

The Small Business Authority Powered by Newtek Business Services Hires Ty Sagalow and Innovation Insurance Group as Senior Advisor to the Chairman

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NEW YORK, March 28, 2012 /PRNewswire/ -- Newtek Business Services, Inc. (Nasdaq: NEWT), [The Small Business Authority](#), announced that they have hired Innovation Insurance Group, the company founded by Ty Sagalow, as Senior Advisor to President, CEO and Chairman, Barry Sloane. Mr. Sagalow is a 28-year veteran in the insurance industry holding senior executive positions in underwriting, legal and product development for major international insurance companies. In addition to product development, Mr. Sagalow is an expert in cyber-insurance, directors' and officers' liability and reputational risk insurance.

Mr. Sagalow will provide strategic guidance to the Chairman on innovation strategies and new growth opportunities and partnerships. He will help expand [The Small Business Authority's](#) line of insured business services, including its recently launched Insured Merchant Services, which provides PCI compliance risk coverage to its customers taking electronic payments using Visa, MasterCard, American Express and Discover cards. The insurance covers up to \$100,000 in compliance penalties or costs in the event the [The Small Business Authority's](#) customer is fined by the card associations.

Innovation Insurance Group recently developed its insured payroll program for [The Small Business Authority](#) which offers a \$50,000 insured payroll guarantee in the event our customer provides us with accurate information and, if due to a Small Business Authority mistake the customer suffers a program covered loss. The insured payroll certificate provides a maximum of coverage for the following: if our customer owes more taxes, we will pay those extra taxes; if our customer is assessed any fines under federal tax laws we will pay the fines; if we paid the wrong tax authority we will correct and pay the right one; and if we direct deposited into the wrong employee account we will make the appropriate adjustments. In addition, if you are a "pay as you go" workers compensation customer and we fail to pay the premium, we will pay any penalty to reinstate the policy, and if payroll records containing personal identifiable information are stolen, we will pay for one year of credit monitoring for each impacted employee, up to \$200/year.

Mr. Sagalow spent 25 years as a senior executive with AIG. From 1989-1999, he was the chief underwriting officer and general counsel for the National Union Fire Insurance Company. National Union is one of the largest providers of management and professional liability insurance in the United States. From 2000 to 2005, Mr. Sagalow was the chief operating officer of AIG eBusiness Risk Solutions, a large provider of security and privacy insurance. From 2005 to 2009, he led new product development at AIG General Insurance before moving to Zurich North America as its Chief Innovation Officer. In April 2011, he left Zurich to create [Innovation Insurance Group](#). After

spending time at Tower Group Companies at its Chief Innovation Officer, Mr. Sagalow returned to Innovation Insurance Group in March of 2012.

Barry Sloane, Chairman, President and Chief Executive Officer of Newtek said, "I have known Ty since 1998 in his role at National Union which was the chief underwriting arm for financial services firms for AIG. We also worked with Ty at Zurich and are confident he will help us develop world class insurance and warranty coverage so that small and medium-sized, independent business owners know that, when they purchase a service offering from [The Small Business Authority](#), it comes with the highest performance assurance available in the market today. Business owners who purchased outsourced services have historically had no assurance as to the quality, reliability and security of the counterparty that they are dealing with.

[The Small Business Authority](#), through our new relationship with Ty's company, [Innovation Insurance Group](#), plans to focus its offerings to reduce risk and eliminate the uncertainty small business owners may have in their important business dealings. We are excited to have Ty join our team and have great expectations about our future involvement with him and our projects."

"[The Small Business Authority](#) is the premier provider of high-quality business and financial services to small and medium-sized businesses," said Ty Sagalow, president of Innovation Insurance Group. "They are innovative, responsive and customer focused. It is a privilege to be able to work with such a great leader as Barry Sloane. And I am excited about our strategic partnership with [The Small Business Authority](#)."

About Newtek Business Services, Inc.

Newtek Business Services, Inc., [The Small Business Authority](#), is a direct distributor of a wide range of business services and financial products to the small- and medium-sized business market under the Newtek® brand. Since 1999, Newtek has helped small- and medium-sized business owners realize their potential by providing them with the essential tools needed to manage and grow their businesses and to compete effectively in today's marketplace. Newtek currently provides its services to over 100,000 business accounts and has positioned the Newtek® brand as a one-stop-shop provider of its business services. According to the U.S. Small Business Administration, there are over 27.5 million small businesses in the United States, which in total represent 99.7% of all employer firms.

Newtek's business service lines include:

- **Electronic Payment Processing:** eCommerce, electronic solutions to accept non-cash payments, including credit and debit cards, check conversion, remote deposit capture, ACH processing, and electronic gift and loyalty card programs.
- **Managed Technology Solutions (Cloud Computing):** Full-service web host, which offers eCommerce solutions, shared and dedicated web hosting and related services including domain registration and online shopping cart tools.
- **eCommerce:** a suite of services that enable small businesses to get up and running on-line quickly and cost effectively, with integrated web design, payment processing and shopping cart services.
- **Business Lending:** Broad array of lending products including SBA 7(a) and SBA 504 loans.
- **Insurance Services:** Commercial and personal lines of insurance, including health and employee benefits in all 50 states, working with over 40 insurance carriers.
- **Web Services:** Customized web design and development services.

- **Data Backup, Storage and Retrieval:** Fast, secure, off-site data backup, storage and retrieval designed to meet the specific regulatory and compliance needs of any business.
- **Accounts Receivable Financing:** Receivable purchasing and financing services.
- **Payroll:** Complete payroll management and processing services.

For more information, please visit www.thesba.com

About Innovation Insurance Group

Innovation Insurance Group (www.innovationinsurancegroup.com) was formed in early 2011 to deliver high-quality services to the insurance industry in the development and launch of new products. Services include new product development, insurance policy drafting and review (especially in the areas of D&O, E&O and Cyber-risk insurance), public policy advocacy and expert testimony. Ty R. Sagalow is a 30 year insurance veteran whose past roles have included Chief Innovation Officer and Zurich North America and Tower Group Companies, President of Product Development at AIG (General Counsel), Chief Operating Officer of AIG eBusiness Risk Solutions and Chief Underwriting Officer and General Counsel of National Union (an AIG Management and Professional Liability Company). He is a frequent speaker, author of several works, has appeared on Television, Radio and the White House and testified before Congress. Contact: 917-620-2174 or tysagalow@innovationinsurancegroup.com

Note Regarding Forward Looking Statements

Statements in this press release including statements regarding Newtek's beliefs, expectations, intentions or strategies for the future, may be "forward-looking statements" under the Private Securities Litigation Reform Act of 1995. All forward-looking statements involve a number of risks and uncertainties that could cause actual results to differ materially from the plans, intentions and expectations reflected in or suggested by the forward-looking statements. Such risks and uncertainties include, among others, intensified competition, operating problems and their impact on revenues and profit margins, anticipated future business strategies and financial performance, anticipated future number of customers, business prospects, legislative developments and similar matters. Risk factors, cautionary statements and other conditions which could cause Newtek's actual results to differ from management's current expectations are contained in Newtek's filings with the Securities and Exchange Commission and available through <http://www.sec.gov>.

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