TRESTLE SPECIALTY UNDERWRITERS, LLC (FICTIONAL MGA SCENARIO)

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Subject: Program Overview & Capacity Submission Packet — TERRAVEX Heavy Civil & Utility Contractors' Equipment Program
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1. COMPANY BACKGROUND, LEADERSHIP, STAFFING & CAPACITY CATALYST

Trestle Specialty Underwriters, LLC is a fictional specialty MGA created as an illustrative portfolio example to demonstrate Alltova's approach to specialty-insurance communications and presentation design. Modeled as formed in Columbus, Ohio in January 2021 by four principals with 70 cumulative years of specialty experience: Marcus Vance (CPCU, AIM; Founder & CUO, 19 yrs experience, former VP of National Construction Inland Marine), Elena Rostova (FCAS, MAAA; Head of Actuarial & Portfolio Analytics, 15 yrs experience, former Specialty Short-Tail Actuarial Director), Julian Thorne (CRIS; SVP of Claims & Loss Control Engineering, 22 yrs experience, former National Heavy Equipment Physical Damage Manager), and Devon K. Mercer (VP of Wholesale & Retail Distribution, 14 yrs experience, former Construction Practice Leader). In this illustrative scenario, principals hold 100% of Trestle equity with zero venture debt and maintain $10.0M E&O and $5.0M Cyber coverage. Trestle scales from 14 FTEs in AY 2026E ($1.76M GWP/FTE; 5.6% MGA operating expense ratio on GWP, leaving a 3.4% pre-contingent operating margin out of its 9.0% net MGA commission retention) to 16 FTEs in 2027P ($1.95M/FTE), 17 FTEs in 2028P ($2.24M/FTE), and 18 FTEs in 2029P ($2.51M/FTE; 4.8% opex ratio / 4.2% pre-contingent operating margin), delivering carrier-standard 88-field bordereaux (aligned with NAIC Schedule P fields) on Business Day 3.

Across five underwriting cohorts (illustrative historical scenario AY 2022–2025 plus projected full-year estimate AY 2026E based on 9M actuals + Q4 run-rate), our TERRAVEX Heavy Civil & Utility Contractors' Equipment Program has grown from $6.40M Gross Written Premium (GWP) on 115 bound policies in 2022 ($460.00M Exposure-Year Total Insured Value across 2,070 scheduled units) to $10.20M GWP in 2023 (180 policies, $756.00M TIV, 3,420 units), $14.80M GWP in 2024 (255 policies, $1,122.00M TIV, 5,100 units), $19.70M GWP in 2025 (335 policies, $1,541.00M TIV, 7,035 units), and $24.60M GWP in 2026E (410 active contractor accounts, $1,968.00M TIV, 9,020 scheduled units). Cumulative 5-year GWP is $75.70M ($5,847.00M cumulative exposure-year TIV) and cumulative Net Earned Premium (NEP) is $66.30M. Cumulative 5-year modeled Ultimate Loss + ALAE Ratio is 47.3% of NEP ($31.338M ultimate loss & ALAE: 42.0% pure loss + 5.3% ALAE; $28.955M paid = 92.4% Paid-to-Ultimate and 94.7% Paid-to-Reported-Incurred; $1.610M Case Reserves; $30.565M Reported Incurred = 46.1% of NEP; and $0.773M Carried IBNR tied directly to selected LDFs). This 79.6% 5-year gross combined ratio operates in line with the strong U.S. total inland marine market (which posted an 84.2% statutory net combined ratio in CY 2024 across all U.S. inland marine insurers per Triple-I [Apr 2026] and achieved an 11-year-low net loss & LAE ratio and 11-year-low combined ratio in CY 2025 per AM Best via Risk & Insurance [Aug 25, 2026], provided as net statutory sector context and not directly comparable to Trestle's gross fictional scenario).

Capacity Catalyst (Target Q1 2027 Cutover): Our fictional launch carrier partner (Fictional Incumbent Carrier A, modeled as A- VIII in this fictional scenario; not an actual AM Best rating) enforces a $25.0M single-program GWP cap and is admitted in 14 states. Because TERRAVEX reaches $24.60M GWP in AY 2026E and insured contractors bidding municipal bridge, water, and grid projects require AM Best 'A' Financial Size Category X+ certificates, we seek a new primary admitted and companion E&S carrier partner to scale to $31.20M GWP in PY 2027P (500 policies, 11,250 units, $2,500.00M TIV), $38.00M GWP in PY 2028P (590 policies, 13,570 units, $3,068.00M TIV), and $45.10M GWP in PY 2029P (680 policies, 15,980 units, $3,672.00M TIV), totaling $114.30M GWP and $105.10M NEP over three years ($22.81M projected 3-yr underwriting profit at a 78.3% combined ratio).

