PRIMARY ADMITTED & COMPANION E&S CAPACITY PROPOSAL • TARGET Q1 2027 LAUNCH

TERRAVEX Heavy Civil & Utility Contractors' Equipment Program

Five years of 47.3% modeled Ultimate Loss + ALAE performance (79.6% gross combined ratio) across $75.70M in historical scenario and estimated gross written premium, seeking a modeled "A" (FSC X+) issuing carrier partner (fictional rating scenario assumption) to scale from $24.60M (AY 2026E) to $45.10M GWP by PY 2029P.

AY 2026E MODELED BOOK	5-YR MODELED LOSS + ALAE	5-YR GROSS COMBINED RATIO	3-YR PROJECTED GWP (27P–29P)
$24.60M GWP	**47.3% Ratio**	**79.6% Combined**	**$114.30M GWP**
410 Accounts • $1,968.0M TIV • 9,020 Units	92.4% Paid-to-Ult • -14.2 pts vs. Uncontrolled Model	$13.51M Unrounded UW Profit ($13.50M Rounded Sum)	$22.81M Projected 3-Yr UW Profit (78.3% CR)

Portfolio Example Disclosure: Trestle Specialty is a fictional MGA created as an illustrative portfolio example to demonstrate Alltova's approach to specialty-insurance communications and presentation design. No real client, carrier commitment, or audit is represented.

Five Years of 47.3% Modeled Loss + ALAE Performance Seeking A-Rated X+ Paper Beyond a $25M Cap

Across illustrative historical cohorts AY 2022–2025 and full-year estimate AY 2026E, Trestle Specialty Underwriters' TERRAVEX Program has scaled from $6.40M to $24.60M GWP at a 79.6% gross combined ratio ($28.955M paid losses; 92.4% paid-to-ultimate). Because Incumbent Carrier A (a fictional insurer with a modeled A- VIII rating assumption; not an actual AM Best rating) enforces a $25.0M single-program cap, Trestle seeks a modeled "A" (FSC X+) issuing carrier partner for Q1 2027.

1. THE COMMERCIAL CATALYST

$25.0M Launch Cap Reached

TERRAVEX reaches $24.60M GWP in AY 2026E; municipal/grid bidders require modeled "A" FSC X+ certificates & 4 expansion states.

2. EXPOSURE-ADJUSTED RATE ADEQUACY

+4.8% On-Level Rate Gain

Nominal rate index (0.8984) divided by exposure pure-loss index (0.8577 from $25k deductible & GPS shift) = +4.75% net gain.

3. RECONCILED CARRIER RETURN (25% QS)

$9.64M Earned / $9.99M Written

$5.70M net 25% UW profit + 5.0% fronting override on 75% Quota Share ($3.94M earned basis / $4.29M written basis).

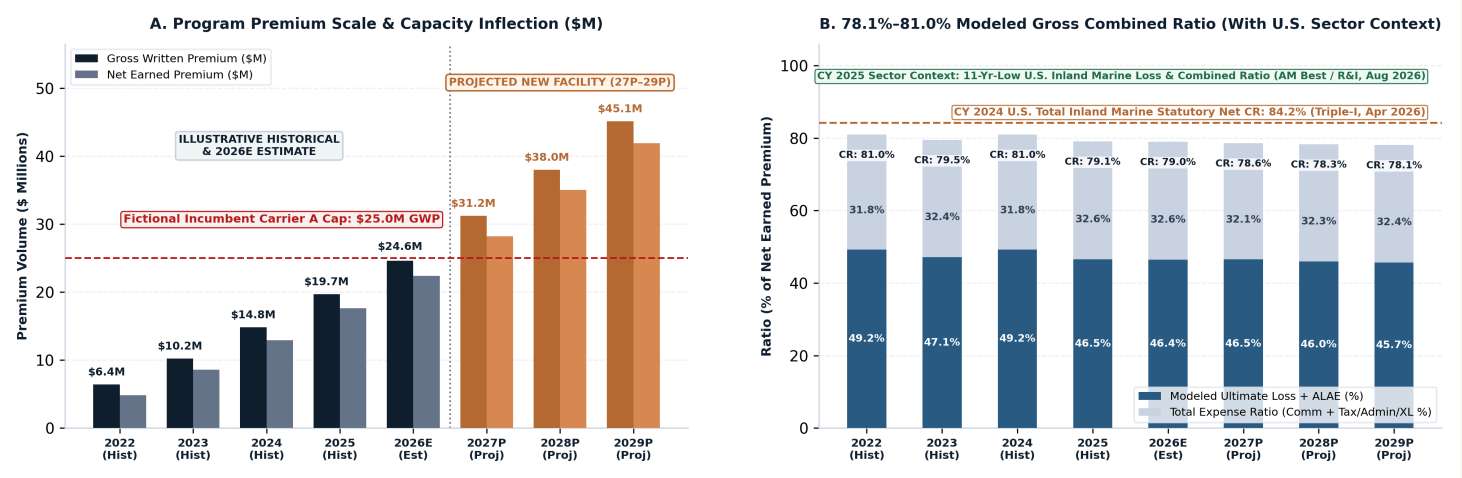
Table 1.1: Reconciled Summary of Historical Scenario (AY 2022–2025), Full-Year Estimate (AY 2026E) & Projected Plan (PY 2027P–2029P)

Program Period	Bound Policies	Scheduled Units	Exposure-Yr TIV ($M)	Nominal Rate / $100	Gross Written Prem ($M)	Net Earned Prem ($M)	Modeled Ult. Loss+ALAE	Expense Ratio (%)	Gross Combined (%)	Gross UW Profit ($M)
AY 2022 (Hist.)	115	2,070	$460.00M	$1.39	$6.40M	$4.80M	49.2%	31.8%	81.0%	$0.91M
AY 2023 (Hist.)	180	3,420	$756.00M	$1.35	$10.20M	$8.60M	47.1%	32.4%	79.5%	$1.76M
AY 2024 (Hist.)	255	5,100	$1,122.00M	$1.32	$14.80M	$12.90M	49.2%	31.8%	81.0%	$2.45M
AY 2025 (Hist.)	335	7,035	$1,541.00M	$1.28	$19.70M	$17.60M	46.5%	32.6%	79.1%	$3.68M
AY 2026E (Est.)	410	9,020	$1,968.00M	$1.25	$24.60M	$22.40M	46.4%	32.6%	79.0%	$4.70M
5-Yr Hist / Est Total & Wt. Avg	**1,295**	**26,645**	**$5,847.00M**	**$1.29**	**$75.70M**	**$66.30M**	**47.3%**	**32.4%**	**79.6%**	**$13.50M**
PY 2027P (Proj.)	500	11,250	$2,500.00M	$1.25	$31.20M	$28.20M	46.5%	32.1%	78.6%	$6.03M
PY 2028P (Proj.)	590	13,570	$3,068.00M	$1.24	$38.00M	$35.00M	46.0%	32.3%	78.3%	$7.60M
PY 2029P (Proj.)	680	15,980	$3,672.00M	$1.23	$45.10M	$41.90M	45.7%	32.4%	78.1%	$9.18M
3-Yr Projected Plan (27P–29P)	**1,770**	**40,800**	**$9,240.00M**	**$1.24**	**$114.30M**	**$105.10M**	**46.0%**	**32.3%**	**78.3%**	**$22.81M**

