

# Reinsurance to Captive

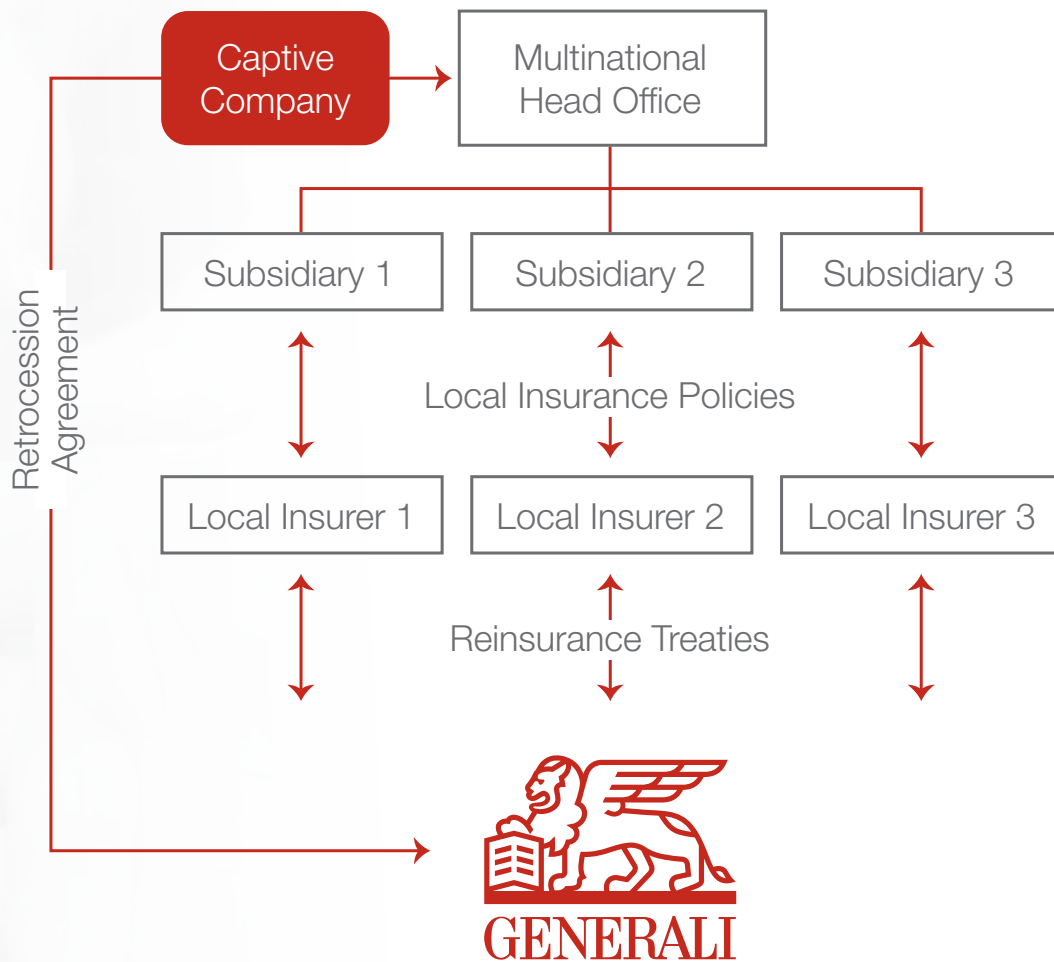
Helping captives  
manage their risks

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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 programmes on behalf of the parent company.

Through Generali Employee Benefits (GEB) Network and its presence in over 100 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 **REQUIREMENT** to establish a captive programme with GEB is:

- 5 Million (EUR, USD, CHF or GBP) in annual risk premium.

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

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

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

**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 among different deductibles. 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 programme. This is a form of protection against severe events that involve the death, or the death and disability, of 3 or more individuals.

Clients may select a service package based upon individual needs and preferences.

Service	Bronze	Silver	Gold	Platinum
Financial Report Frequency	2 x year	2 x year	4 x year	4 x year
Quarterly or Half Year/Yearly Report Delivery	60/120 days	60/100	45/90	30/75
Non Deposited Reserves ceded to captive	No	Yes	Yes	Yes
Healthcare Report	No	No	Yes	Yes
Renewal meeting services	No	No	No	Yes

# 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?

- **Geographic reach:** GEB is the largest global network thanks to its strong relationships with insurers in more than 100 countries.
- **Experienced professionals:** GEB teams have implemented more captives than any other network. They understand risk managers, finance, and human resources professionals.
- **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 programme.
- **Healthcare reports** are available to provide specific insights on medical trends, utilisation patterns, and the most common diagnostic categories.





**Generali Employee Benefits**

149 Avenue Louise – Box 17  
1050 Brussels, Belgium  
Tel. +32 (0)2 537 27 60

[marketing@geb.com](mailto:marketing@geb.com)  
[www.geb.com](http://www.geb.com)