2. HISTORICAL SCENARIO, 2026E ESTIMATE & PROJECTED FINANCIAL SUMMARY (AY 2022 – PY 2029P)

Submission-to-quote averaged 51.8% across AY 2022–2026E (4,240 submissions -> 2,195 quotes -> 1,295 bound policies = 59.0% 5-yr quote-to-bind ratio, reaching 64.7% in 2026E; 5,150 submissions and 2,678 quotes projected for 2027P–2029P). Nominal rate per $100 TIV moved from $1.391 in 2022 to $1.250 in 2026E (Nominal Rate Index = 0.8984, or -10.1%) as insureds elected higher deductibles ($14.5k shifting to $25.0k weighted average = 0.918 pure loss factor, or -8.2%) and mandatory GPS/corridor controls (0.9343 pure loss factor, or -6.57%; combined Pure Loss Cost Index = 0.918 × 0.9343 = 0.8577, or -14.23%), while like-for-like renewal rate increases averaged +3.9%/yr (+16.5% compound), yielding a +4.8% net gain in exposure-adjusted on-level rate adequacy (0.8984 / 0.8577 - 1 = +4.75%).

Period	Subm / Quotes	Pols (Units)	Exp-Yr TIV	Rate/$100	GWP	NEP	Ult LR%	Exp / Comb%	UW Profit
AY 2022 (Hist)	460 / 230	115 (2,070)	$460.00M	$1.39	$6.40M	$4.80M	49.2%	31.8% / 81.0%	$0.91M
AY 2023 (Hist)	650 / 330	180 (3,420)	$756.00M	$1.35	$10.20M	$8.60M	47.1%	32.4% / 79.5%	$1.76M
AY 2024 (Hist)	860 / 445	255 (5,100)	$1,122.00M	$1.32	$14.80M	$12.90M	49.2%	31.8% / 81.0%	$2.45M
AY 2025 (Hist)	1,050 / 555	335 (7,035)	$1,541.00M	$1.28	$19.70M	$17.60M	46.5%	32.6% / 79.1%	$3.68M
AY 2026E (Est)	1,220 / 635	410 (9,020)	$1,968.00M	$1.25	$24.60M	$22.40M	46.4%	32.6% / 79.0%	$4.70M
5-Yr Hist/Est	**4,240 / 2,195**	**1,295 (26,645)**	**$5,847.00M**	**$1.29**	**$75.70M**	**$66.30M**	**47.3%**	**32.4% / 79.6%**	**$13.50M***

PY 2027P (Proj)	1,480 / 770	500 (11,250)	$2,500.00M	$1.25	$31.20M	$28.20M	46.5%	32.1% / 78.6%	$6.03M
PY 2028P (Proj)	1,720 / 900	590 (13,570)	$3,068.00M	$1.24	$38.00M	$35.00M	46.0%	32.3% / 78.3%	$7.60M
PY 2029P (Proj)	1,950 / 1,008	680 (15,980)	$3,672.00M	$1.23	$45.10M	$41.90M	45.7%	32.4% / 78.1%	$9.18M
3-Yr Proj Total	**5,150 / 2,678**	**1,770 (40,800)**	**$9,240.00M**	**$1.24**	**$114.30M**	**$105.10M**	**46.0%**	**32.3% / 78.3%**	**$22.81M**

**Note: $13.50M is the sum of rounded annual underwriting profits ($0.91M+$1.76M+$2.45M+$3.68M+$4.70M); unrounded 5-yr NEP × margin is $13.51M.*

