

## ALTERNATIVE RISK TRANSFER

# Alternative Risk Transfer

Alternative Risk Transfer (ART) - blended risk retention/transfer solutions which serve as an alternative to, or enhancement of, conventional commercial insurance - is growing in popularity as multinationals seek bespoke flexibility for an increasing array of risk scenarios.



At ART we create innovative tailored insurance, reinsurance and other nontraditional risk management solutions for a wide range of corporate and financial clients globally. We specialize in helping clients mitigate their most complex risks with bespoke multi-year and multi-line agreements covering a broad range of risks, leveraging our expertise in alternative risk transfer and the global capabilities of the Allianz Group.

### Structured/integrated Insurance solutions

#### Structured Solutions

Structured insurance programs are tailored solutions, designed to respond to a client's particular risk management needs. The multi-year and/or multi-line nature of these solutions means the client is able to manage the volatility emanating from partially retained risks efficiently over longer periods. These programs often include profit sharing elements and can also include risks for which traditional insurance is unavailable and/or emerging risks.

### Integrated Solutions

Customized solutions provided on a multi-line basis designed to replace, bundle or complement a client's existing mono-line program. A key feature is that we can offer a stable premium over a multi-year period in return for a stretched aggregate limit across all risks. Flexible integrated capacity can be utilized at different attachment points depending on client needs and locks in cover over the program term.

### Specialized Fronting Solutions

We provide fronting solutions with or without risk transfer involved even if a multi-country approach is not required. The main differentiator versus traditional insurance lines is the multiline and/or multi-year nature of the solution. Often times this involves a captive or protected cell company to reinsure the risk as a whole or parts of it.

Standard & Poor's

**AA**

A.M. Best

**A+**

### **Basket aggregate solutions/Virtual captives**

Tailored solution designed to provide stop loss protection excess of an aggregated attachment for retentions across multiple lines of business. Once combined losses within the retentions exceed the basket aggregate attachment, ART pays the difference up to the basket limit. Basket aggregates work well for clients who have, or are considering, sizeable retentions and deductibles for multiple lines. It can also function as a stepping stone for clients who are considering captive formation but are not ready to commit time and capital.

### **Global fronting/captive fronting**

ART Captive Fronting draws on our considerable experience in insurance program design and management to deliver a range of global fronting solutions. From coordinated standalone local placements to fully integrated International Insurance Programs, we adopt a modular approach to program design to ensure our captive clients are fully covered wherever their business takes them. Our extensive global network comprising Allianz offices and carefully selected partners offers a wealth of underwriting, risk management, policy servicing and claims expertise in more than 200 countries and territories. Together we deliver maximum peace of mind in the most flexible, cost-effective and efficient way – and global service excellence backed by the established strength and stability of the Allianz Group.

### **Parametric solutions**

The key components of parametric solutions are the triggering event and the pay-out mechanism. Instead of directly calculating the actual loss incurred by the client, parametric insurance covers the occurrence of a predefined event and pays out according to a predefined scheme. Events may refer to an index-based trigger or threshold or an event within a defined area. This structure offers benefits beyond expanding coverage. The pay-out mechanism is driven by the event meeting or breaching the predefined threshold which results in payout of the predefined sum insured. It also reduces complexity from the loss investigation process and provides greater certainty of loss payment recovery compared to traditional insurance products. Therefore, parametric insurance provides clients with confidence when it comes to liquidity and speed of payout where predictive loss methods fall short and allows clients to better align their risk management goals with their financial objectives.

### **Other bespoke solutions**

ART's capabilities are not limited to the above programs and can be utilized to address a wide range of client concerns. Other innovative solutions designed for ART clients include captive stop loss programs as well as structures with second event, parametric and dual trigger components. Ultimately, ART will assemble a diverse team of experts to understand your business, the risks you manage and your risk transfer goals. This highly consultative, in-depth process results in superior programs tailored to your company's needs

For further information on ART Solutions, please [Click here](#)



**Grant Maxwell**  
Global Head ART  
grant.maxwell@art-allianz.com

**London**  
**Dan Tomlinson**  
Regional Head RUL  
dan.tomlinson@art-allianz.com

**Singapore**  
**Richard Green**  
Regional Head Asia Pacific  
richard.green@allianz.com

**New York**  
**Tom Houlihan**  
Regional Head North America  
tom.houlihan@art-allianz.com

**Zurich**  
**Robert Makelaar**  
Regional Head EMEA  
rob.makelaar@art-allianz.com

### **About Allianz**

As an international financial services company, we offer our 86 million customers worldwide products and solutions in insurance and asset management. Allianz Global Corporate & Specialty is our dedicated brand for corporate, specialty and mid market risks and insures over half of the Fortune 500® companies.