

# Captive Aggregate Stop Loss Programs

Zurich's Captive Aggregate Stop Loss Programs can offer reinsurance that directly covers both frequency and severity across multiple lines and over multiple years, providing greater protection for both the captive and parent.



Captives are excellent risk management tools that can deliver many benefits to their parent organizations. When managed properly, captives can allow the owner to make an underwriting profit while offering affiliates better rates than the conventional insurance market may allow. A captive may allow its owner to control invested funds and may help generate tax efficiencies. Lastly, a captive is an excellent means to execute a more sophisticated risk retention strategy. These advantages, however, won't be realized without risk management strategies to help avoid unexpected losses.

Reinsurance for your captive can be used to protect against both the frequency and severity of losses retained in the captive. It can also make your captive more efficient, with less need to hold excess capital and potentially excess reserves. Finally, captives with credit ratings may discover that reinsurance may help to enhance those ratings.

While severity risk can be controlled by managing the occurrence limits ceded to the captive, it is much more difficult to manage frequency risk in a similar way. Most carriers don't offer useful aggregate protection, and almost none will offer it across a large number of different coverages.

**Zurich can help captive owners achieve greater certainty**

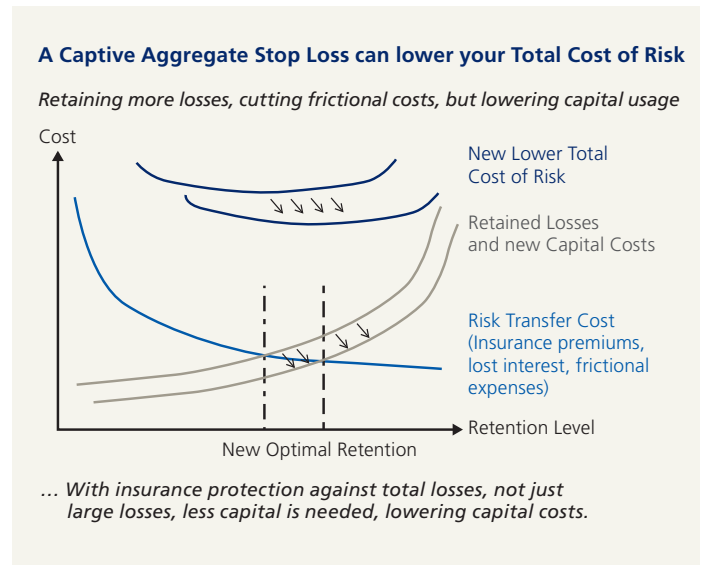
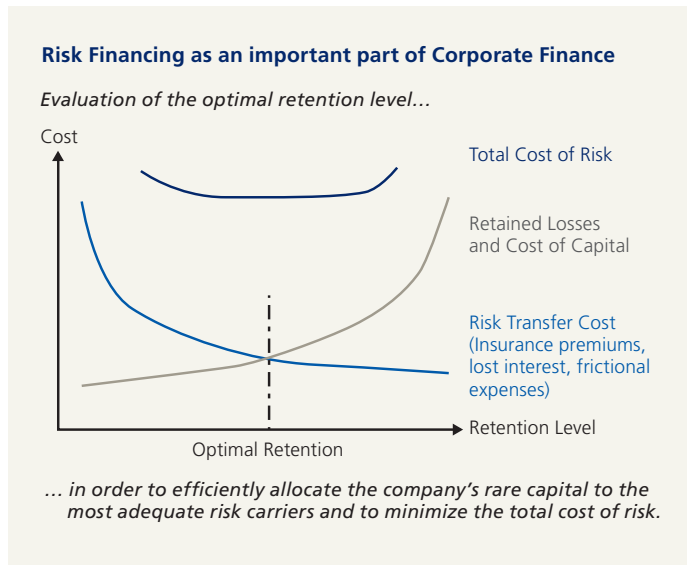
Zurich's Strategic Risk Solutions Group (SRS) offers tailored reinsurance coverage that can help captive owners achieve greater certainty regarding their loss costs. With Zurich SRS

Captive Aggregate Stop Loss Programs (captive aggregate insurance protection), we can offer reinsurance that directly covers both frequency and severity across multiple lines and over multiple years. This provides greater protection for both the captive and parent:

- The captive can retain more risk and premiums by insuring larger limits and then buying aggregate coverage on the higher deductibles.
- Virtually any line of business that Zurich underwrites worldwide, including employee benefits, can be included in the aggregate as more lines of business make for a more robust and efficient solution.
- On a limited basis other exposures such as weather risk, commodity risk, equity price risk and other non-traditional coverages may be included.
- Coverage can be on a multiple-year basis for those taking a longer-term view.
- This program can be incorporated seamlessly into a Zurich fronting program alone and provided alongside other Zurich captive services.
- Substantial limits are available, providing captive owners and risk managers with greater confidence that corporate risk can be consolidated into the captive and managed optimally.

# Optimize your risk retention strategy

A Captive Aggregate Stop Loss can help improve your enterprises's risk and return trade-off:



## About Zurich Strategic Risk Solutions

Zurich's Strategic Risk Solutions Group, a part of our U.S. Commercial Insurance business unit, specializes in integrated and structured risk programs on a multi-year, multi-line basis. SRS programs are highly customized structures that can include both traditional and non-traditional risks, as well as risk financing and risk transfer, all in one efficient, long-term solution.

The Strategic Risk Solutions Group maintains an interdisciplinary team with expertise in property and casualty insurance, management liability, finance and law, with proven experience in combining multiple lines of insurance into highly individualized programs that help meet the specific, often unique needs of today's corporate customers. Since 1997, the Strategic Risk Solutions Group has executed hundreds of transactions for virtually every industry and exposure type.

Our programs are being utilized by a new breed of risk managers who tend to be more financially oriented. These risk managers take a strategic view of risk and believe the enterprise risk insurance market offers a more efficient approach than the traditional method of buying multiple policies every year for every risk class.

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