

Zurich Loss Sensitive Solution

A new, highly flexible alternative for
International Casualty customers



Loss sensitive programs are known for delivering long-term cost efficiency with measured risk retention. Multinationals are looking for ways to capitalize on these benefits and balance their risk appetite with the ability to successfully manage their domestic and international exposure.

Zurich now offers five loss sensitive solutions:

- Local Deductibles
- Retrospective programs
- Self-Insured Retentions (SIRs)
- Single Parent Captive Services
- Captive Cell Company

Zurich's Global Customer Service Network Includes:

- **200+** countries and territories
- **7,000** international programs managed
- **8,000** claim professionals handling 140,000 claims annually
- **900** risk engineering professionals worldwide

Each of Zurich's loss sensitive solutions provides opportunities for additional cost containment and reduced pricing volatility versus a guaranteed cost program. In addition, our new Zurich Loss Sensitive Solution offers expanded flexibility on a global basis while providing the same coverage options, superior service and comprehensive network you've come to expect from Zurich.

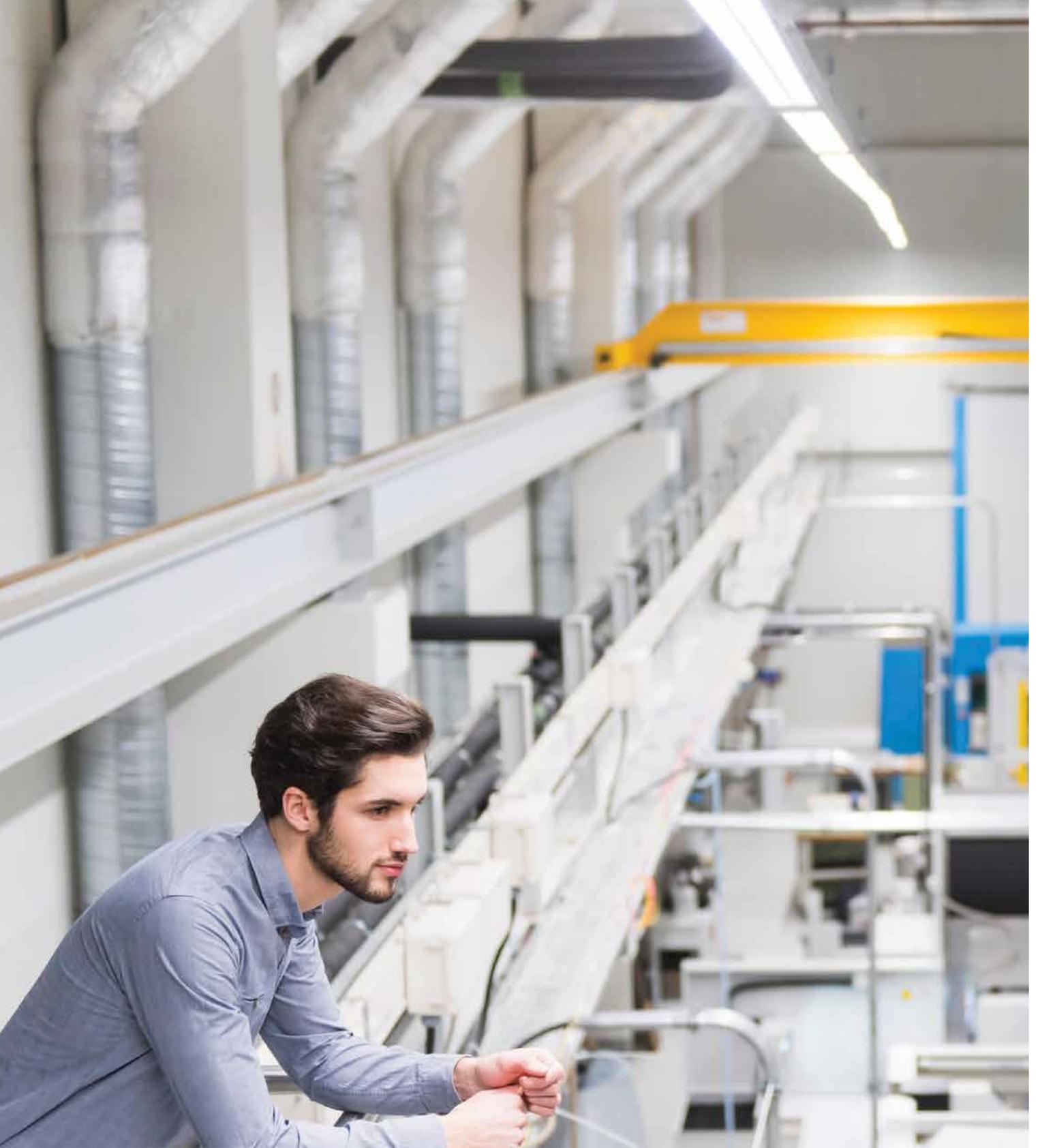
Introducing the new Zurich Loss Sensitive Solution

In building our new Zurich Loss Sensitive Solution, we took our award-winning international proposition and paired it with a number of important, highly flexible features that make this product one of the most compelling in the marketplace today, including:

- Flexible collateral options
- Seamless program administration
- Expedited international cession transfers
- Enhanced transparency
- A newly formed captive cell company created exclusively for this loss sensitive alternative

The Zurich Loss Sensitive Solution can provide customers with a risk management approach that many mid-sized and large corporations may not have pursued in the past due to the belief that the complexity and costs of program implementation and administration would be prohibitive.

