

What is Alternative Risk Transfer?

Allianz Global Corporate & Specialty

Learning Outcomes

The session will,

- Explain what Alternative Risk Transfer is
- Outline the different areas ART offers including:
 - structured solutions
 - integrated solutions
 - captive fronting
 - weather and parametric
- Provide an in-depth look at cross-class corporate solutions



Introductions

Allianz Global Corporate & Specialty

Allianz's entity for large-scale corporate and specialty risks



David Hully

Key Account Manager and Israel Market Manager
Regional Unit London & Nordics
Allianz Global Corporate & Specialty



What is ART* for Corporate Clients?








- Allianz's definition: Alternative Risk Transfer (ART) offers blended risk retention/transfer solutions which serve as an alternative to, or enhancement of, conventional commercial insurance
- ART is growing in popularity as multinationals seek bespoke flexibility for an increasing array of risk scenarios
- Allianz Risk Transfer (also abbreviated as ART) creates innovative tailored insurance, reinsurance and other non-traditional 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 multiyear 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
- Not in scope for today's presentation, but Allianz Risk Transfer also provides insurance company (e.g. 'non-Corporate') solutions such as MGA fronting, ART Structured Treaty Reinsurance, etc.

* Not to be confused with Allianz ARTPrivat insurance for paintings, sculptures and other artwork







ART Corporate 'Solution Families'

SOLUTION	COMMENTS	UNDERWRITER EXPERIENCE	APPETITE*
 Cross-Class & Captive Stop-loss	Won the Eli Lilly ART deal of the year award. Seeing increasing interest in the hardening market.	Chris Terry, Jonathan Richardson, Rosa Ficarra, Eamonn Long and Marcel Herzke	In Appetite
 Weather & Parametric	Consistent appetite	Dan Tomlinson and Rosa Ficarra	In Appetite
 Legacy Liability & Run-off	Only where Allianz has a strong and broad relationship	N/a	Little Appetite
 Decommissioning Collateral Relief	Ask Dan Tomlinson and Rosa Ficarra only	Dan Tomlinson and Rosa Ficarra	In Appetite
 Credit / Capital Solutions	For credit and related, only structured solutions that don't fit the Euler Hermes mandate. Capital Solutions ILS team in Bermuda.	Jonathan Richardson and Eamonn Long	Some Appetite



ART Corporate 'Solution Families'

SOLUTION	COMMENTS	UNDERWRITER EXPERIENCE	APPETITE*
 Residual Value Insurance	Generally not in appetite	N/a	Little Appetite
 Stand-alone and Structured fronting	Area for growth and increasing resourcing.	Stuart Hayes & Davinder Panesar	In Appetite
 Monoline Structured	Able to structure deals for risks that sit outside of the traditional line of business's appetite (e.g. Liability)	Chris Terry, Jonathan Richardson, Rosa Ficarra, Eamonn Long and Marcel Herzke	In Appetite
 Capital Relief	Some appetite, but very niche.	Eamonn Long	Some Appetite

And more...



