



KRUGER BRENT LIMITED

KRUGER BRENT LIMITED (KBL) MISSION STATEMENT & BUSINESS PLAN

1. Executive Summary

Mission

By focusing on its strengths, its expertise and knowledge of the simplified issue mortgage term life business and its personal relationships with key Independent Marketing Organizations (IMO's). Kruger Brent Limited seeks to form a strategic alliances. This particular alliance will enable our distribution partners to become market leaders in the SIMT market.

Kruger Brent Limited is committed to offer insurance products that provide quality protection with value add pricing. We will establish a successful partnership with our distributors, our staff members, and our insurance companies; these partnerships will respect the interests and goals of each party. Success will be measured by our customers choosing Kruger Brent Limited because of the ability to meet or exceed their expectations of market, price, service, and expertise.

Keys to Success

Our Keys to Success and critical factors for the next year, in order of importance:

- Focus on the “Target Market” of EZ Issue Mortgage Term Life (SIMT)
- Directly contract with a life insurance carrier that possesses the financial ratings, size, and the E Initiatives to become a dominant player in the SIMT Market.
- Obtain the top Bonus compensation schedule. This will allow Kruger Brent Limited to contract marketers who provide access to this specialized market.
- Begin our strategic alliance on the strongest footing of trust and confidence, with well-established and collaborative expectations.
- Provide our customer base with superior coverage in all states, including New York. Additionally, we shall wrap this coverage with Kruger Brent Limited's

exclusive Blanket Job Loss benefits plan.

Objectives

- Establish excellent working relationships with our new insurance market by meeting with their decision makers and creating a mutual plan for success.
- Secure commitments for support, unique products, and riders that Kruger Brent Limited will bring to the market.
- Investigate new markets that meet our criteria by a) committing to fully underwritten products where SIMT is not appropriate; b) marketing, via data mining, products suitable to our economic and social climate; and, c) plans for electronic upload and download of insurance data.
- Provide sales incentives to meet our goals of paid, annualized, commissionable premium.
- Create a strategic alliance which allows all members to exceed respective expectations.

2. Company Summary

Organizational Structure

Kruger Brent Limited was formed to develop niche-marketing packages. Kruger Brent Limited has an internal management team, as well as a Board of Advisors.

The internal management team consists of:

Michael K. Carroll	President, Chairman and Chief Executive Officer
Kenneth R. Warne	Senior Vice President and Chief Financial Officer
Robert J. Zweibel	Corporate Counsel
Mark Fenton	National Sales Director
Kim Sutton	National Sales Director
Chris Snyder	National Sales Director
Brandon Reed	National Accounts Sales Director

History

Kruger Brent Limited is an imager developer and distributor of niche-marketing programs. Utilizing cutting-edge technology to improve productivity, reduce costs, and provide value-added services for each program, Kruger Brent Limited couples its development and distribution expertise with partners who provide product, underwriting, and market capacity.

With over fourteen years of experience in the SIMT Market, Michael Carroll, President, has consistently led the industry in assisting such pioneer companies as: Interstate – GE Federal Home – Allied Life – Occidental – F&G in the development and distribution of simplified issue non-medical mortgage term life chase.

Past Performance

Track Record

- Sales Volume - \$4million
- Avg Prem/Per App - \$667.14
- Avg Face - \$123,000 (30yr/5 guaranteed)
- Avg Issue Age 46
- 58% with ROP <> 24% with DI
- Placement Ratio of 82%
- Apps Per Mo 560
- 90% 13th Mo Persistency <> 84% 25th Mo Persistency

Location and Facilities

Kruger Brent Limited Executive Offices

P.O. Box 367

Basye, VA 22810-0367

Telephone: 540-856-3223

Fax: 206-222-2101

Email: homeoffice@krugerbrent.org

Web site: www.krugerbrent.org

3. The Application Process

We fully understand the E Initiatives that are being formulated and adopted:

- Data and Image Exchange for:
 - New Business Submission
 - Pending Status Information
 - Commission Data

We fully understand the cost and time savings gained on both sides with E-Submissions

- We will perform the full Quality Review on all new producer appointments (Scrub them)
- We will Scan the paperwork
- We will Transmit the faxed image as directed

We will scan all new business apps centrally to the Home Office.

We will downstream the process to NSD's, etc., as we, and they are ready.

We believe this approach will allow us to work effectively and improve as we work together and gain experience.

We fully recognize that we are looking at processing roughly 8,400 apps during our ramp up and first full contract year to reach our goal. This is a lot of work to do, but working together we will definitely be ready; we will perform as we have outlined.

4. Market Analysis Summary

Market Segmentation

The *Need* for life insurance products which cover mortgage debt has long been recognized throughout the industry. However, the ability to aggregate individual needs in segments

large enough to form a well-defined **Market** – estimated at \$100 million of annualized paid premium in 2000 to \$421 million by 2006 – has been the work of 40 National Distributors and Mortgage Market Specialists. Of these Market Specialists, 12 are the Key Players, providing Market **Access**. Today, 21 insurance carriers participate through many forms of life insurance products, but it has only been those willing to manufacture SIMT **Products** and Riders who have been successful. Pioneers were Interstate, F&G, and Shenandoah.

A Product manufacturer willing and able to fill the Insurance Need for such a well-defined Market can be successful only if it aligns itself with distributors who have a demonstrated ability to access this niche. Typically, the missing piece is Market Access. Michael K. Carroll has been instrumental in defining the market, aiding insurance carriers like, Interstate, F&G, and others, design SIMT Products like HomeGuard, and most importantly, provide market access through the Market Specialists.