Modeling & Rounding Note: The 5-yr Gross Combined Ratio (79.6%) is calculated from unrounded aggregate figures (47.26% loss + 32.36% expense = 79.63%); separately rounded displayed components (47.3% and 32.4%) do not sum to 79.6% due to rounding. Unrounded 5-yr UW Profit is $13.51M ($13.50M sum of rounded annual rows). All entities, ratings, and figures are fictional.

U.S. Inland Marine Has Delivered 20 Consecutive Profitable Years With an 84.2% Net CR in 2024 and an 11-Year-Low Loss Ratio in 2025

Unlike casualty lines exposed to social inflation, commercial contractors' equipment is a short-tail physical asset class anchored to scheduled replacement values. Total U.S. inland marine (80% commercial / 20% personal per AM Best & Triple-I) posted an **84.2% statutory net combined ratio in CY 2024** (Triple-I, Apr 2026) and achieved an **11-year-low net loss & LAE ratio and 11-year-low combined ratio in CY 2025** (AM Best via Risk & Insurance, Aug 25, 2026).



20-YEAR SECTOR RESILIENCE (EXTERNAL FACT)

Total U.S. inland marine achieved underwriting profitability in 49 of 50 states in 2024 (all except NM) and grew direct written premiums 6.7% in 2023 and 8.4% in 2024 on a like-for-like basis after pet insurance (>$5B) was reclassified to its own statutory line (Triple-I; AM Best).

INFLATION-INDEXED TIV & INFRASTRUCTURE

While overall U.S. construction spending softened slightly after peaking in 2024 and the 5-year $550B IIJA statute (roads, bridges, transit, water, broadband, power) winds down, AM Best notes that higher machinery values create a natural inflationary tailwind built into inland marine TIV and pricing (AM Best, Aug 2026).

WHY SPECIALIST UNDERWRITING MATTERS

AM Best cautions that strong line profitability is attracting capital and competitive pressure. Sustaining a 78.1%–81.0% combined ratio in contractors' equipment requires specialized borehole engineering gates, crane deductible floors, and active GPS recovery protocols.

Benchmark & Basis Distinction Note: External industry statistics reflect total U.S. inland marine on a net statutory basis (CY 2024: 84.2% net combined ratio per Triple-I; CY 2025: qualitative 11-yr-low loss & LAE ratio and combined ratio per AM Best via Risk & Insurance). Trestle's modeled 79.6% 5-yr gross combined ratio (78.3% projected) is a fictional gross MGA scenario and is not directly comparable to net statutory industry figures.

Carrier-Trained Underwriting, Actuarial, and Claims Leadership With a Funded 14-to-18 FTE Operating Plan

Modeled as founded in Columbus, Ohio in January 2021, Trestle Specialty Underwriters was structured around the three pillars carrier CUOs and actuaries scrutinize most closely (InsurTech Association, Apr 2026): disciplined technical underwriting, credentialed in-house actuarial governance, and specialist broker distribution.

LEADERSHIP PEDIGREE
70 Cumulative Yrs
CPCU, AIM, FCAS, MAAA & CRIS credentials across 4 fictional principals.

SCHEDULE INGESTION WORKFLOW
<4 Min ACORD 146
Serial validation vs. NER theft registry & OEM replacement cost tables.

FUNDED STAFFING & OPEX PLAN
14 → 18 FTEs (29P)
$1.76M/FTE (26E) to $2.51M/FTE (29P); 5.6%→4.8% opex inside 9.0% MGA retention.

BORDEREAUX GOVERNANCE
BD-3 Bordereaux
88-field carrier-standard policy, premium & claims feed (NAIC Schedule P aligned).

Table 3.1: Fictional Executive Leadership Team & Functional Accountability (Illustrative Scenario)

Executive & Credentials	Role at Trestle Specialty	Industry Exp.	Modeled Institutional Background & Core Program Responsibility
Marcus Vance, CPCU, AIM	Founder & Chief Underwriting Officer	19 Years	Modeled as former VP, National Construction Inland Marine at a major U.S. commercial carrier. Owns underwriting guidelines, referral authority ($1.75M–$2.50M), manuscript endorsements, and carrier treaty governance.
Elena Rostova, FCAS, MAAA	Head of Actuarial & Portfolio Analytics	15 Years	Modeled as former Actuarial Director, Specialty Short-Tail Lines at a global reinsurer. Manages rate-adequacy filings, OEM replacement-cost indexing, quarterly IBNR reserving, and bordereaux data reconciliation.
Julian Thorne, CRIS	SVP, Claims & Loss Control Engineering	22 Years	Modeled as former National Heavy Equipment Physical Damage Manager. Oversees NER/NICB law-enforcement theft recovery coordination, geotechnical HDD bore-log pre-approvals, OEM invoice audits, and salvage auctions.
Devon K. Mercer	VP, Wholesale & Retail Distribution	14 Years	Modeled as former National Construction Practice Leader at a specialty intermediary. Manages Trestle's 84 appointed producer offices, hit-ratio hygiene, and 2027P expansion state rollouts.

STAGE 1: SCHEDULE INGESTION & VALUATION

Ingests multi-hundred-unit contractor spreadsheets and ACORD 146 schedules in under **4 minutes**, cross-checking serial numbers against National Equipment Register (NER) theft records and OEM/auction replacement tables.

STAGE 2: RULE-GATED QUOTE & BIND

Enforces mandatory GPS warranty endorsements on units >$75k, geotechnical bore-log gates on HDD crossings >400 ft, and county-level coastal/wildfire exclusions before any quote is released.

STAGE 3: MGA STAFFING & OPEX ECONOMICS

Trestle retains **9.0% Net MGA Commission** (out of 21.5% base commission). Internal operating expenses consume **5.6% of GWP in 2026E (14 FTEs)** and scale to **4.8% in 2029P (18 FTEs)**, yielding a 3.4%→4.2% pre-contingent operating margin.