3. UNDERWRITING GUIDELINES, EXPOSURE BANDS, INTERNAL ATTRIBUTION MODEL & TERRITORIES

We write scheduled and blanket Contractors' Equipment inland marine coverage on AAIS IM-7000 / ISO base forms enhanced with six mandatory TERRAVEX manuscript endorsements (Dual-Beacon GPS Warranty, Underground Borehole Coinsurance, Crane LMI Telemetry & Boom Cert, 80% Replacement Cost Coinsurance, Bailee Subrogation, and NER Serial Verification). Target accounts carry $2.0M–$15.0M TIV (2026E average: $4.80M TIV and $60,000 GWP across 22.0 units). Maximum single-item limit is $2,500,000 ($1,750,000 in-house authority; carrier referral $1.75M–$2.50M), single-occurrence/yard limit is $7,500,000 ($10,000,000 by referral), blanket hand/light tools limit is $500,000 ($10,000/item cap), and rental reimbursement is $250,000 ($2,500/day, 72-hr wait). Unit value band stratification across 9,020 units ($1,968.00M TIV, $218,182 overall avg unit value — all 6 modeled band averages sit within band bounds): <$100k = 34.0% of units (3,067) / 10.0% TIV ($196.80M, avg $64,167); $100k–$250k = 39.5% of units (3,563) / 30.5% TIV ($600.24M, avg $168,465); $250k–$500k = 20.5% of units (1,849) / 32.5% TIV ($639.60M, avg $345,917) [subtotal <$500k = 94.0% of units (8,479) and 73.0% of TIV]; $500k–$1.0M = 4.2% of units (379) / 14.0% TIV ($275.52M, avg $726,966); $1.0M–$1.75M = 1.4% of units (126) / 9.2% TIV ($181.06M, avg $1,436,952); $1.75M–$2.50M referral band = 0.4% of units (36) / 3.8% TIV ($74.78M, avg $2,077,333).

Equipment Classes Breakdown (AY 2026E): (1) Heavy Earthmoving & Grading (excavators, dozers, graders, articulated haulers): 38.0% of GWP ($9.348M), 41.0% of TIV ($806.88M), 3,788 units ($213,010 avg), $1.50M max limit, $25k deductible, 44.2% 5-yr modeled Loss+ALAE; (2) Trenchless & Underground Utility (horizontal directional drills/HDD, hydro-vac trucks, micro-tunneling): 27.0% of GWP ($6.642M), 24.0% of TIV ($472.32M), 2,165 units ($218,162 avg), $1.75M max limit, $25k/$50k deductible, 48.6% 5-yr Loss+ALAE; (3) Crane, Rigging & Material Handling (rough-terrain/crawler cranes, telehandlers, boom trucks — zero tower cranes): 21.0% of GWP ($5.166M), 20.0% of TIV ($393.60M), 1,624 units ($242,365 avg), $2.50M max limit, 2% deductible ($50k min), 49.8% 5-yr Loss+ALAE; and (4) Mobile Grid, Paving & Support (slipform pavers, mobile substations-in-transit, crushers): 14.0% of GWP ($3.444M), 15.0% of TIV ($295.20M), 1,443 units ($204,574 avg), $1.25M max limit, $15k/$25k deductible, 49.5% 5-yr Loss+ALAE.

Illustrative Internal Pricing & Control Model (-14.2 Pts vs. 61.5% Uncontrolled Pre-Underwriting Baseline = $9.42M Modeled 5-Yr Loss Reduction): We decline underground mining >50 ft, forestry/logging, oilfield blowout rigs, tower/barge cranes, bare rentals (>10% receipts), and fleets lacking GPS. Starting from an illustrative 61.5% uncontrolled baseline loss ratio for unscreened heavy civil/HDD schedules, our internal rating model applies four additive control credits (which interact jointly in practice): (1) Mandatory dual-beacon GPS on all units >$75,000 + NER/NICB registration (modeling a 78.4% 48-hr recovery rate vs. 21% (~20%–25% range) historical industry recovery per NER/NICB studies: -5.4 pts / -$3.58M); (2) Underground Borehole Endorsement requiring geotechnical soil-bore logs >400 ft and a $250,000 sub-limit with 20% coinsurance on stuck drill strings (-3.8 pts / -$2.52M); (3) Mandatory annual OSHA/ASME boom certification, LMI data loggers, and a 2% deductible floor ($50k min) on cranes (-2.9 pts / -$1.92M); and (4) Inland territory selection excluding coastal wind counties plus a $15.0M TIV 5-mile radius yard cap (-2.1 pts / -$1.39M), arriving at the 47.3% TERRAVEX modeled 5-year Ultimate Loss + ALAE Ratio.

