



Loss Portfolio Transfer Enables Growth

Our client had identified a growth opportunity to enter a new market and line of business. They needed additional capital to make this important investment.

We helped our client to achieve their goal with a customized Loss Portfolio Transfer (LPT). The client was holding significant capital on their reserve risk. An LPT was the perfect solution to free up some of that capital to invest in their future.

Understand

Our client was eager to enter a new market but had insufficient investment capital. What they did have, however, was significant capital allocated to their reserve risk. Operating within a risk-based capital environment, the allocation of additional risk margin on conservative loss reserves was contributing to additional capital charges. The client was looking for a higher degree of economic finality and a solution that would enable them to free up some of this capital for investment into business expansion opportunities.

Partner

To deliver sustainable, effective capital solutions for reserve risk, it is essential that a reinsurer understands the relevant regulatory environment and how the client manages claims and sets and accounts for their reserves. After listening carefully to our client's objectives and challenges, we worked closely with them to review their respective claims and reserving practices. We then analyzed the regulatory environment to identify the specific risk profile and capital burden for the client.

Act

The optimal solution was a customized LPT. This simple reinsurance structure transferred a determined percentage of the client's reserve liability off its balance sheet to reduce the volume of reserves held and the associated capital requirement. The client was then able to use some of their future profits for strategic investment, rather than having to wait for those reserves to be released.

Can our Customized Solutions team help you?

Contact us at www.partnerre.com/risk-solutions/customized-solutions