Cross-class Corporate solution in focus

Who: Client Profiles

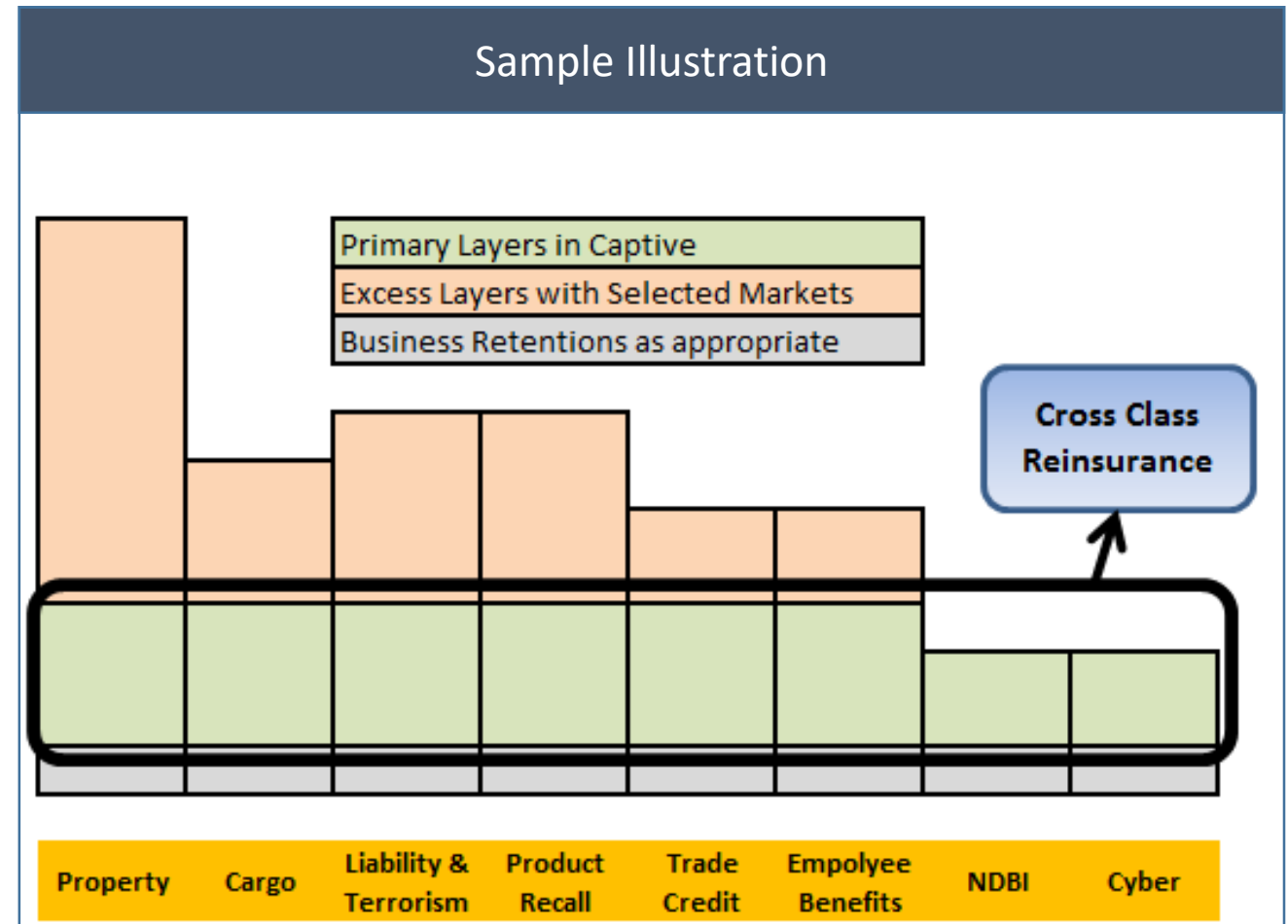
- Clients typically are large corporates with global pool of diversified risk
- Clients with a strategy to
 - retain more risk/profit and make efficiency savings, most often through a captive
 - manage additional volatility through captive reinsurance, typically on a multi line (and often multi year) basis.
 - manage peak severity risks by separately buying catastrophe excess insurance coverage

Why: Motivations for clients

- Cost savings / Profit retentions
- Multi year cost certainty
- Include specialist coverages not available in the traditional market
- Lock down core programs and focus strategically on excess placements