Zurich's alternative tackles those beliefs and perceptions head on, offering risk management flexibility and advantages that remove the usual concerns that may stand in the way of this critically important risk management approach. Our alternative is simple, compliant and innovative in ways that enable easy transition and implementation.



How it works:

The premium is billed locally -
taxes are paid locally



The exportable premium is
transferred back to Zurich US



The Zurich Loss Sensitive Solution: Designed to be implemented quickly and seamlessly

- A pre-defined structure, terms and process from cell setup to collateralization to claims processing means most tasks are established up front and costs remain competitive
- Ceded loss payment and administration are managed by Zurich and the captive manager directly through the cell
- Cell operations are managed for the participant who is updated through regular management reports

Our structure is the key to simplicity, compliance and control

The new Zurich Loss Sensitive Solution can provide a secure, globally compliant, cost-effective program with unprecedented simplicity and ease of implementation. Helping to power the Zurich Loss Sensitive Solution is a new cell captive established in Vermont: Hopleite Reinsurance Company. Its exclusive role is to facilitate a world-class, loss sensitive program designed for today's changing customer needs.

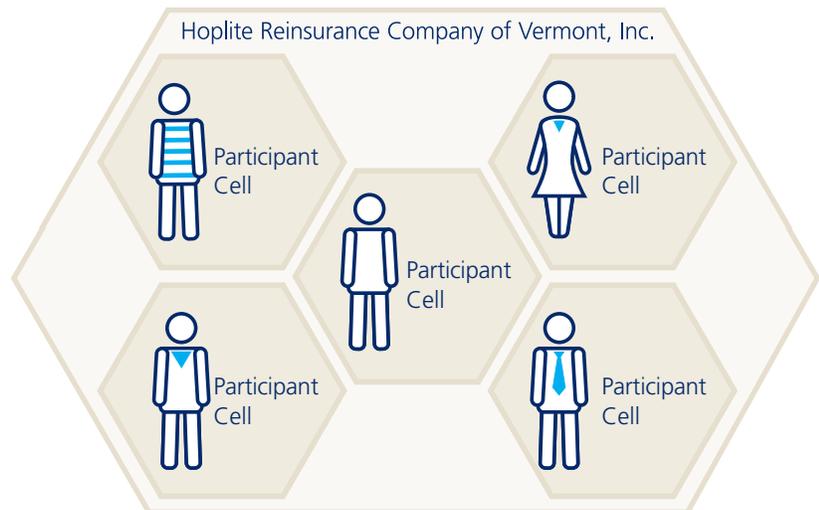
Experienced Zurich underwriters and actuaries work with loss sensitive program participants to customize the types and amounts of risk that customers want to retain, enabling participants to centrally manage global exposures efficiently. When you access the Zurich Loss Sensitive Solution, your risks and capital are entirely segregated from and not shared by other protected cell participants. Operating and management expenses associated with the program and facility are pre-determined, extremely competitive and transparent.

The participant's cell is formed through a participant contract - meaning their risk capital is segregated and protected from other cells within Hopleite Reinsurance Company. Ceded premium from local policies is utilized to fund a depleting trust held by the captive cell here in the US. The retention loss reimbursements are then billed to the cell and seamlessly recovered via the trust.

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Zurich Sponsored Captive Company



Zurich US retains premium to cover expenses and excess layer losses

The remaining premium ceded to the cell to pay for losses within the cell retention layer is put into a trust

Interest-bearing trust is held as collateral for losses that fall within the cell retention layer

Your risk capital is yours

Collateralization of your Zurich Loss Sensitive Solution can be managed through the utilization of our proprietary EZ Trust®, a depleting cash trust which provides a simplified, easily implemented approach that will be designed and structured to meet the specific requirements of your tailored, loss sensitive program. Additional benefits of this structure are:

- The depleting trust that is funded through ceded premiums
- Underwriting profit and interest earned from the trust can both be used by the cell toward trust funding
- Retention loss reimbursements are billed to the cell and recovered via the trust
- No loss fund may be required if premiums are paid promptly

The ease of collateralization and the structure of the Zurich Loss Sensitive Solution also offers enhanced transparency, which is critical for internal oversight and financial compliance:

- Policies are written and ceded at arm's length view
- The participant knows the amount of premium ceded to the trust for its reinsurance obligations
- Premiums are ceded from the local policy into the trust; this creates premium commensurate to risk without the need for any policy endorsements

The advantages of the Zurich Loss Sensitive Solution

- Greater long-term cost efficiency than traditional risk transfer programs since you retain more of your own risk and purchase insurance more efficiently
- More flexibility and predictability than a large deductible program since pre-funded losses can limit surprises and the need for deductible cash calls
- Rapid program implementation with a pre-defined structure and processes that are far less complex and time intensive than typical single-parent captive setup
- Policy premiums and associated taxes more accurately reflect your risk, which may not be the case with a traditional deductible reimbursement program
- Opportunity to earn an underwriting profit as well as investment income through our award winning EZ Trust®
- Greater assurance of regulatory compliance via the Zurich Multinational Insurance Application (Zurich MIA), which tracks insurance regulations in more than 200 countries and territories to help ensure that your program aligns with local regulations in every jurisdiction where you have exposures



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More flexibility and predictability than a large deductible program.”

→ All losses are adjusted and paid locally



All losses are then transferred to Zurich US



The trust is reduced by the amount equal to the ceded losses within the cell retention layer

Find out more

For more information about the Zurich Loss Sensitive Solution, please contact:

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