

Reinsurance to Captive

Helping captives managing their risks

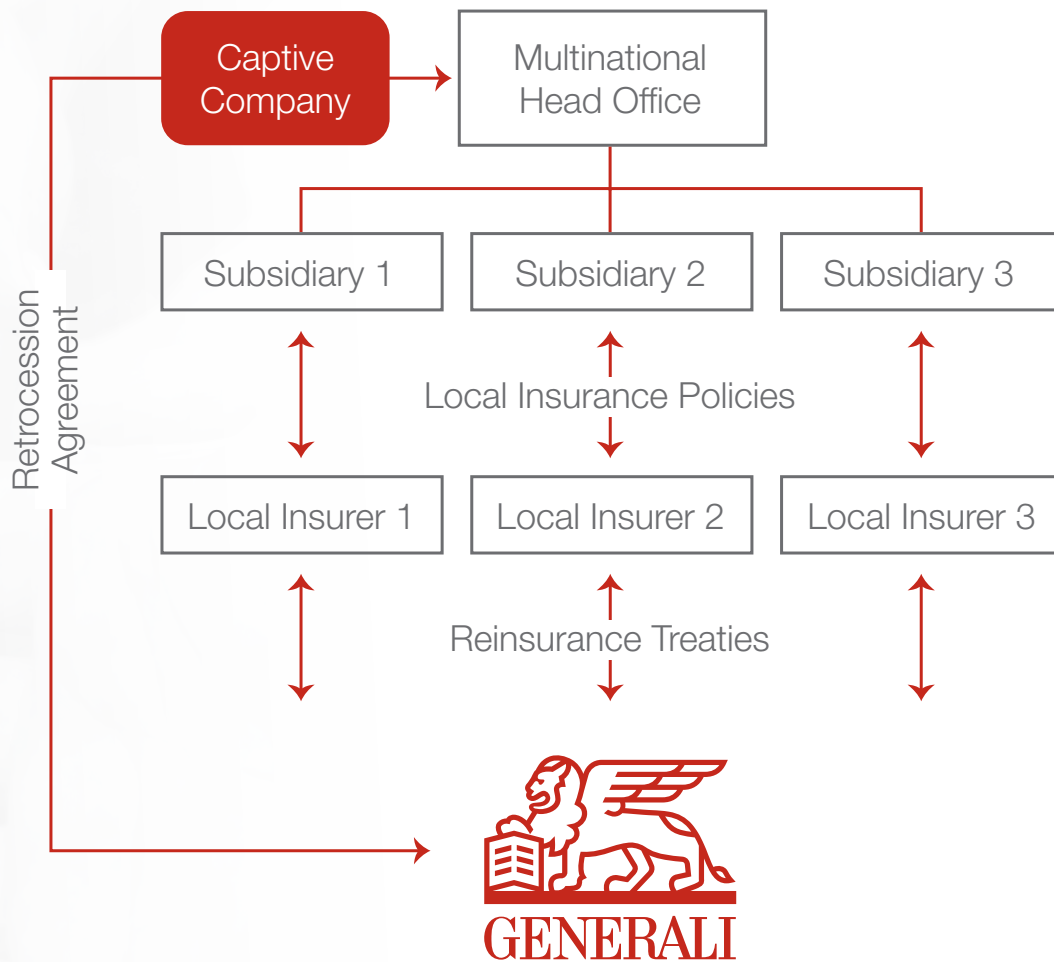


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What is a captive?





A captive is an insurance company formed by a multinational corporation to insure the risks of its own subsidiaries. It represents a strategic approach to the management of a company's insured benefit plans, and it offers attractive ways to govern, finance and deliver competitive employee benefits programs on behalf of the parent company.

Through Generali Employee Benefits (GEB) Network and its presence in over 120 countries, captives can reinsure lines of risk such as life insurance, disability, accident and medical plans.

How does it work?

- Local benefits contracts are placed with the GEB Network insurer in each country
- GEB Network insurers cede the risk to Generali each quarter
- Generali retrocedes the risks to the captive company, along with a set of detailed reports and commentary.

The **RISK** ceded by local insurers to Generali is usually at a quota share of 100%, or up to the maximum allowed by local regulations. This maximizes the cash flow and the potential benefit to the captive.

The minimum **REQUIREMENTS** to establish a captive program with GEB are:

- Insured benefits in at least 2 countries
- 3,000 or more insured lives
- 5 Million Euros in annual risk premium.

COLLATERAL requirements ensure that a captive program has the ability to meet its financial obligations toward the GEB Network. Generali can accept the following:

- A rating of at least A from AM Best or equivalent
- Letter of Credit
- Parental Guarantee

GEB offers different forms of protection to complement a captive strategy, and to help stabilise its performance over time.

Aggregate Stop Loss Protection limits overall negative balances that can occur during an annual reporting cycle. This GEB product is designed to give clients the ability to choose deductibles of between 25% and 100% of premium. The capacity made available to absorb negative balances is limited to 2 or 3 times the ceded premium volume after which any additional losses remain the responsibility of the captive.

Surplus Protection serves to limit exposures to individual peak risks above a predetermined threshold. This coverage applies to lump sum and annuity benefits, and clients are given several options to select from.

CAT XL Protection (Catastrophic Excess of Loss) limits the impact of a catastrophic event that could adversely affect, or even jeopardize the continued viability of a captive program. This is a form of protection against severe events that involve the death, or the death and disability, of 3 or more individuals.

Why use a captive?

— FLEXIBILITY, IN TERMS OF:

- Underwriting conditions
- Rate setting
- Benefit designs and enhancements
- Elimination of common exclusions.

— FINANCIAL BENEFITS:

- Retention of underwriting margins
- Economies of scale and reduced administration costs
- Cash flow and gains on invested capital.

— DATA AND REPORTING:

- Access to consolidated data in a uniform format
- Increased transparency with regards to policy performance and cost
- Insights to facilitate the sharing of best practices across subsidiaries.

— GOVERNANCE AND CONTROL:

- Streamlined renewal process and greater visibility of risks
- Centralized way to manage risk and engage with an insurance network
- Increased ability to identify claims patterns, and mitigate risks.



Why choose GEB?

- **Experienced professionals:** GEB teams have implemented more captives than any other network. They understand risk managers, finance, and human resources professionals.
- **Geographic coverage:** GEB is the largest global network thanks to its strong relationships with insurers in more than 120 countries.
- **Reinsurance model:** A single agreement with Generali simplifies the transference of risk, and provides captive clients with high degrees of control over local benefits decisions.
- **Enhanced data and information flow:** Generali's reports provide captives with detailed data and information concerning trends and the performance of their benefits contracts. GEB also provides comprehensive support upon renewal of each local contract, and throughout the duration of the program. Clients can choose from additional options to support their captive programs:
 - **Healthcare reports** are available and provide specific insights on medical trends, utilization patterns, and the most common diagnostic categories.
 - An online **customer portal** can provide access to quotations, documents and other information relating to the captive program.





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