

Global Risk Solutions Profile

Capacity

Innovation

Flexibility

Expertise

Commitment

Financial Strength

Innovative Solutions for Complex Risks





## Global Risk Solutions

There are times when companies face complex or unusual risks that cannot be managed effectively with traditional risk management programs. At Chartis, we in Global Risk Solutions help clients mitigate these challenging exposures by providing highly customized, innovative programs that apply insurance and/or capital market strategies.

We partner with each client to understand its objectives, identify and analyze its risks and custom-design a program to support its business strategy. Our programs extend to all types of exposures and industries.



## Chartis' Global Risk Solutions Programs Offer Important Advantages

No matter how complex or material the risk, Global Risk Solutions' flexibility, capacity and expertise make us the provider of choice. We have the skills and resources to guide clients through all phases of the program—from analysis to concept development to implementation and ongoing administration.

### **Broad Flexibility**

Global Risk Solutions offers programs that help clients address a myriad of problems. Our programs are custom-designed to meet our clients' business objectives. We have the flexibility to develop solutions using the type of contract that is best suited to our clients' needs—be it insurance, loans, or other financial products.

### **Extensive Capacity and Commitment**

Global Risk Solutions has access to significant risk-bearing and financing capacity. We are committed to this business as evidenced by our proven track record of successful innovation for over 15 years.

### **Unrivaled Expertise**

Our dedicated global team of more than 70 professionals has in-depth expertise in multiple disciplines including insurance, reinsurance, medical underwriting, corporate finance, law, tax, accounting, actuarial, claims, and operations. An efficient decision-making process and a culture of innovation empower the creation of successful solutions.

### **Resources and Financial Strength**

Our Global Risk Solutions team is a single point of contact that puts the expertise of Chartis, a world leading property-casualty and general insurance organization, to work for you. Global Risk Solutions' programs often utilize the full range of global capabilities of Chartis, a world leading property-casualty and general insurance organization serving more than 70 million clients around the world. With 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.

## Global Risk Solutions – Three Areas of Focus

### Structured Insurance Programs

Structured Insurance Programs can be designed for virtually any client risk—either on a stand-alone basis or in combination with other insurance structures. These programs differ from most traditional insurance by including some element of “structure” such as a notional experience balance, premium adjustments, the manner in which limits respond, etc.

A notional experience balance is a function of the program’s typically substantial premium or deposit premium and loss payments. Interest is credited to the balance. At a specified date after the policy period ends, the client may be eligible to receive any remaining balance.

#### With Structured Insurance Programs, clients may:

- Benefit from favorable loss experience
- Lock in multi-year pricing that insulates against future market changes
- Obtain cost savings
- Provide evidence of insurance while saving costs as compared to traditional insurance
- Access an insurer’s ability to handle complex claims
- Facilitate a broader transaction
- Release security supporting existing insurance arrangements

### A Better Alternative to the Traditional Market

#### Situation

A national nutraceutical company in need of primary product liability coverage found that capacity was limited and available only at rates and retentions the company believed to be high. The company was required to provide evidence of insurance.

#### Solution

Global Risk Solutions structured 5-year product liability coverage of \$1 million per occurrence and a \$5 million aggregate for the policy term. The structure included a notional experience balance.

#### Advantages

- Multi-year solution allowing the nutraceutical to insulate itself from the uncertainties of the insurance cycle
- Potential for the nutraceutical to benefit from any favorable loss experience
- Evidence of insurance provided

### Facilitating a Divestiture

#### Situation

Through an M&A transaction, a company inherited a redundant reinsurance captive. The management team of the company wished to close down the captive.

#### Solution

In the resulting transaction:

- The captive was sold to an unrelated third-party
- The acquiring third-party arranged a buyout (loss portfolio transfer)
- The acquiring third-party closed down the captive

#### Advantages

- Captive sold to an unrelated third-party, which closed it down
- Potential future liabilities of the captive transferred from the captive through the third-party to the insurer



### Programs for Unusual Risks Related to Mortality and Longevity

Companies and financial institutions often face significant risks relating to unusual life or mortality based exposures. Global Risk Solutions works with clients on a highly individualized basis to develop solutions addressing these unusual risks. Our programs are not limited to any particular type of risk and may address structural restrictions found in the traditional market.

#### Here are some of the unusual exposures Global Risk Solutions can help clients address:

- In order to access any credit default insurance in the event of a student borrower's death, lenders of private education loans may have to make a claim against the borrower's estate and, if that fails, proceed against the cosigners
- A securitization pairing life insurance and annuity contracts included various risks that an entity sought to address with insurance.

### Addressing Liabilities Resulting from Divestitures

#### Situation

A global company provided its senior executives with a special life insurance program offering income benefits that could not be offset with traditional life or annuity products. The company retained the liability for this executive group life program upon divestiture of several divisions. The company wished to address this liability in its effort to shed all liabilities pertaining to this divestiture.

#### Solution

To buyout the group insurance liability for executives and their spouses, Global Risk Solutions structured a plan with a \$250 million limit that would remain in effect until the last individual in the program dies.

#### Advantages

- Mitigates otherwise uninsured exposure via insurance
- Isolates and ring-fences liabilities of divested divisions
- Provides administration and oversight of the retirement programs, eliminating an administrative burden for company

## Programs for Evolving Risks

Companies are challenged by an ever-expanding universe of risks that require discovering and delivering nontraditional risk management strategies. Global Risk Solutions professionals are experts at solving these challenges. We are a market leader with the flexibility and vision to design innovative solutions and the expertise, resources and financial strength to implement them.