Geographic Footprint (Inland Territories Across 14 Active States + 3 Contiguous Expansion States & 1 Western Hub): AY 2026E GWP ($24.60M across 410 policies) is split across Midwest Core (43.0% / $10.58M / 177 pols: OH 14.0% $3.44M, IN 9.0% $2.21M, IL ex-Cook 7.5% $1.85M, MI 6.5% $1.60M, WI 6.0% $1.48M), Mid-South & Inland East (40.0% / $9.84M / 165 pols: TN 9.5% $2.34M, PA ex-Phila 8.5% $2.09M, NC Inland W. of I-95 8.0% $1.97M, KY 7.0% $1.72M, VA Inland ex-Tidewater 7.0% $1.72M), and Inland Plains (17.0% / $4.18M / 68 pols with 2% wind/hail deductible floor: MO 5.5% $1.35M, IA 4.5% $1.11M, MN 4.0% $0.98M, KS 3.0% $0.74M). In PY 2027P–2029P we expand into 3 contiguous inland states — Inland GA ($2.40M 2029P GWP), Upstate SC ($1.75M), and NE ($1.15M) — plus 1 targeted Mountain West hub in UT (Wasatch Front, $0.70M), totaling $6.00M in 2029P. Modeled 1-in-250 yr convective storm PML is $11.2M; 5-yr modeled CAT loss ratio is 4.4% of NEP.

4. DISTRIBUTION FUNNEL, 2027P GROWTH BRIDGE, ACTUARIAL TRIANGLES & CLAIMS REGISTER

Distribution Network & 2027P Growth Bridge: Trestle distributes through 84 appointed producer offices (max single office = 6.5% GWP; 91.9% 2026E renewal retention): Tier 1 Top-10 National Construction Retail Brokers (26 offices, 48.0% GWP = $11.81M, 68.2% hit rate, 45.6% LR, 12.5% direct retail commission); Tier 2 Regional Construction Retail Specialists (34 offices, 14.0% GWP = $3.44M, 62.5% hit rate, 47.8% LR, 12.5% direct retail commission); and Tier 3 Appointed Wholesale Inland Marine Specialists (24 offices, 38.0% GWP = $9.35M, 61.4% hit rate, 49.1% LR, paying 10.0% originating retail commission + 2.5% wholesale broker override = 12.5% total producer commission). Our +$6.60M PY 2027P GWP bridge ($24.60M -> $31.20M) explicitly accounts for non-renewal attrition: $24.60M (2026E

Base) - $1.99M (8.1% non-renewal attrition at 91.9% retention = $22.61M retained base) + $0.63M (+2.8% renewal rate/exposure indexing) + $3.16M (existing-account fleet additions) + $4.80M (new business across 14 active + 4 expansion states) = $31.20M.

Claims & Large-Loss Register (Evaluated on Projected Full-Year Close Basis as of Dec 31, 2026): Claims are managed by SVP Julian Thorne, CRIS and fictional TPA Fictional Heavy-Equipment Claims TPA ($50,000 draft authority; carrier escalation at $100,000 reserve). Top 4 illustrative scenario claims: (1) AY 2024 (OH) 90-Ton Rough-Terrain Hydraulic Crane ($1.15M Scheduled Limit) grade rollover constructive total loss: $685,000 Gross Loss less -$50,000 mandatory 2% crane deductible less -$165,800 heavy-iron component auction salvage (24.2% of gross) = $469,200 Net Incurred (-$215,800 total offset); (2) AY 2025 (TN) twin hydraulic excavators theft: $640,000 Gross less -$10,500 deductible credit and -$615,000 11-hr GPS/NER/NICB law-enforcement recovery = $14,500 Net Incurred; (3) AY 2023 (IN) river-crossing HDD drill-stem collapse: $480,000 Gross less -$50,000 deductible and -$180,000 borehole sub-limit/coinsurance cap = $250,000 Net Incurred; and (4) AY 2024 (MO) yard hailstorm (9 units): $410,000 Gross less -$68,000 2% hail deductible and -$30,000 OEM invoice audit savings = $312,000 Net Incurred.

