable, alternative market.

As demonstrated within this response, we have been mindful of the key attributes that you seek in a strategic business partner. These concepts are interwoven within our responses to your concerns:

- **Team Approach** — We take a hands-on team approach manage the insurance companies we support. Ultimately, it's about

the people you work with and we take the time to find the right fit for you.

- **Experience** — Marsh has been in operation since 1871 and in Hawaii since 1972 and is the world's leading small insurance company and captive manager. We have also served as the program manager for HPIA since 2018.
- **Resources** — With 35 professionals based in our Honolulu office and ability to tap into resources globally, Marsh can provide HHRF stability required to fulfill its commitments.
- **Service Excellence** — Marsh acts as an extension of our clients' management teams. We value responsiveness and quality of execution always.
- **Continuous Improvement** — We are focused on continuous improvement in our service delivery and on providing a quality product first time.
- **Innovation** — We approach each insurance company's needs from management, structure and operation differently depending upon its strategies, goals and needs.
- **Technology** — Our proprietary technology systems, designed in house by management professionals, enable us to maximize efficiencies and ensure high quality service is delivered to our clients
- **Control Environment** — Marsh's control environment is a robust and our Captive Solutions Group is SOC 1 compliant.

Administration and that is essential for several

THE RIGHT SOLUTION

Background

We have come to learn of the fundamental business plan for HAWAII HURRICANE RELIEF FUND and understand the organizations plan to offer excess hurricane policies for condominium associations.

Our proposal will outline scope of services, our capability and experience, and proposed compensation. While this proposal contemplates offering substantially comprehensive formation support, actuarial and program administrative services, we view this proposal as a meaningful starting point and we are certainly willing to negotiate our services to fit the exact needs of the HHRF.

This proposal does not include reinsurance brokerage services, as those are currently provided by another provider.

About Marsh's Program Administrative services Team

In addition to our vast experience forming and managing captive insurance companies, Marsh provides Program Administration services to the Hawaii Property Insurance Association (HPIA). Marsh provides comprehensive program administration for the HPIA, ensuring effective management and support for its insureds, directors, agents and other stake holders through tailored insurance solutions and expert guidance. Our team is dedicated Program

reasons:

1. **Expertise and Specialization:** A dedicated team brings specialized knowledge and expertise in managing specific programs, ensuring that all aspects are handled efficiently and effectively.
2. **Consistency and Quality:** With a focused team, there is a consistent approach to program administration, which helps maintain high standards of quality and service delivery.
3. **Tailored Solutions:** A dedicated team can better understand the unique needs and challenges of the program, allowing for customized solutions that meet the specific requirements of stakeholders.
4. **Streamlined Processes:** A specialized team can develop and implement streamlined processes, reducing administrative burdens and improving overall efficiency.
5. **Enhanced Communication:** Having a dedicated team fosters better communication and collaboration among stakeholders, ensuring that everyone is aligned and informed throughout the program's lifecycle.
6. **Resource Allocation:** By having a dedicated team, resources can be allocated more effectively, ensuring that the program receives the attention and support it needs to succeed.

SECTION TWO

THE DETAIL



deep understanding of their expectations and requirements. We see the role of the HHRF Program Administrator as your partner and coordinator in order to implement the desired business plan. Typical Implementation services are as follows:

- Support creation of necessary agreements and entity documentation
- Coordinate legal, program administration, actuarial, accounting teams for all deliverables
- Arrange and prepare all materials for meetings with Insurance Division and Board of Directors
- Clear all review questions and follow-up requests
- Maintain timely delivery of successful launch of program
- Attend legislative hearings
- Assist with communications

Our Capabilities to Implement your entity

We take great pride in our ability to quickly cut to the key issues required for a successful implementation . We invest in the relationship with the Insurance Commissioner and HHRF Board of Directors and Consultants and have a

Our Capabilities to Provide Program Administration

Our colleagues take pride in their daily servicing of clients and are constantly looking at ways to improve the efficiencies in management, as well

as how reports are presented. Marsh will work closely with HAWAII HURRICANE RELIEF FUND and your service providers in finding these opportunities. In summary, Marsh see the role of the HHRF program administrator as a coordinator with all of the service providers to assist the Board of Directors in managing the affairs of your HHRF while ensuring that it is compliant with all applicable laws and regulations. The services Marsh can deliver to HAWAII HURRICANE RELIEF FUND in the pursuit of this objective are outlined below:

General Management:

- Arrange regulatory correspondence
- Identify opportunities to enhance the performance of the entity
- Protect the entity's interests
- Provide advice on matters such as auditors fees and other service providers
- Assist with ongoing regulatory relationship

