



Identifying Opportunities for Fronting Programs

Protecting earnings and assets from various exposures and utilizing capital efficiently are critical to the strength and growth of a company. Traditional insurance programs may not adequately address these exposures or be the most efficient use of capital. AIG fronting programs may provide a better solution through:



- Captive: An insurance or reinsurance company formed primarily to insure its owner(s) and affiliated companies.
- Rent-A-Captive: A client “rents” a segregated cell within a sponsored captive facility. Clients without a captive can experience many of its benefits through participation in AIG’s own captive cell facilities in Vermont and Bermuda.
- Indemnity Program: The client retains ultimate financial risk within a defined layer by agreeing to indemnify the insurer for all losses and other amounts paid in respect of that layer.

Fronting opportunities are typically found among companies that are...

- Evaluating the possibility of retaining risk in order to benefit from positive loss experience
- Experiencing an above average risk profile that is not properly reflected in the market prices for traditional insurance
- Pursuing more efficient access to the reinsurance markets
- Seeking to expand the use of an existing captive, rent-a-captive, or other protected cell structure to insure all or part of a risk
- Requiring evidence of insurance for regulatory, disclosure, financing, marketing, trading, or counterparty needs
- Facing a specific problem for which there is no clear or viable risk transfer solution
- Seeking greater certainty and flexibility on coverage and premium through varying market cycles
- Confronting significantly increased retentions or premiums
- Challenged with high attachment points due to poor loss experience or market conditions
- Experiencing restricted coverage due to adverse industry claim trends
- Encountering a situation where current market conditions or shifting underwriting capacity are limiting availability of risk transfer
- Experiencing inefficiencies with their multinational programs/operations
- Making improvements in loss control efforts that have not yet materialized in historic data
- Looking to realize potential tax efficiencies



AIG Advantages:

- Over 50 years of providing fronting solutions leveraging AIG's network of owned operations in over 90 countries, supported wherever required by local insurance partners
- A market leader providing non-traditional insurance and reinsurance solutions
- Unique deal team culture bringing together underwriters, actuaries, lawyers, accountants, credit officers, claims professionals and operational specialists
- Technical expertise to cover risks for which there is no conventional insurance market
- A history of partnering with clients to truly understand their business needs to provide innovative risk transfer and risk financing solutions
- Superior servicing and claims handling, reporting, and management
- Full access to AIG's multinational policy issuance capabilities and expertise controlling multi-currency cash flows
- Access to the resources of the AIG organization, including significant risk-bearing and risk financing capacity
- Ability to insure virtually all lines of business
- Extensive product customization ability
- Regional fronting expertise and ability to meet local regulatory requirements
- Full range of captive management and protected cell services

Visit us today at www.aig.com/frontingandcaptiveservices

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