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

5. ZERO-DOUBLE-COUNT EXPENSE WATERFALL, TREATY ECONOMICS & DOWNSIDE STRESS TESTING

Gross Program Expense Structure (32.3% in PY 2027P–2029P): Every expense is recognized once: (1) MGA Base Acquisition & Program Admin Commission = 21.5% of GEP (12.5% Producer Commission + 9.0% Net MGA Commission Retention); (2) Direct Program Taxes, Carrier Admin & Common-Account XL = 8.0% of GEP, consisting of 3.0% State Premium Taxes/Guaranty Fund/Bureaus + 1.8% Direct Carrier Program Admin + 3.2% Common-Account Excess of Loss Reinsurance (1.8% for $5.0M xs $2.5M Per-Risk XL + 1.4% for $15.0M xs $5.0M Cat XL, 1 reinstatement); and (3) MGA Sliding-Scale Contingent Profit Commission = 2.8% of GEP at the 46.0% target ULR (sliding +0.28 pts per 1.0 pt ULR improvement below 46.0% up to 3.5% max at <=43.5% ULR, and -0.35 pts per 1.0 pt deterioration above 46.0% down to 0.0% at >=54.0% ULR, with a 1.0-pt step-down in MGA Base Commission to 20.5% if ULR >=57.0%).

25% Issuing Carrier / 75% Quota Share Panel Split: Both participants share pro-rata (25% / 75%) in the $22.81M Gross Program Underwriting Profit before the fronting fee transfer ($5.70M Carrier 25% share; $17.11M Quota Share 75% share). In addition to reimbursing its 75% pro-rata share of MGA Base (21.5%) + Taxes/Bureaus (3.0%) + Carrier Admin (1.8%) via a 26.3% expense ceding commission, the 75% Quota Share Panel pays a 5.0% Overriding Fronting Fee to the Issuing Carrier (total ceding + fronting commission = 31.3% of Ceded NEP). On a consistent Earned-Premium Fee Basis (5.0% × $78.83M Ceded NEP = $3.94M Fronting Fee), Issuing Carrier Net Total Return is $9.64M ($5.70M + $3.94M = 36.7% of retained NEP) and Quota Share Net Profit is $13.17M ($17.11M - $3.94M = 16.7% net margin / 83.3% reinsurer combined ratio), summing to $22.81M. On a Written-Premium Fee Basis (5.0% × $85.73M Ceded GWP = $4.29M Fronting Fee), Issuing Carrier Net Return is $9.99M and Quota Share Net Profit is $12.82M, also summing to $22.81M.

3-Yr Stress Scenario (PY 2027P–2029P: $105.10M NEP)	Modeled ULR%	Incurred Loss	MGA Base%	Contingent%	Tax/Adm/XL%	Gross Comb%	3-Yr UW Profit
1. Outperformance Case (-2.5 pts Favorable Frequency)	43.5%	$45.72M	21.5%	3.5% (Cap)	8.0%	76.5%	$24.70M
2. Base Case Plan (TERRAVEX 2027P–2029P Forecast)	**46.0%**	**$48.35M**	**21.5%**	**2.8% (Target)**	**8.0%**	**78.3%**	**$22.81M**
3. Moderate Adverse Shock (+6.0 pts Theft / Storm)	52.0%	$54.65M	21.5%	0.7% (Slid)	8.0%	82.2%	$18.71M
4. Severe Stress Shock (+12.0 pts Macro + Multi-CAT)	58.0%	$60.96M	20.5% (-1pt)	0.0% (Floor)	8.0%	86.5%	$14.19M

6. TARGET 90–120 DAY ONBOARDING ROADMAP & FICTIONAL PORTFOLIO DISCLOSURE

Target 90–120 Day Onboarding & Phased Cutover Plan (With 60-Day Phase-1 Option for Active AAIS States): Phase 1 (Days 1–20): Mutual NDA, 5-year policy/claim bordereaux tape delivery (1,295 policies, 788 claims), and actuarial triangle review; Phase 2 (Days 21–45): Columbus underwriting/claims operational review, carrier retention election (20%–30%), and LOI/Term Sheet; Phase 3 (Days 46–75): Execute Program Administrator Agreement, Quota Share & Common-Account XL treaties, and adopt existing AAIS IM-7000 base forms in Phase-1 active states; Phase 4 (Days 76–120): Complete 88-field bordereaux/OFAC integration, file 4 expansion states (GA, SC, NE, UT), and execute rolling Q1 2027 renewal cutover. 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.