Cash Management- Independent Function

- Arrange payment of checks, drafts, and wire transfers for any bank accounts
- Ensure incoming funds are identified and properly recorded
- Coordinate the placement of fixed deposits
- Confirm adequate funds are available to meet disbursements as they fall due
- Reconcile bank accounts
- Confirm all expenses and reimbursements are within the entity's operating guidelines, and review invoices and obtain authority for payment when required or outside of budget

- Follow up with bank non-reconcilable or unsanctioned items debited to the account
- Resolve banking queries
- Review bordereaux's and invoices, and obtain authority for payment
- Arrange prompt settlement of amounts due
- Maintain strict internal controls as regulated by our systems: dual authorized signatories on each payment, separation of duties between payment initiation and authorization, valid and sufficient supporting documentation, and payee verifications

Investments

- Check that investment managers are given timely instructions for the release of funds and that all investments made on behalf of the HHRF insurance company falls within the parameters of the guidelines set
- Coordinate release of funds with company's investment manager to pay claims
- Assistance in the selection of investment managers with good track records in selected asset classes
- Execute investment manager agreements and account opening documents

Claims Management and Analysis

- Review claims notifications for amount and legitimacy
- Confirm claims in accordance with policy wording, limits, and conditions
- If appropriate, book reserves
- Undertake to make reasonable reserve estimates for quarterly reporting when an actuarial study is not contractually available

- Settle finalized claims based on prescribed criteria
- Maintain loss data
- Close cooperation with the actuary and or approved loss reserve specialists

Compliance and Statutory Reporting

- Prepare quarterly reports and file with Insurance Division & Board of Directors
- Prepare and distribute board meeting material
- Correspond with the regulator regarding plan changes
- Ensure all annual audits and filings are completed on a timely basis
- Arrange payment of fees and charges
- Confirm compliance with company's operating standards
- Monitor compliance with all local regulatory requirements including ratios and other conditions required of the Insurance Division

Audit Management

- Monitor system of checks and controls for the production of financial statements
- Plan and arrange audit schedule
- For year-end audit, prepare letters of confirmation on behalf of auditors
- Prepare Financial statements working paper files to facilitate speedy completion of audits thus saving on audit costs
- Assist auditors with year-end audit fieldwork including provision of work space while on-site

- Provide information necessary for internal and external audits in a timely manner
- Obtain audit clearance for statutory return
- Obtain approval signatures for audited financials, file with government, and manage government queries

Meeting Management

- Participate in setting meeting agendas
- Prepare meeting books in both electronic and paper form
- Attend board meetings and prepare and present the following items:
 - Financial Report: interim financial statements, proposed budget, and analysis
 - Audit Report: audited financial statements, representation letters, engagement letters, and timelines
 - Input on any other matters e.g. updates to the insurance market environment and related news

Financial and Accounting Management

- Complete cash book and bank reconciliations
- Prepare management and statutory statements
- Review and prepare financial statements on a quarterly and annual basis
- Prepare journals to reflect invoices received, accruals, unearned premium reserve, cashbook transactions, movements on IBNR, prepaid expenses, plus investments if applicable and time deposits principals and accrued interest

- Update financial records with latest claim reserve figures supplied from the claims database
- Prepare supporting schedules for accounts
- Check risk transfer test is performed annually to support accounting method

Reinsurance Program

- Document retention and execution
- Advise on technical (re)insurance matters
- Maintain underwriting files
- Liaise with cedents and/or reinsurance brokers
- Liaise with retrocessionaires

Both our Program Administration and Actuarial Professionals work closely together to provide HHRF with the best solutions

Our Capabilities to Provide Actuarial Services

- Marsh's Global Captive Solutions Group that offers actuarial services in-house, saving our clients:
 - Time, money, and paperwork.
- Our Actuarial team specializes in providing to actuarial consulting services to specialized insurers which are:
 - Accurate.
 - Professionally prepared and presented.
 - Focused on service.
 - Relevant.
 - Customized for your needs.
 - Precisely and effectively communicated.
- Our Actuaries focus on satisfying your management, directors, auditors, insurance regulators, and carriers.
- From a corporate governance perspective, having the same program administrator and Actuary is not a conflict of interest and allows for significant efficiency.

SECTION THREE

THE TEAM

Our unique service team approach ensures that the entire team has detailed knowledge of your HHRF so that in the event of unforeseen absence or staff turnover our service levels will continue as normal. The objective of our client service team approach is to provide timely, accurate and efficient management services that are tailor made to the individual and specific requirements of your captive.

