Structured Risk Solutions

Solutions not products

SRS Business Unit
2020
“Customers want more from us than paying bills. We need to go on a journey and become a partner for our customers.”

THOMAS BUBERL
CEO, AXA
Structured Risk Solutions

- Global Underwriting Unit
- Non-traditional and Alternative Risk Transfer solutions
- Cover for various Lines of Business and also non-traditional risks
- Provide (re)insurance cover for Corporate Clients and Captives
- Value added / Client enabling solutions
Structured Risk Solutions

- Structured (Re)insurance for Captives and Corporate Clients
- Customized Risk Transfer Solutions for Corporate Clients
Structured Re(Insurance)

- For Captives and Corporate Clients
- Multi-year (Re)insurance
- Offering coverage for traditional Lines of Business and/or non standard perils
- Providing protection against risk volatility over time
- Enabling Captives to grow significantly in size and scope
- Optimizing capital efficiency benefits for Captive Clients
Structured Re(Insurance)

Structuring the most relevant cover to enable the client to achieve their objectives
Customized Risk Transfer Solutions

- Providing pure risk transfer coverage for risks which are not generally covered by the insurance market, including Performance Insurance

- Value added transactions to help Clients achieve strategic objectives

- Due diligence and deal structuring

- Significant capacity limits available
Partnership to enable Clients to achieve specific financial objectives

**WHY?**
- Client Objectives
  - Reduce Cost of Debt Service
  - Backstop Warranties
  - Evidence Insurance Coverage to Third Parties

**WHAT?**
- Coverage & Structure
  - Manuscript Wordings
  - Recovery Plan
  - Alignment of Interests
  - Ongoing Partnership and Claims Management Process

**HOW?**
- Due Diligence
  - Risk Engineering
  - Actuarial
  - Underwriting
  - Finance / Legal
Appendix
Structured Risk Solutions
Case Studies
Structured Risk Solutions: Case Study # 1

- **Type of Risk:** Structured Reinsurance for Captive Insurance Company (global manufacturer parent company)
- **Lines of Business Covered:** Property and Marine Cargo
- **Term:** 5 years
- **Territory:** worldwide
- **Policy Structure:**
  - Multi-line / Multi-year retrocession contract
  - Primary attachment point in excess of business unit deductibles
  - Per loss limits, line of business limits, annual limit and combined term aggregate limit
  - Contingent additional premiums based on cumulative loss ratio
  - Experience Balance, to enable the captive to share in performance and profitability over time
- **Client Motivation / Value delivered by SRS:**
  - To enable the captive to increase the volume of business it underwrites
  - To manage annual risk volatility over a multi-year period
  - To achieve capital efficiencies
Structured Risk Solutions: Case Study # 2

- **Type of Risk:** Structured Reinsurance for Captive Insurance Company (global construction parent company)
- **Lines of Business Covered:** General Liability, Workers Compensation and Auto Liability
- **Term:** 3 years
- **Territory:** USA
- **Policy Structure:**
  - Multi-line / Multi-year retrocession contract
  - High excess of loss attachment point
  - Annual and term aggregate limits
  - Experience Balance, to enable the captive to share in performance and profitability over time
- **Client Motivation / Value delivered by SRS:**
  - To enable the captive to increase the volume of business it underwrites
  - To manage annual risk volatility over a multi-year period
  - To achieve capital efficiencies
Structured Risk Solutions: Case Study # 3

- **Type of Risk:** Structured Insurance for Mutual Trust (public sector)
- **Lines of Business Covered:** Public and Product Liability, Professional Indemnity
- **Term:** 3 years
- **Territory:** Asia Pacific
- **Policy Structure:**
  - Multi-year insurance contract
  - Primary attachment point in excess of operating unit deductibles
  - Annual limits
  - Experience Balance, to enable the Client to share in performance and profitability over time
- **Client Motivation / Value delivered by SRS:**
  - To enable the Client to budget for insurance costs across multiple operating units
  - To manage annual risk volatility over a multi-year period
Structured Risk Solutions: Case Study # 4

- **Type of Risk:** Customized Risk Transfer Solution for an off-shore energy contractor
- **Lines of Business Covered:** Defects Insurance Cover for specific windfarm components
- **Term:** 4 years
- **Territory:** UK
- **Policy Structure:**
  - Multi-year risk transfer contract
  - Aggregate Client Self-Insured Retention
  - Term limit
  - Warranty specified in EPC contract
- **Client Motivation / Value delivered by SRS:**
  - Project investors required insurance coverage for all components under a single warranty from the EPC contractor. SRS provided coverage for a specific component risk for which there is no traditional insurance product available.
  - AXA XL and other insurers enabled the project to proceed by providing this coverage.
Structured Risk Solutions: Case Study # 5

- **Type of Risk:** Structured Insurance for a geothermal drilling company
- **Lines of Business Covered:** Extended Warranty
- **Term:** 10 years
- **Territory:** Germany and the Netherlands
- **Policy Structure:**
  - Multi-year insurance contract
  - Covering multiple drilling projects during policy term
  - Project and term limits
  - Experience Balance, to enable the Client to share in performance and profitability over time
- **Client Motivation / Value delivered by SRS:**
  - Project investors required Extended Warranty coverage from the Client with the benefit of an insurance in addition to the Client’s guarantee.
  - SRS provided coverage where there was no standard insurance product available and thereby enabled the Client to grow its business, whilst managing risk volatility over a multi-year period.
Structured Risk Solutions: Case Study # 7

- **Type of Risk**: Customized Risk Transfer for a municipal solid waste to gas conversion project
- **Lines of Business Covered**: Performance Insurance
- **Term**: 6 years
- **Territory**: USA
- **Policy Structure**:
  - Multi-year insurance contract
  - Term limit which decreases over the period in line with the underlying financing
  - Recovery plan for insurer
- **Client Motivation / Value delivered by SRS**:
  - SRS enabled the Client to develop its project and to reduce the cost of long-term debt servicing, by providing insurance coverage where no traditional insurance product was available.
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