Governance & Economic Alignment (Illustrative Scenario): Principals hold 100% of Trestle equity with zero venture debt, maintain $10.0M E&O / $5.0M Cyber coverage, and tie executive bonus compensation to carrier loss-ratio gates.

Disciplined Coverage Structure Focused on Four Non-Correlated Heavy Civil & Utility Equipment Tiers

Trestle underwrites scheduled and blanket commercial inland marine coverage on AAIS IM-7000 / ISO base forms enhanced with six TERRAVEX manuscript endorsements, targeting established civil, municipal water/sewer, underground utility, and grid contractors operating fleets between $2.0M and $15.0M TIV (AY 2026E average: $4.80M TIV and $60,000 GWP across 22.0 units).

TIER 1 • HEAVY EARTHMOVING
38.0% GWP ($9.35M)
3,788 units • $1.50M max limit • 44.2% 5-Yr Modeled Loss+ALAE

TIER 2 • TRENCHLESS & HDD
27.0% GWP ($6.64M)
2,165 units • $250k borehole cap • 48.6% 5-Yr Modeled Loss+ALAE

TIER 3 • CRANE & LIFTING
21.0% GWP ($5.17M)
1,624 units • 2% ($50k min) ded. • 49.8% 5-Yr Modeled Loss+ALAE

TIER 4 • MOBILE GRID & PAVING
14.0% GWP ($3.44M)
1,443 units • $1.25M max limit • 49.5% 5-Yr Modeled Loss+ALAE

Table 4.1: AY 2026E Portfolio Stratification & Underwriting Parameters by Equipment Class

Equipment Tier & Target Machinery	GWP Share	2026E GWP	TIV Share	2026E TIV	Sched. Units	Avg Unit Val	Max Item Limit	Standard Deductible	5-Yr Loss+ALAE
1. Heavy Earthmoving & Grading Hydraulic excavators, dozers, motor graders, articulated haulers	38.0%	$9.348M	41.0%	$806.88M	3,788	$213,010	$1,500,000	$25,000	**44.2%**
2. Trenchless & Underground Utility Horizontal directional drills (HDD), hydro-vac trucks, micro-tunneling	27.0%	$6.642M	24.0%	$472.32M	2,165	$218,162	$1,750,000	$25k / $50k	**48.6%**
3. Crane, Rigging & Material Handling Rough-terrain & crawler cranes, telehandlers, boom trucks (No Tower Cranes)	21.0%	$5.166M	20.0%	$393.60M	1,624	$242,365	$2,500,000	2% ($50k min)	**49.8%**
4. Mobile Grid, Paving & Support Slipform pavers, mobile substations-in-transit, mobile rock crushers	14.0%	$3.444M	15.0%	$295.20M	1,443	$204,574	$1,250,000	$15k / $25k	**49.5%**
Total AY 2026E Portfolio / Weighted Average	**100.0%**	**$24.600M**	**100.0%**	**$1,968.00M**	**9,020**	**$218,182**	**$2,500,000**	**$25k Wt. Avg**	**47.3%**

DELEGATED AUTHORITY LIMITS & SUB-LIMITS

- **Single Scheduled Item Limit:** Up to $1,750,000 in-house authority; $1,750,001 to $2,500,000 requires carrier referral sign-off.
- **Single Occurrence / Jobsite / Yard Limit:** $7,500,000 automatic limit ($10,000,000 by carrier referral) with mandatory yard separation distances.
- **Blanket Unscheduled Tools & Rental Expense:** $500,000 blanket hand/light tools ($10,000/item cap); $250,000 rental reimbursement ($2,500/day, 72-hr wait).

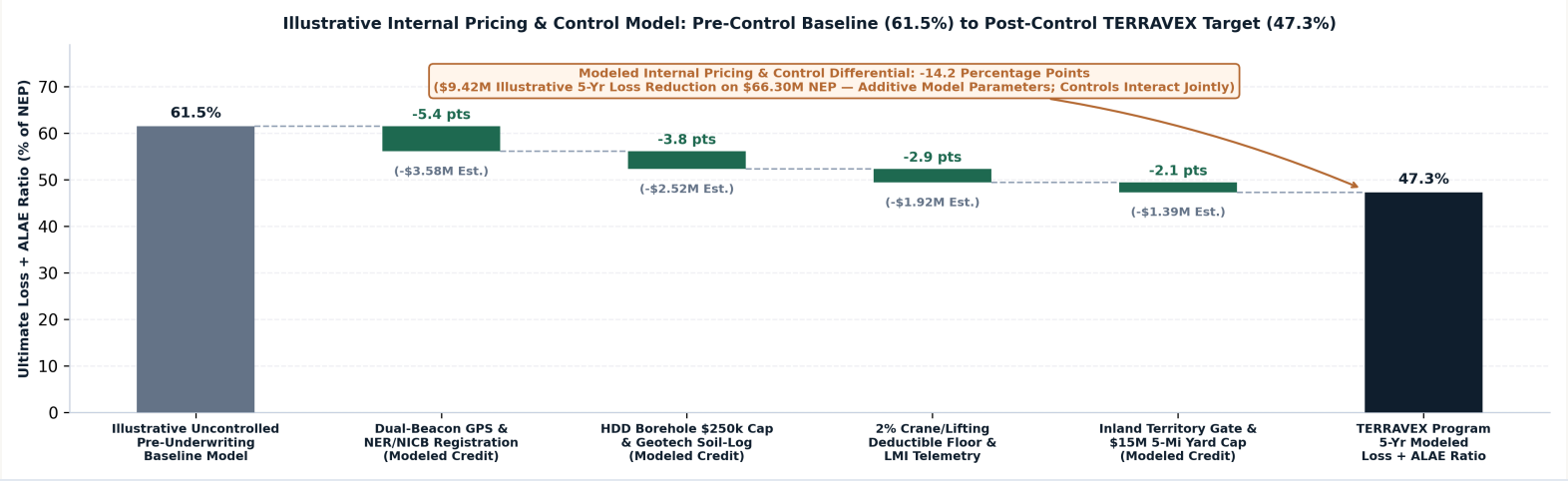
STRICT INELIGIBLE & DECLINED CLASSES

- **Heavy Hazard Exclusions:** Subterranean mining/tunneling below 50 ft, forestry/logging feller-bunchers, and upstream oilfield blowout equipment.
- **Lifting & Marine Exclusions:** Tower cranes, port gantry cranes, and waterborne barge-mounted equipment without separate hull warranty.
- **Operational Exclusions:** Bare equipment rental operations (>10% of receipts), risks with >45% 3-yr historic loss ratio, or fleets lacking active GPS telematics.