Challenges and Opportunities

31 companies of 1,871 life companies in the U.S. have entered the SIMT Market: 8 have recently; 10 companies’ business has been assumed by other companies; today, there are 21 companies writing new business; and 5 claim 48% of the SIMT Market.

It is estimated that each of the 21 companies has a \$4.7 million growth opportunity.

Main Competitors	No Longer Marketing	2 nd Tier Competitors
F&G	CNA	Assurity
Americo	Great American	North American
Shenandoah	Old Republic	Investor Life of N.A.
Life Investors/Aegon	Allied	Oxford Life
Chase	Conseco	United National
	Home Owners Life	United Home Life
	Interstate Association	GTL
	Federal Home	Fidelity Life Assoc
	Occidental	National Western
	Surety Life	People’s Benefit
		Prudential
		Utica (NY)
		American General
		United of Omaha
		The Hartford (UL)
		Monumental (Group)

Demographics and Buying Patterns

- 60% Male Buyers; Ages 36 – 54
- 60% buy ROP and 24% buy DI
- 70% Placement Ratio

Distribution Partners

Our customer base is a broad mix of Marketing Opportunities that will meet their volume commitments. We will work with 4 Major Client Groups in selling the AIG SIMT product.

- Mortgage Specialists
- Large Affinity Groups
- Credit Unions
- Banking

Mortgage Specialists are fundamentally Independent Marketing Organizations (IMO's) that specialize in selling SI with experience in the product and the processing basics gained from working with other carriers.

Our Sales forecast numbers initially are based exclusively on the volumes these IMO sources can provide. Each of the IMOs has been contracted with Michael Carroll previously. This contracting promotes confidence on each side. New marketing mortgage specialists are now contracting Kruger Brent Limited to affiliate with these unique products.

Banking, Credit Unions and Large Affinity Groups – *complementary distributors* – have not yet had the impact they can and should have in the SIMT Market. Kruger Brent Limited is keenly aware of the need for thorough training and monitoring of the sales practices for these entities.

Business Analysis

While the Marketing Specialist IMO is the primary production source, we estimate that the potential is between \$2million and \$10million of sales per year, through complementary distributors, in the next 3 to 5 years. Michael has opened the door to 'Premier' companies in these categories and has them excited over the opportunities the product offers to protect their interest in the mortgage.

We will continue to explore these markets and we have very conservatively forecast sales volumes for them. However, we have not included their business in our forecast for Year 1 until we have had a chance to reach agreement on their potential carrier.

Utilization of Marketing Specialists alone will enable Kruger Brent Limited to exceed its production commitments. However, in a market that has a potential \$100 million in new business, complementary distributors are aware of the opportunity and have been discussing with Michael for some time.

5. Strategy and Implementation

Marketing Strategy

Kruger Brent Limited will bring to the Market a carrier. Its Marketing Specialists will provide access, marketing experience, and sales expertise that will meet the needs of the market.

Promotion and Communication Strategy

- See Formal White Paper
- See Mission Statement & Business Plan

Distribution Strategy

- Re-contract past key mortgage specialists

- Develop Complementary Distributors

Sales Forecast (Assumptions)

- We calculated the Average Premium as follows:

Average Age = 46	Source
Average Face = \$137,500	From our experience
90% are Standard and 10% are Preferred rated	From our experience
58% of policies are issued with ROP	From our experience
42% of policies are not issued with ROP	From our experience
Policy Fee is \$60	

Average Premium Calculation	Preferred	Standard
Cost per \$1,000 at Age 46	\$4.82	4.99
Average Face	\$137,500.00	\$137,500.00
Base Premium	\$662.75	\$686.13
ROP per \$100 of Premium	\$26.09	\$25.92
Cost of ROP	\$172.91	\$177.84
Sub total Premium	\$835.66	\$863.97
Cost of Policy Fee	\$60.00	\$60.00
Total Policy Cost including ROP	\$895.66	\$923.97
Total Policy Cost without ROP	\$722.75	\$746.13
58% of Premium with ROP	\$519.48	\$535.90
42% Of Premium without ROP	\$303.56	\$313.37
Average Premium without weighting	\$823.04	\$849.27
Weighted Average Premium Per Policy		\$836.16

- 82% Placement Rate
NSD selection and track record combined with Kruger Brent Limited training and monitoring of app flow.
- 1,215 Apps per month once a steady state is reached.

Sales Programs

We will provide overrides and production bonuses to our distribution partners. We are investigating sales incentives in the form of producer trips at the writing agent level to cost share with distribution partners.

Competitive Advantages

- Size and financial strength of company
- Availability in New York
- Coverage on mortgage loans available up to 48 months old Vs competitors maximum limit of 12 – 36 months
- Preferred Nicotine User and Preferred Non-Nicotine User available Vs Not available from competitors
- Nicotine usage defined as last 12 months Vs last 36 months for competitors
- Maximum coverage limit up to \$400,000 Vs \$100,000 - \$250,000 with competitors

Distribution Advantages of Kruger Brent Limited

- Prominent in marketplace for 14 years
- Extensive product development expertise and experience
- Influential in product evolution: features, benefits, and riders
- Access to various distribution portals
- Well established core distribution relations
- Buyer/Provider of Blanket Involuntary Unemployment Insurance (IUI)

Involuntary Unemployment feature (IUI) Description

- Underwriter: Lloyds of London, AIG, or AON
 - √ Administered out of Florida
 - √ Insured receives a certificate of benefit
- Job Loss coverage provides coverage for the 1st year
 - √ Not to exceed \$1,500 per month
- Benefit provided by Kruger Brent Limited through its distributors
 - √ Job Loss Insurance continues for one to three years*
- 180 day Vesting period beginning from time of policy issue
- 90 day Elimination period after vesting period

* Not approved in all States