Example Cross-class reinsurance deal

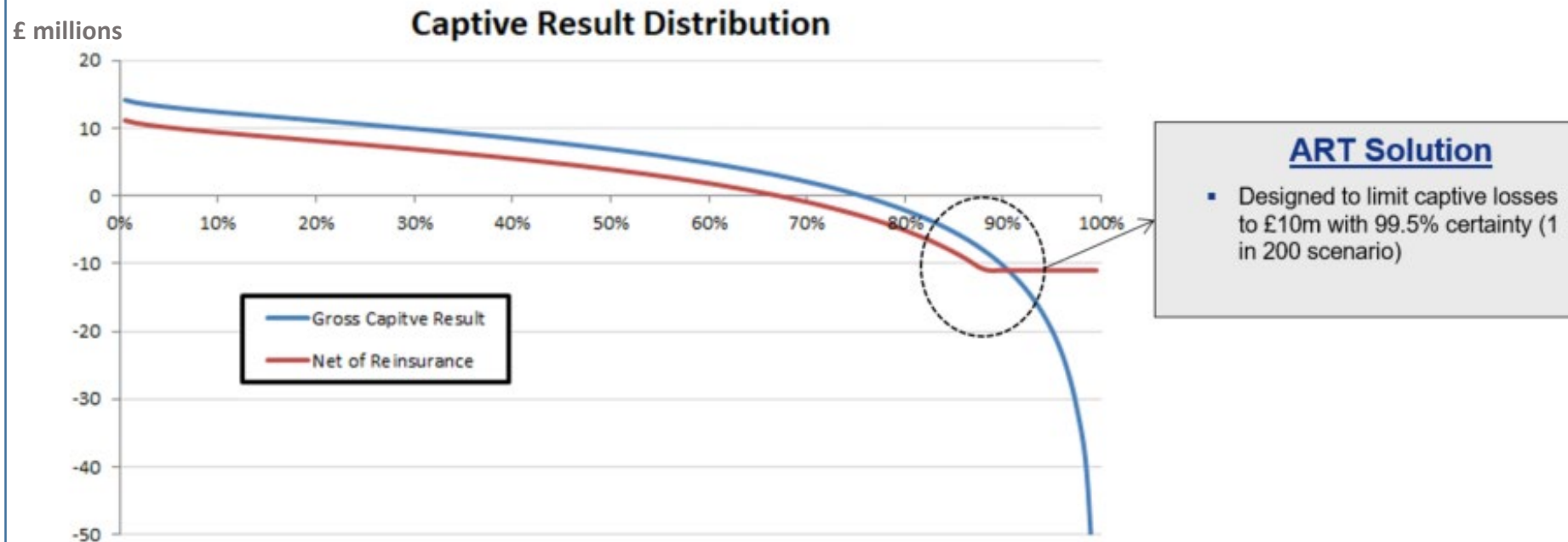
- Primary layers written by or fronted into captive using select partners
- Captive reinsured on a multi-line aggregate basis to manage accumulation risk
- Excess layers (re)insured with selected markets to manage peak severity risk
- Appropriate business retentions to incentivize local risk managements
- In the simplest form, this referred to as a Captive Stop-Loss.
- In the more complicated form, this is often referred to as a Structured Cross-Class or a Multi Year / Multi Line deal.

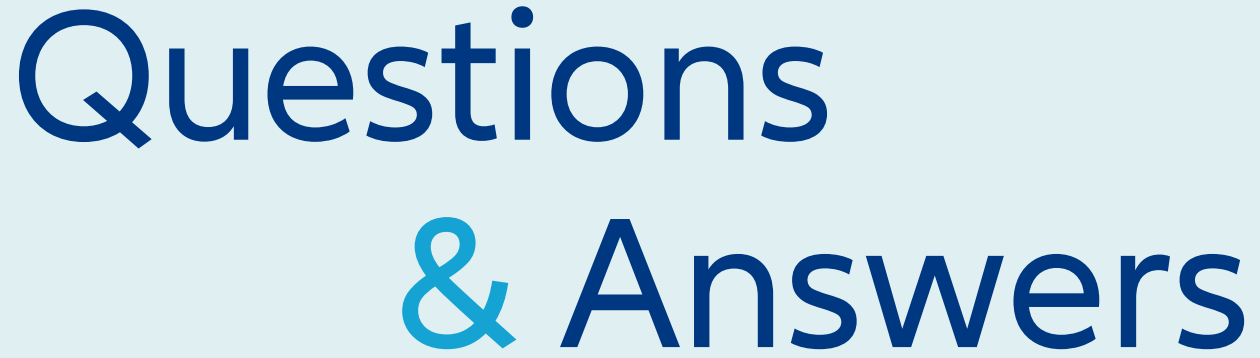


Example Cross-class reinsurance deal, cont.

- All parties work together to build a captive model and agree loss parameters
- Buyer to consider risk appetite, how much is the captive prepare to lose? At what probability?
- ART solution designed to satisfy these parameters

Sample Illustration



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david.hully@allianz.com

Supporting materials available via the Chat panel or our website: agcs.allianz.com



Thank You

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Appendix



Engagement by Corporate Solution Family