Manuscript Endorsement Architecture: Built on AAIS IM-7000 base forms enhanced with **6 proprietary TERRAVEX manuscript endorsements**: Dual-Beacon GPS Warranty, Underground Borehole Coinsurance, LMI Crane Telemetry, 80% Replacement Cost Coinsurance, Bailee Subrogation, and NER Serial Verification.

Mandatory GPS Geofencing, HDD Borehole Sub-Limits, and Lifting Deductible Floors Model 14.2 Points of Loss Reduction vs. Uncontrolled Schedules

Heavy construction equipment theft costs U.S. contractors $300M to $1B annually (Travelers) with historical law-enforcement recovery rates of 21% (~20%–25% range) across unmonitored fleets (NER / NICB Studies). Starting from Trestle's **61.5% uncontrolled pre-underwriting baseline model**, our four express warranty controls model a 14.2-point reduction to our **47.3% TERRAVEX target**.



1. GPS GEOFENCING (-5.4 PTS EST.)

Mandatory dual-beacon OEM/aftermarket GPS on all units >$75,000 plus NER/NICB registration. After-hours geofence breach alerts coordinate direct law-enforcement theft reporting, modeling a **78.4% 48-hour recovery rate** (-$3.58M 5-yr model credit).

2. HDD BOREHOLE GATE (-3.8 PTS EST.)

Manuscript Underground Borehole Endorsement mandates geotechnical soil-bore test logs on crossings >400 ft and caps downhole stuck-pipe losses at **$250,000 with 20% coinsurance** unless real-time sonde telemetry is active (-$2.52M model credit).

3. CRANE CONTROLS (-2.9 PTS EST.)

All rough-terrain and crawler cranes require annual third-party OSHA/ASME boom certification, load-moment indicator (LMI) data loggers, and a **2% unit-value deductible floor ($50,000 min)**, eliminating small boom-strike attrition (-$1.92M model credit).

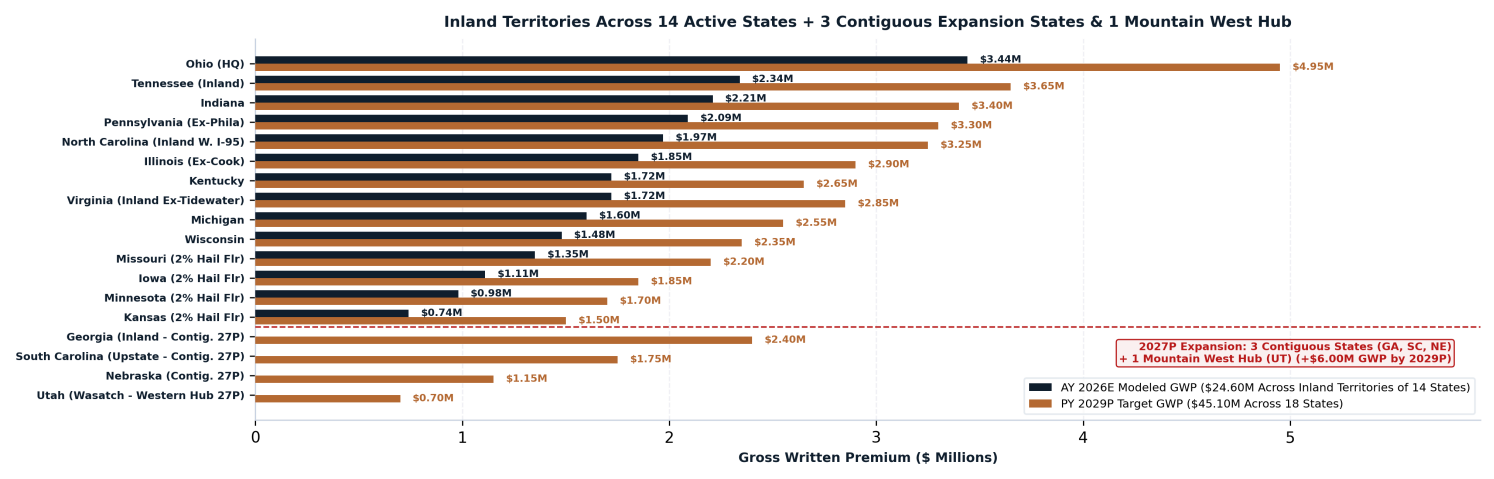
4. TERRITORY GATE (-2.1 PTS EST.)

Hard moratorium on Tier-1/Tier-2 Atlantic and Gulf coastal wind counties, California wildfire zones, and port staging yards eliminates hurricane storm-surge accumulations and organized port-export theft rings (-$1.39M model credit).

Actuarial Modeling & Interaction Disclosure: The 61.5% starting bar is Trestle's internal actuarial baseline for uncontrolled heavy civil/HDD schedules (not an external industry benchmark). Point credits (-5.4, -3.8, -2.9, -2.1 pts) are additive rating parameters that interact jointly in practice.

Inland Territories Across 14 Active States Plus 3 Contiguous Expansion States and 1 Mountain West Hub

Trestle's 2026E book ($24.60M GWP across 410 accounts) is diversified across inland territories of 14 Midwest, Mid-South, Inland East, and Plains states (with county-level coastal wind exclusions in NC, VA, and PA), with no single state exceeding 14.0% of GWP. In PY 2027P, we add **3 contiguous inland states (Inland GA, Upstate SC, NE)** plus **1 Mountain West hub (UT — Wasatch Front)**.



MIDWEST CORE (43.0% OF 2026E GWP)

OH ($3.44M), IN ($2.21M), IL ex-Cook ($1.85M), MI ($1.60M), WI ($1.48M): $10.58M GWP across 177 accounts. Anchored by municipal bridge, water/sewer, and regional transmission rebuild contractors with low catastrophe volatility.

MID-SOUTH & INLAND EAST (40.0% GWP)

TN ($2.34M), PA ex-Phila ($2.09M), NC Inland W. of I-95 ($1.97M), KY ($1.72M), VA Inland ex-Tidewater ($1.72M): $9.84M GWP across 165 accounts. Strict county moratoriums exclude Atlantic coastal wind/storm-surge zones east of I-95.

PLAINS (17.0%) & 2027P EXPANSION

MO ($1.35M), IA ($1.11M), MN ($0.98M), KS ($0.74M): $4.18M GWP across 68 accounts (mandatory **2% wind/hail deductible floor**). **2027P Launch** adds contiguous **Inland GA, Upstate SC, NE ($5.30M)** plus non-contiguous **UT Wasatch Front ($0.70M)**.