Our Programs for Evolving Risks can be designed for almost any complex exposure and are not limited to any particular class of risks. However, since we generally invest substantial resources in analyzing these risks and custom-designing each program, these sophisticated solutions tend to focus on opportunities with the following characteristics:

- **Complex and Multi-faceted Risk Profile**— Designing and implementing a solution requires a diverse skill set that few companies possess
- **Innovative**—Existing products do not provide a viable solution, and Global Risk Solutions' program would be the catalyst that drives the expansion of a market
- **Ill-defined Markets**—First-mover advantage means being able to set the standards for the market
- **Motivated Buyers**—Provides a much needed solution that is valued by clients
- **Meaningful Market Size**—Sustainable business with multiple buyers

For example, Global Risk Solutions has designed customized innovative programs that help:

- Companies consolidate captive exposures as a result of Solvency II,
- Members of a national franchise association transfer self-insured liabilities,
- Companies in the UK and Europe being asked to participate in their trade credit risk via higher deductibles, and
- Facilitate the closure of an insurance company's book of business which had residual risk.

These are just a few examples of our Programs for Evolving Risk. If you need to address a significant risk not currently met in the traditional insurance markets, call us today. Let us put our culture of innovation, flexibility, expertise, resources and financial strength to work for you.

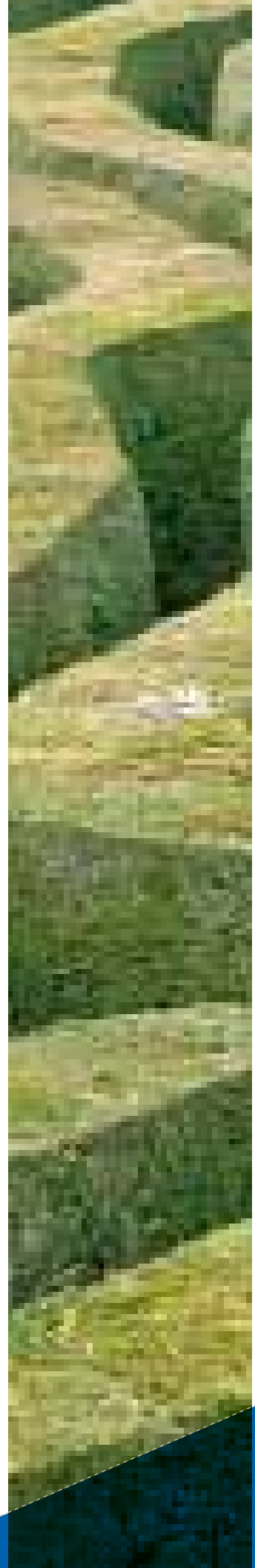
## Efficiently Managing Long-Term Obligations

**Situation** – A contractor was asked to provide assurances that its obligation to perform long-term repairs on a Private Public Partnership (PPP) construction project would be fulfilled over the 25 year contract. Initial requests suggested purchasing a surety bond for the full amount or holding the funds in trust, both of which would have tied up large amounts of capital.

**Solution** – Global Risk Solutions designed an insurance program to ensure that sufficient funds would be available to fund capital repairs arising during the contract period resulting from unexpected events outside the contractor's control. The structure included a 25-year term and limit of \$30 million per occurrence and in the aggregate.

### Advantages

- Improves contractor's capital costs, as the premium would be substantially less than the collateral required under either a surety bond or a trust
- Provides long-term comfort to the public entity that funds for future capital repairs would be available





To learn more about how Global Risk Solutions may be able to help you, please visit [www.chartisinsurance.com/us/globalrisksolutions](http://www.chartisinsurance.com/us/globalrisksolutions) or contact:

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Chartis is a world leading property-casualty and general insurance organization serving more than 70 million clients around the world. With 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.

Global Risk Solutions is a division of Chartis, the marketing name for the worldwide property-casualty and general insurance operations of Chartis Inc. For additional information, please visit the Chartis website at [www.chartisinsurance.com](http://www.chartisinsurance.com) or the Global Risk Solutions website at [www.chartisinsurance.com/us/globalrisksolutions](http://www.chartisinsurance.com/us/globalrisksolutions). In the United States, all insurance products are written by insurance company subsidiaries or affiliates of Chartis Inc. Non-insurance products and services may be provided by independent third parties or Chartis' non-insurance affiliates. Scenarios and descriptions are offered only as summaries and illustrations and may not include all terms, conditions and exclusions of the insurance policies and financial products described herein. Please refer to the final insurance policy or other financial product documentation for complete terms, conditions and exclusions, which may vary based on individual jurisdiction or account-specific requirements. All submissions are subject to underwriting guidelines and underwriting review and approval. Certain insurance coverages or financial products may not be available in all jurisdictions. This presentation does not constitute an offer to sell any of the insurance coverages or other financial products described herein. We do not provide legal, credit, tax, accounting or other professional advice, and you and your advisors should perform your own independent review with respect to such matters as they relate to your particular circumstances and reach your own independent conclusions regarding the benefits and risks of any proposed transaction or business relationship. Surplus lines insurers do not generally participate in state guaranty funds and insureds are therefore not protected by such funds. Certain products and programs are in the development stage and are not yet finalized or approved for offer or sale. Pending final development and approval, such products and programs may involve insurance, loans and other financial products.