

Alternative Risk

Backed by years of in-depth expertise and proven industry leadership, Chartis has consistently developed sophisticated and unique alternative risk solutions. The Alternative Risk division is a singular, dedicated resource for a full spectrum of innovative products and program structures for complex risks that are not effectively managed with traditional market products.

Alternative Collateral

Safe, flexible and cost-effective alternatives to posting Letters of Credit (L/C) for meeting insurance collateral obligations. With over 15 years of experience and more than \$3.7 billion in collateral held via trust, the Alternative Risk division offers unrivaled expertise in alternative collateral solutions.

Collateral Trust*

Clients deposit qualified investments into an account that, by virtue of a three-party legal agreement, secures their collateral obligation. Collateral Trusts allow clients to:

- Realize significant cost-savings over traditional L/Cs
- Free-up much needed lines of credit normally tied up by an L/C
- Maintain ownership of the assets in the trust and the income generated
- Choose from an unrivaled selection of qualifying investments

Collateral trusts can be utilized to secure captive, surety or deductible/retention insurance programs

Cash Collateral / Funds Withheld

As a liquid and predictable alternative, cash is posted by the client to secure its collateral obligation.

- Interest accrues at a rate based on current market conditions
- The interest rate is set the day the cash is received and is reset annually based on current market conditions

Cash collateral can be utilized to secure captive or deductible/retention insurance programs

Loss Portfolio Transfers / Buyouts

A creative risk management solution whereby a prospective client's accrued liabilities are assumed, eliminating the uncertainty of future adverse loss development and enhancing the prospects for merger, acquisition or divestiture.

Client Profile

- Clients who maintain significant retentions or possess large, multi-year capitalized liabilities
- Self-insured clients seeking capital relief from state-mandated collateral requirements
- Clients seeking full replacement of a previous insurer for all retrospective obligations covered by existing policies; i.e. novations
- Insurance captives being run-off or terminated
- Bankruptcies
- Minimum \$1 million case/loss reserve
- Target workers' compensation portfolios; general and automobile liability considered in conjunction with workers' compensation

Program Benefits

- Mitigation of accrued liabilities, including the reduction or elimination of previously established Case and IBNR Loss Reserves
- Conversion of unknown future liabilities to present day fixed price
- Increased debt capacity
- Release of security supporting existing insurance arrangements

*The Alternative Risk Division charges a minimal annual fee associated with the administration and oversight of the collateral trust account. Additional fees charged by the trustee bank or third party investment advisor may also apply.

Closeouts

An option to closeout policies for existing Chartis clients who pay their own losses through a deductible or retention insurance program, eliminating their obligation to pay for future adverse loss developments.

Program Benefits

- All future liabilities are transferred from the insured to the insurer
- Collateral held or posted L/Cs are released back to the insured
- Monthly billing and annual collateral adjustments cease

Group Captive Programs

Custom designed programs for complex group captive structures, delivered with integrated policy issuance, claims management and risk engineering services.

Client Profile

- All forms of loss-occurring group captives considered
- On-shore/off-shore group captives in which Chartis retains underwriting authority; assessable group captives preferred

Capabilities

- Insurance excess captive retention
- Aggregate excess of loss retention
- Unbundled services allow the selection of an approved third-party administrator for claims management

Rent-a-Captive Solutions

Through the rent-a-captive facility National Union Fire Insurance Company of Vermont, a Chartis company, Alternative Risk offers a solution that can provide the opportunity of obtaining some of the same benefits as owning a captive.

Program Benefits

- Segregated loss experience relative to other rent-a-captive participants through protected cells; no sharing of risk among different protected cells
- Each participant shares in the underwriting and investment profits generated via its own segregated risks
- Lower operating costs versus a single parent captive

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Chartis is a world leading property-casualty and general insurance organization serving more than 45 million clients in over 160 countries and jurisdictions. With a 90-year history, one of the industry's most extensive ranges of products and services, deep claims expertise and excellent financial strength, Chartis enables its commercial and personal insurance clients alike to manage virtually any risk with confidence.

Chartis is the marketing name for the worldwide property-casualty and general insurance operations of Chartis Inc. For additional information, please visit our website at www.chartisinsurance.com.

All products are written by insurance company subsidiaries or affiliates of Chartis Inc. Coverage may not be available in all jurisdictions and is subject to actual policy language. Non-insurance products and services may be provided by independent third parties. Certain coverage may be provided by a surplus lines insurer. Surplus lines insurers do not generally participate in state guaranty funds and insureds are therefore not protected by such funds.

Fully Funded Insurance Solutions

The Alternative Risk division provides general liability, professional liability and products liability for hard-to-place risks.

Client Profile

- Nursing Homes, Hospitals and Emergency Room Physicians
- Medical Manufacturers
- Contractors and Home Builders

Capabilities

- Policies are available on a claims-made or occurrence, reimbursement basis and the limits of insurance are fully funded with cash or an L/C
- If there are no open, pending, unresolved or notices of potential claims at expiration of the policy period, or any extended reporting period/sunset provisions; the remaining aggregate funding can be returned via a commutation of liabilities or rolled over to the renewal policy period

Professional Employer Organization (PEO)

Expert workers' compensation programs established and maintained by a dedicated unit versed in applicable state regulations.

- A variety of program structures available, with a minimum PEO retention of \$1 million
- Serve as the PEO's primary point of contact in the synchronization of supporting Chartis products and services

Client Profile

- Minimum five years in business
- Not highly leveraged
- Audited financial statements
- Sophisticated risk management and automation capabilities
- No split/dividend workforce