Catastrophe Aggregation Control: Real-time geocoded yard monitoring caps overnight equipment accumulation within any 5-mile radius at **$15.0M TIV** (modeled 1-in-250 yr convective storm PML = **$11.2M**), keeping 5-yr modeled CAT losses to **4.4% of NEP** (3.9%–5.2% annual range).

84 Appointed Specialist Producer Offices Drive a 64.7% Quote-to-Bind Hit Ratio and 91.9% Renewal Retention

Distribution shortfalls are the #1 cause of MGA failure in years one through five (InsurTech Association, Apr 2026). Trestle does not accept open-market wholesale dumps; 100% of business flows through 84 appointed producer offices across 28 specialist construction brokerages under formal volume and loss-ratio accountability agreements.

STEP 1 • 5-YR SUBMISSIONS
4,240 Submissions
100% from 84 vetted construction retail & wholesale specialist offices.

STEP 2 • TECHNICAL QUOTE GATE
2,195 Quotes (51.8%)
48.2% declined upfront for coastal, bare-rental, or non-GPS exposure.

STEP 3 • BIND CONVERSION
1,295 Bound (64.7% 26E)
59.0% 5-yr cumulative bind rate; 86% quoted same day via ACORD parser.

STEP 4 • ACCOUNT RETENTION
91.9% in AY 2026E
8.1% non-renewal attrition explicitly modeled in 2027P growth bridge.

Table 7.1: Distribution Channel Stratification & Retail vs. Wholesale Producer Commission Structure (AY 2026E)

Producer Tier / Distribution Channel	Appointed Offices	Share of GWP	AY 2026E GWP	Subm-to-Quote	Quote-to-Bind	Renewal Retention	5-Yr Loss+ALAE	Producer Comm Structure
Tier 1: Top 10 Construction Retail Practice Groups (AGC / ARTBA Core)	26	48.0%	$11.808M	56.5%	68.2%	93.4%	45.6%	12.5% Direct Retail
Tier 2: Regional Construction Retail Specialists (Midwest / Mid-South)	34	14.0%	$3.444M	51.0%	62.5%	91.2%	47.8%	12.5% Direct Retail
Tier 3: Appointed Wholesale Inland Marine Specialists (Dedicated Teams)	24	38.0%	$9.348M	48.2%	61.4%	90.3%	49.1%	10.0% Retail + 2.5% Whsl
Total Appointed Producer Network (Max Single Office = 6.5% GWP)	**84**	**100.0%**	**$24.600M**	**52.0%**	**64.7%**	**91.9%**	**47.3%**	**12.5% Total Prod. Comm**

WHOLESALE VS. RETAIL ECONOMICS

Total producer acquisition cost is capped at **12.5% of GWP** across all channels: direct retail brokers receive 12.5%, while wholesale placements pay **10.0% to the originating retail agent plus a 2.5% wholesale specialist override**, preserving Trestle's 9.0% net MGA retention.

RECONCILED 2027P GROWTH BRIDGE (+$6.60M)

$24.60M (2026E) less **-$1.99M non-renewal attrition** (8.1% at 91.9% retention = $22.61M retained base) + **$0.63M** (+2.8% renewal rate change) + **$3.16M** (existing fleet additions) + **$4.80M** (active & 4-state expansion new business) = **$31.20M (2027P)**.

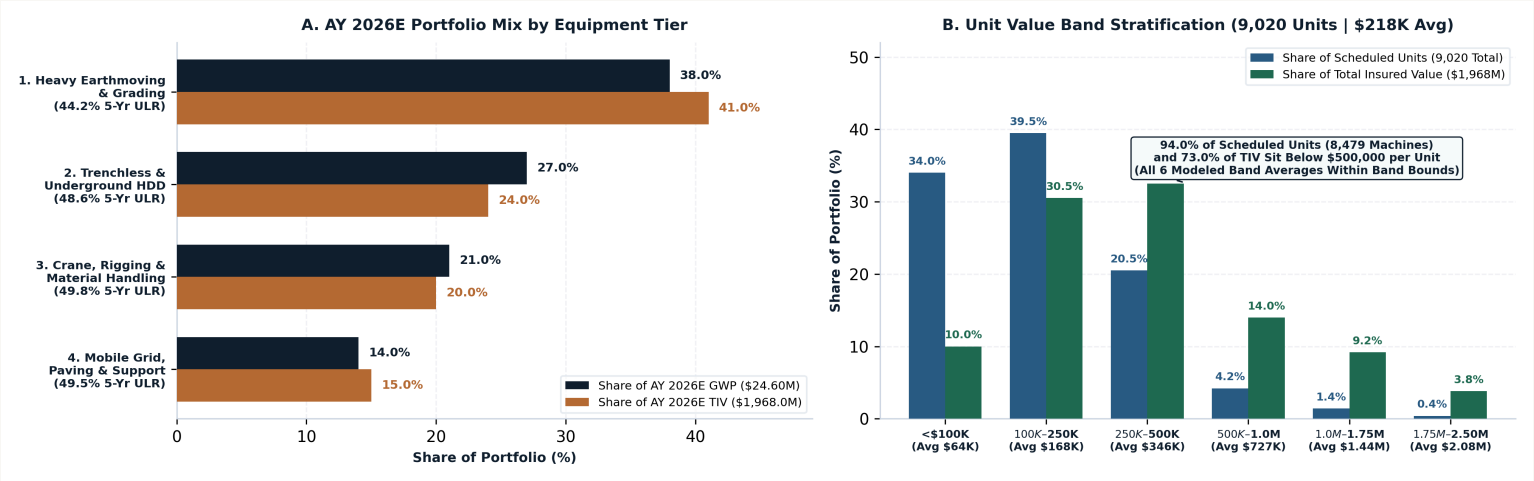
STRICT PRODUCER HYGIENE

Every appointed office undergoes an annual loss-ratio and hit-ratio review. Trestle terminated 4 underperforming wholesale relationships in 2023–2024 whose submission quality or loss ratios drifted above program tolerances.

Zero Sub-Delegation of Binding Authority: 100% of quotes and binders are issued centrally by Trestle underwriters in Columbus, OH; producers hold zero delegated rating or binding authority.

Granular $1.97B TIV Portfolio Across 9,020 Scheduled Units With 94.0% of Units (73.0% of TIV) Valued Below $500K

Trestle's portfolio avoids single-asset severity concentration. Across 410 active contractor policies and 9,020 scheduled mobile units in AY 2026E ($1,968.00M Total Insured Value), overall average unit value is $218,182, every unit-value band's implied average sits squarely inside its band bounds, and the largest single historical scenario gross loss is $685,000.



