



Cut-through Facility Protects Key Accounts

A rating downgrade threatened our client's key accounts. We reacted immediately to help protect their business as they sought to transition back to a stronger financial position. Within just two days we implemented a "Cut-through Facility" that fully addressed the insolvency concerns of their policyholders and prevented any loss of service. Critically, the solution also ensured that they maintained full control of their client relationships.

The issue

Rating downgrade threatened our client's key accounts

Given the sensitivity of our client's policyholders to the downgrade, the situation was critical. Speed was essential.

Fronting solution had downsides

The initial request was for us to "front" for their key accounts to address insolvency concerns, providing PartnerRe paper while they kept the underlying insurance risk. However, a fronting solution came with pros and cons. Our client would have to share control of their key relationships, and would have to rewrite policies on their own paper once they were upgraded, potentially damaging their future reputation.

The solution

Cut-through Facility - claims guarantee certificates issued < 2 days

Our goal was to find a more effective solution for our client, a solution without the identified issues of fronting, a solution where we would work as a trusted partner, not as a competitor.

With experience in developing diverse customized reinsurance structures, our team came up with an alternative...

The solution? A "Cut-through Facility":

- Within just 2 days we issued certificates to guarantee that all claims would be settled, even in the event of our client's insolvency
- Policies would continue to be written on our client's paper
- We would in no way intervene in their key account relationships.

Benefits for the client

Our client lost none of their key accounts

- ✓ **Our client's policyholders were reassured regarding insolvency risk – policies now protected by PartnerRe's A+ S&P rating**
- ✓ **No disruption in service**
- ✓ **Our client maintained full control of their key accounts.**
- ✓ **Our client lost none of their key accounts.**



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