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SECTION FOUR

QUALITY MANAGEMENT AND OUR CONTROL ENVIRONMENT

Control Environment

We have a tried and tested set of operating controls and procedures. Having such an experienced team has enabled us to develop an extensive control environment.

We take the issue of internal controls extremely seriously and are proud of the control environment that we have in place. It is robust, efficient and adhered to at all times.

Financial Accounting Controls

Senior Management Review and Financial Statement Checklist

Prior to releasing financial statements, a detailed checklist must be completed and attached to the draft statements that are presented to the Supervising Account Manager for review. This ensures completeness and accuracy of the work product. The Senior Account Manager in Hawaii also performs a high level executive review prior to releasing the financial statements to the client.

Peer Review by Independent Account Manager

Periodically, as authorized by the client, an Account Manager, not specifically working on your captive, will review the accounting files and provide feedback to the service team. This provides a further check that everything is accurately transacted and recorded and acts as an internal audit control.

Detailed Reporting Timetable

We produce a detailed timeline for key yearly and quarterly target dates. We will draft this and then seek your comments and approval before finalizing.

Corporate Permanent File

For each client a Corporate Permanent File is kept in an electronic format. Within this file are client specific procedures, insurance program summaries, contacts and special instructions. These records enable other members of our professional accounting staff to substitute at short notice, in the event of unforeseen absence, as a result of illness, for example a team member.

Controls Surrounding Our Systems

All of our systems are security protected in terms of access and backup procedures. We also maintain comprehensive business continuity plans for all of our offices. These plans are similar in format and content but are customized for each office based on the relevant circumstances. There is a detailed version of the plan which contains extensive system documentation, checklists and forms and contact lists (staff, clients and vendors).

This plan has three distinct but related sections: Emergency Response, Crisis Management and Business Continuity. In the event an incident occurs at our office/facility, this document will provide a methodology for the following:

- Response to the emergency
- Determination of the extent of damage
- Requirement to invoke the recovery process
- Disaster declaration
- Continuation of our business processes until full and permanent recovery is completed and the management of all these tasks.

Emergency Response — outlines the procedures required to respond immediately to various incidents that may jeopardize the safety of our colleagues, disrupt daily operations or bring unwarranted external scrutiny to the firm. It is Marsh & McLennan Companies' intent to conduct itself with the highest regard for the safety and health of its colleagues and to protect and preserve its property.

Crisis Management — will provide our management team with a process for assessing and managing incidents as well as the beginning aspects of the business continuation process.

Business Continuity — is designed to provide a framework on which to resume critical business processes if an incident disrupts the normal work location. Technology and office administration have been identified as key in establishing a continuous working environment.

The plan is updated on a regular basis and tested periodically.

Treasury Policy and Fraud Prevention

All of our management offices follow a strict Marsh Treasury Policy regardless of whether there is an additional client specific policy in place. Whilst no internal control structure can protect against every form of fraud, a properly designed structure should detect most forms of fraud in a timely manner.

In February 2008, there was the arrest of an executive at a competitor management firm on charges of embezzlement of funds from his employer and its clients. As a result of this case, our Management offices globally, reviewed our system of internal controls in detail and concluded that our existing structure was adequately designed to detect the types of irregular activities noted in this fraudulent case.

One of the main control weaknesses that was highlighted in this case was a lack of separation of duties, allowing an incoming check to be delivered directly to a colleague who also had check processing authority. Our own control environment in all of our offices does not allow for this and processes are designed to carefully segregate cash activities from accounting activities. For example Account Managers do not have access to cash receipts such as live checks and all cash ledgers are reconciled to bank statements which are reviewed in detail by the Senior Account Manager. Few of our competitors in Hawaii have sufficient personnel to adequately carry out this segregation.

Marsh's own internal audit department has audited our management offices in detail and the findings have been 100% satisfactory.

Training Policies and Procedures

Our Program Administration Solutions practice provides a solid training framework for all employees across all geographies. Having standardized training ensures that all colleagues performing similar functions are capable of providing equally high levels of service to our clients regardless of their background or education. Each employee receives a training matrix upon commencement of employment. The purpose of the training matrix is to outline the professional and technical skills needed for a particular position and then identify the resources available to meet these skill needs.

Delivering Efficiencies through Technology

The use of technology to manage business relationships and facilitate service is constantly evolving. Marsh has invested in a number of technology tools to assist our clients to meet their distinctive risk management needs. Our technology is designed to amplify the power of our global expertise, while reducing your administrative burden. We are the leader in transforming the program administration insurance industry's paper-based processes into highly efficient, internet-enabled transactions.