MODELED UNIT VALUE BAND AVERAGES

<$100K: 3,067 units (34.0%) / $196.8M TIV (10.0%, avg **$64.2K**); **$100K–$250K:** 3,563 units (39.5%) / $600.2M TIV (30.5%, avg **$168.5K**); **$250K–$500K:** 1,849 units (20.5%) / $639.6M TIV (32.5%, avg **$345.9K**).

UPPER BANDS & REFERRAL CONTROL

$500K–$1.0M: 379 units (4.2%) / $275.5M TIV (14.0%, avg **$727.0K**); **$1.0M–$1.75M:** 126 units (1.4%) / $181.1M TIV (9.2%, avg **$1.44M**); **$1.75M–$2.50M Referral Band:** 36 units (0.4%) / $74.8M TIV (3.8%, avg **$2.08M**).

100% REPLACEMENT-COST & DEDUCTIBLE GATE

Every scheduled unit is benchmarked against OEM dealer and auction replacement tables with an **80% coinsurance clause**. Weighted-average deductible has risen from $14.5K (2022) to **$25.0K in 2026E** ($50K min on cranes/large HDD).

Per-Risk Treaty Alignment: Because Trestle's hard per-item limit is **$2,500,000** ($1,750,000 in-house) and 99.6% of units sit below $1.75M, the common-account $5.0M xs $2.5M Per-Risk XL layer protects exclusively against multi-unit jobsite or yard occurrences.

Short-Tail Physical Damage Book Models a 47.3% Five-Year Ultimate Loss + ALAE Ratio With 92.4% Paid-to-Ultimate

Evaluated on a projected full-year close basis as of December 31, 2026 across $66.30M in cumulative NEP and 788 claims, Trestle's modeled Ultimate Loss + ALAE Ratio is 47.3% ($31.338M), with **$28.955M paid in cash (92.4% Paid-to-Ultimate; 94.7% Paid-to-Reported-Incurred)**, $1.610M in Case Reserves ($30.565M Reported Incurred), and $0.773M in Carried IBNR tied directly to selected LDFs.

5-YR MODELED ULT. LOSS+ALAE

47.3% ($31.34M)

42.0% Pure Loss + 5.3% ALAE across $66.30M cumulative NEP.

CASH SETTLEMENT VELOCITY

92.4% Paid-to-Ult

$28.955M paid / $31.338M ultimate (94.7% of $30.565M reported incurred).

LDF-TIED RESERVES (DEC 2026E)

$1.61M Case / $0.77M IBNR

12m CDF 1.069 (12–24m: 1.058; 24–36m: 1.008; 36–48m: 1.002).

ON-LEVEL RATE ADEQUACY

+4.8% Net Expansion

0.8984 Nominal Rate Index / 0.8577 Pure Loss Cost Index - 1 = +4.75%.

Table 9.1: Accident-Year Reported Incurred Triangle, Selected LDFs/CDFs & Actuarial Reserve Tie-Out (Projected Full-Year Evaluation as of Dec 31, 2026)

Accident Year	NEP ($M)	12m Inc	24m Inc	36m Inc	48m Inc	60m Inc	Rep. Inc%	CDF to Ult	Ult. LR%	Paid ($M)	Case ($M)	Rep. Inc ($M)	IBNR ($M)	Ult. Loss ($M)
AY 2022 (62 Clms)	$4.80M	46.1%	48.8%	49.1%	49.2%	49.2%	49.2%	1.000	**49.2%**	$2.357M	$0.005M	$2.362M	$0.000M	$2.362M
AY 2023 (104 Clms)	$8.60M	44.3%	46.7%	47.0%	47.1%	—	47.1%	1.000	**47.1%**	$4.025M	$0.026M	$4.051M	$0.000M	$4.051M
AY 2024 (158 Clms)	$12.90M	46.4%	48.7%	49.1%	—	—	49.1%	1.002	**49.2%**	$6.210M	$0.124M	$6.334M	$0.013M	$6.347M
AY 2025 (206 Clms)	$17.60M	43.5%	46.0%	—	—	—	46.0%	1.010	**46.5%**	$7.690M	$0.406M	$8.096M	$0.088M	$8.184M
AY 2026E (258 Clms)	$22.40M	43.4%	—	—	—	—	43.4%	1.069	**46.4%**	$8.673M	$1.049M	$9.722M	$0.672M	$10.394M
5-Yr Total / NEP-Wt. Avg	**$66.30M**	**44.3%**	**47.2%**	**48.4%**	**47.9%**	**49.2%**	**46.1%**	**1.025**	**47.3%**	**$28.955M**	**$1.610M**	**$30.565M**	**$0.773M**	**$31.338M**
Selected Age-to-Age LDFs		**1.058**	**1.008**	**1.002**	**1.000**	**1.000 (Ult)**	**12m-to-Ult CDF = 1.069**			**92.4% P/Ult**	**5.1% Case**	**94.7% P/Rep**	**2.5% IBNR**	**100.0% Ult**

Actuarial Reserve Alignment (Illustrative Protocol): Cohort ultimates reflect selected model ultimate loss ratios (aligned with LDF-implied ultimates within $0.01M across the $31.34M book), and every cohort satisfies `Paid + Case = Reported Incurred` and `Reported Incurred + Carried IBNR = Modeled Ultimate Loss`.

Heavy Equipment Claims Specialists and NER/NICB Theft Coordination Model a 78.4% Stolen-Asset Recovery Rate

Trestle pairs in-house technical claims oversight (led by fictional SVP Julian Thorne, CRIS) with an illustrative heavy-equipment claims TPA partner ($50,000 draft authority; immediate carrier escalation at $100,000 reserve), 24/7 GPS geofence alert coordination with NER/NICB law-enforcement task forces, and heavy-iron component salvage auctions.



48-HOUR GPS THEFT RECOVERY & SALVAGE PROTOCOL

1. **Automated Geofence Ping (0–15 Min):** Dual-beacon cellular/satellite telemetry alerts Trestle's 24/7 claims desk upon unauthorized after-hours movement.
2. **Direct NER/NICB Law-Enforcement Filing (<2 Hrs):** Serial & live GPS coordinates transmitted to NER/NICB & state police (78.4% modeled 48-hr recovery).
3. **OEM Flat-Rate Invoice Audit:** Heavy equipment specialists audit dealer repair estimates >$15k against OEM flat-rate labor manuals (-14.8% repair severity).
4. **Heavy-Iron Component Salvage:** Constructive total losses sold via specialist machinery auctions, recovering 24%–35% of gross total-loss value.

Table 10.1: Top 4 Illustrative Scenario Claims & Reconciled Deductible / Salvage / Sub-Limit Register (AY 2022–2026E)

Cohort & State	Equipment Spec, Limit & Peril	Gross Loss	Deductible	Salvage / Cap Credit	Net Incurred	TERRAVEX Control Triggered
AY 2024 (OH)	90-Ton Rough-Terrain Crane ($1.15M Limit) Grade Rollover (Constructive Total Loss)	$685,000	-$50,000	-$165,800 (24.2% Salv.)	**$469,200**	2% Crane Ded. ($50k min) + Heavy-Iron Auction Salvage (-$215.8k total)
AY 2025 (TN)	Twin Hydraulic Excavators ($640k Limit) After-Hours Yard Theft	$640,000	-$10,500	-$615,000 (11-Hr Recov.)	**$14,500**	Dual-Beacon GPS Alert → NER/NICB Police Recovery in 11 Hours
AY 2023 (IN)	River-Crossing HDD Rig ($1.40M Limit) Downhole Drill-Stem Collapse	$480,000	-$50,000	-$180,000 (Borehole Cap)	**$250,000**	TERRAVEX Underground Borehole Endorsement ($50k Ded. + $250k Net Cap)
AY 2024 (MO)	Staging Yard Convective Hailstorm (9 Scheduled Units)	$410,000	-$68,000	-$30,000 (OEM Audit)	**$312,000**	2% Plains Wind/Hail Deductible Floor + OEM Flat-Rate Invoice Audit

Claim Arithmetic Reconciliation: Every claim satisfies `Gross Loss - Deductible - Salvage/Sub-Limit Credit = Net Incurred Loss` (e.g., 90-Ton Crane: `$685,000 - $50,000 Deductible - $165,800 Salvage = $469,200 Net Incurred`).

Measured Growth to $45.1M GWP Projects $22.81M in 3-Year Underwriting Profit and Remains Profitable Under a +12pt Shock

Experienced carrier executives and actuaries test every MGA submission against adverse loss scenarios (Willemsen & Jain, ITA 2026). Across PY 2027P–2029P ($114.30M cumulative GWP / $105.10M NEP), Trestle's formula-driven sliding commission corridor automatically absorbs 2.1 to 3.8 points of loss-ratio deterioration, protecting carrier margin even in a severe +12.0 point shock.

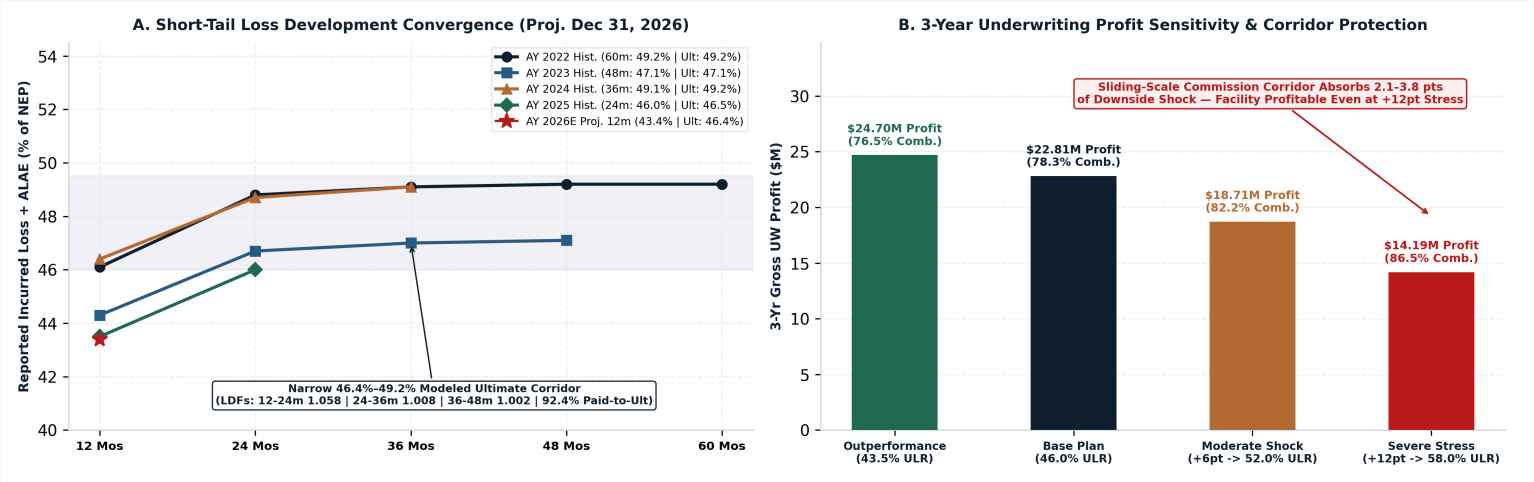


Table 11.1: Dynamic Three-Year Cumulative Sensitivity Matrix (PY 2027P–2029P: $114.30M GWP / $105.10M NEP)

Stress Scenario & Actuarial Shock Parameter	3-Yr NEP ($M)	Modeled Ult. Loss+ALAE	Incurred Loss + ALAE ($M)	MGA Base Comm (%)	MGA Contingent Comm (%)	Tax (3%), Admin (1.8%) & XL (3.2%)	Gross Combined Ratio (%)	3-Yr Gross UW Profit ($M)
1. Outperformance Case (-2.5 pts Favorable Frequency/Recovery)	$105.10M	43.5%	$45.72M	21.5%	3.5% (Cap)	8.0%	**76.5%**	**$24.70M**
2. Base Case Forecast (TERRAVEX 2027P–2029P Business Plan)	**$105.10M**	**46.0%**	**$48.35M**	**21.5%**	**2.8% (Target)**	**8.0%**	**78.3%**	**$22.81M**
3. Moderate Adverse Shock (+6.0 pts Theft / Convective Storm Surge)	$105.10M	52.0%	$54.65M	21.5%	0.7% (-2.1pt)	8.0%	**82.2%**	**$18.71M**
4. Severe Stress Shock (+12.0 pts Macro + Multi-Event CAT Shock)	$105.10M	58.0%	$60.96M	20.5% (-1.0pt)	0.0% (-2.8pt)	8.0%	**86.5%**	**$14.19M**

Formula-Driven Commission Corridor: Contingent commission is 2.8% at 46.0% ULR, sliding +0.28 pts per 1.0 pt ULR improvement (to 3.5% max at ≤43.5% ULR) and -0.35 pts per 1.0 pt ULR deterioration (to 0.7% at 52.0% ULR and 0.0% at ≥54.0% ULR, plus a -1.0 pt base commission step-down at ≥57.0% ULR).