Marsh has a dedicated, industry-leading, global management technology platform. It is designed by our management experts to best serve our clients and has enabled meaningful investments to be made in the management business. Marsh's core products suite is composed of three applications:

- Global Captive Management System (“GCMS”)
- Service Tracking
- MarshManagement.com

Global Captive Management System (GCMS)

Marsh’s Captive Management Services has developed a sophisticated insurance company administration system over several decades. This is known as our Global Captive Management System (GCMS) and combines the disciplines of accounting, insurance and cash management. This system is unique, having been designed specifically for small, specialized Insurance operations – there is nothing like this on the market that can be purchased ‘off-the-shelf’ specifically for captives, and we do not license this to our competitors. Each insurance company that we manage has information stored on this system, allowing us to produce specific reports that combine details of all aspects of the company, whilst maintaining the confidentiality of data within a secure environment. This system is used by all Marsh management offices globally. Significant resources have been committed to this system to ensure proper maintenance and improvements are made, and we have full time IT professionals dedicated to maintaining this system. The key features of GCMS are as follows:

- **Flexible** — serves hundreds of clients’ needs in a comprehensive system and able to produce a wide range of customized reports that can be developed for you as necessary.
- **Reliable** — combines disciplines of both accounting and insurance functions in one system ensuring accurate processing and reporting.
- **Efficient** — provides a systematic method of data input by your team to produce accurate and timely reports.
- **Compliant** — imposes protocol and security measures tracking all activities that support internal controls.

Due to its flexibility, the system has the capability of managing data for multiple entities. We are able to isolate entity specific data and can, for example, provide a full underwriting income analysis on an entity by entity basis. This can also be prepared on a consolidated basis for the company as a whole, on both a policy year and line of business basis.

Types of reports automatically produced by GCMS include:

- Cash books
- Trial balance
- Financial statements
- General ledger
- Transaction detail lookup
- Insurance transaction details.

- Outstanding receivables and payables, and unmatched cash allocated to insurance accounts
- Insurance program details
- Reserves (statement of reserves and aged reserves)
- Unearned premiums and deferred acquisition costs
- Loss analysis
- Requests and instructions to signatories and banks

This is not an exhaustive list of examples and reports can be tailored for your requirements.

Service Tracking

Service Tracking is a customized project management tool to assist our service delivery approach, ensuring accurate and timely service delivery.

The system includes:

- Status of all projects
- Correspondence
- Lists of scheduled tasks
- Electronic copies of all client files
- Scanned documentation

Service Tracking enables your service team to ensure efficient and timely service is delivered to HHRF. Every member of your service team will access and use Service Tracking to record any activity on your account and all team members can monitor the status of projects, activities, upcoming tasks and latest correspondence. This system is especially useful since historical data can be retrieved instantaneously, as opposed to having to rely solely on physical storage and the problems and costs involved with retrieval of offsite documents. It also serves to preserve knowledge in a way that greatly limits our clients' exposure to a key person risk. The system is replicated in real time to redundant servers, which ensures the integrity of Marsh clients' records in the event of a disaster or other interruption to normal business operations. Finally, the detailed electronic tracking enables virtually instantaneous document retrieval to respond to a client request or collaboration on a project involving assigned team members anywhere in the world. Essentially, all hard copy and electronic documentation we receive in relation to your captives are scanned or copied in electronic form and saved into Service Tracking.

Marshmanagement.com

Managing HHRF will be a balancing act that requires dexterity, timeliness, and efficiency that only on demand access to your organizations information can provide—on your schedule, and at your fingertips. MarshManagement.com is a tool that gives you that kind of access to your organization information including:

- Instant access to the information you want, when you want it

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- Ability to upload data on your schedule—any day of the week, any time
- Access to Marsh contact information at your fingertips
- Ability to collaborate with your Marsh team, third party service providers and consultants in virtual project management
- Access to multiple parties in different time zones and locations (e.g. members of a group captive).

MarshManagement.com can be accessed through your internet browser, like any other web-based application. This is a fully secured website using a digital encryption certificate from QuoVadis (www.quovadis.bm), an authorized Certification Service Provider to ensure only those persons whom you designate as users plus your Marsh team will have access to your files. All communications, including file transfers, are 128-bit encrypted and pass directly between the client PC and our dedicated web server. Some examples of the information that can be posted onto your site include:

- Actuarial Information
- By-laws
- Expense analyses
- Financial statements
- Insurance policies
- Legal documents
- Meeting booklets
- Minutes from meetings

We would be delighted to provide a demonstration of Marshmanagement.com by webinar should this be helpful.

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