Zero-Double-Count Treaty Waterfall: 25% Carrier Retention Plus 5.0% Fronting Override Backed by 75% Quota Share

Trestle has structured a transparent hybrid capacity facility (IRMI Fronting & MGA Principles) where every expense is recognized exactly once: the **8.0% direct program load** funds State Premium Taxes/Bureaus (3.0%), Direct Carrier Admin (1.8%), and Common-Account Per-Risk/Cat XL (3.2%), while the **75% Quota Share Panel** pays a **26.3% Expense Ceding Commission** (21.5% MGA + 4.8% Tax/Admin) plus a **5.0% Overriding Fronting Fee** (31.3% total ceding/fronting commission).

ISSUING CARRIER NET RETURN (25% QS)

$9.64M Earned / $9.99M Written

$5.70M (25% pre-fee UW profit) + $3.94M earned ($4.29M written) 5.0% fronting override.

QUOTA SHARE PANEL (75% CEDED)

26.3% Exp + 5.0% Fronting

31.3% total ceding/fronting commission; earns $13.17M net profit on earned-fee basis ($12.82M written).

COMMON-ACCOUNT XL (3.2% GEP)

$5M Per-Risk & $15M Cat XL

1.8% Per-Risk XL ($5M xs $2.5M) + 1.4% Cat XL ($15M xs $5M) inuring to full facility.

Table 12.1: Zero-Double-Count 3-Year Facility Waterfall & Participant Split (PY 2027P–2029P Base Case: $114.30M GWP / $105.10M NEP)

Facility Participant / Treaty Layer	Share / Limit	3-Yr GWP	3-Yr NEP	Ult. Loss (46.0%)	MGA Base (21.5%) + Tax/Adm (4.8%)	Common XL (3.2%) + Cont. (2.8%)	Pre-Fee UW Profit	5% Fronting Transfer (Earned)	Net Profit (Earned / Written)
1. Issuing Carrier Partner Target AM Best "A" (FSC X+) Paper	25.0% QS	$28.58M	$26.28M	$12.09M	$6.91M	$1.58M	$5.70M	+$3.94M	**$9.64M / $9.99M** (36.7% / 38.0% NEP)
2. Quota Share Reinsurance Panel Indicative 3-Reinsurer Panel (35%/25%/15%)	75.0% QS	$85.73M	$78.83M	$36.26M	$20.73M (26.3% Exp Comm)	$4.73M	$17.11M	-$3.94M (-5.0% Override)	**$13.17M / $12.82M** (16.7% / 16.3% NEP)
Total Combined Facility (100.0% Share)	**100.0%**	**$114.30M**	**$105.10M**	**$48.35M**	**$27.64M (26.3%)**	**$6.31M (6.0%)**	**$22.81M**	**$0.00M Net**	**$22.81M Total**
Memo — Common-Account Per-Risk XL	$5.0M xs $2.5M	1.8% of GEP ($1.89M)	Included in the 3.2% Common XL column above; caps single-occurrence jobsite loss at $2.50M (max hist. loss = $685K).						
Memo — Common-Account Catastrophe XL	$15.0M xs $5.0M	1.4% of GEP ($1.47M)	Included in the 3.2% Common XL column above (1 reinstatement); covers modeled 1-in-250 yr storm PML of $11.2M.						

Accounting & Fiduciary Clarity: Every dollar of the 32.3% Total Expense Ratio is recognized once: `21.5% MGA Base + 3.0% State Taxes/Bureaus + 1.8% Direct Carrier Admin + 3.2% Common XL + 2.8% Contingent = 32.3%`. The 5.0% Fronting Override is a single inter-participant transfer from the 75% QS Panel to the 25% Issuing Carrier.

Phased 90-to-120 Day Target Onboarding & State Cutover Plan (With 60-Day Fast-Track for Active AAIS States)

Onboarding a new issuing carrier and three-reinsurer quota share panel across 18 states is structured as a realistic **90-to-120 day phased implementation**: Phase-1 active states utilizing existing filed AAIS IM-7000 forms can bind within a 60-day fast-track window, while expansion state filings (GA, SC, NE, UT) and rolling renewal novations complete across Days 61–120.

GATE 1 • DAYS 1–20

NDA & Data Room

Deliver 5-yr policy/claim bordereaux tape (1,295 policies, 788 claims) & reserve files.

GATE 2 • DAYS 21–45

Audit & Term Sheet

Columbus underwriting & claims operational review; finalize retention & LOI.

GATE 3 • DAYS 46–75

Treaty & Phase-1 Bind

Execute PAA, Quota Share & XL treaties; adopt AAIS forms in 14 active states.

GATE 4 • DAYS 76–120

4-State Filing & Cutover

Complete GA, SC, NE & UT filings, 88-field bordereaux test & Q1 renewal roll.

Table 13.1: Phased 90-to-120 Day Carrier Diligence, Treaty Placement & State Rollout Schedule

Milestone Window	Workstream & Primary Gate	Concrete Deliverables & Diligence Verification Items	Lead Owners
Phase 1: Days 1–20 Data Room & Actuarial Review	**Mutual NDA & Actuarial Data Room Access**	Execute mutual NDA; deliver complete 5-year policy/claim bordereaux tape (1,295 policies, 788 claims), actuarial reserve triangles, and sample underwriting files.	M. Vance (CUO) E. Rostova (FCAS)
Phase 2: Days 21–45 Diligence & Term Sheet	**Underwriting Audit & Term Sheet / LOI**	On-site or virtual underwriting & claims operational review (Columbus, OH); finalize carrier net retention election (20%–30%), sliding commission schedule, and Letter of Intent.	Carrier Program Team Trestle Executive Team
Phase 3: Days 46–75 Treaty Placement & Phase-1	**PAA Execution, Treaty Bind & Active State Adoption**	Execute Program Administrator Agreement & Quota Share / XL treaties; adopt AAIS IM-7000 base forms + 6 TERRAVEX endorsements across 14 active states (60-day fast-track option).	Legal & Compliance Reinsurance Intermediary
Phase 4: Days 76–120 Expansion Filings & Rollout	**Expansion State Filings & Q1 Renewal Cutover**	Complete state filings in GA, SC, NE, and UT; verify 88-field bordereaux/OFAC feed; execute rolling Q1 2027 renewal & new business cutover across 84 appointed producer offices.	D. Mercer (Dist.) J. Thorne (Claims)

FICTIONAL PORTFOLIO WORK SAMPLE • CREATED BY ALLTOVA

Illustrative Demonstration of Specialty Insurance Communications & Presentation Design

Explicit Disclosure: Trestle Specialty is a fictional MGA created as an illustrative portfolio example to demonstrate Alltova's approach to specialty-insurance communications and presentation design. All company names, personnel, and program figures are fictional.

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