

Benefits of Renting a Captive Cell

Structures

Captive Insurance Company: An insurance or reinsurance company formed primarily to insure its owner(s) and affiliated companies.

Rent-A-Captive or Protected Cell Captive: A client “rents” a segregated cell within a sponsored captive facility, thereby receiving many of the benefits of a captive without the cost and capital commitment required of a wholly owned captive. Clients without a captive can experience many of its benefits through participation in AIG’s own captive cell facilities in Vermont and Bermuda.

Reasons to Consider a Cell vs. an Owned Captive

- Cost effective alternative to captive ownership:
 - Quick formation with minimal start-up costs
 - No audit or license fees (all borne by the sponsor)
 - Annual operating expenses are significantly less for a cell than for an owned captive
- May be a stepping stone to setting up an owned captive, as cells are easily converted into standalone captives
- Enables participants to realize the benefits of a captive, such as sharing in underwriting profits, without the full operating costs and commitment of an owned captive
- No board or directors requirement and less commitment of management time
- Exit strategy of a cell quicker and easier than winding down an owned captive

Key Features of AIG’s Sponsored Cell Captives

- Client signs a participation agreement defining its rights and obligations with respect to the cell
- Client posts required collateral to AIG in support of the cell’s obligations
- Premiums and losses are ceded to the client’s cell in the AIG-sponsored cell facility
- The assets of an individual cell are legally segregated from and cannot be used to meet the liabilities of any other cell
- All regulatory requirements and administrative tasks are carried out by AIG’s Captive Management Services team
- Premium plus investment income, less claims and expenses = profit to the cell participant



Overview

AIG provides clients with non-traditional solutions to unique risks that are either not addressed or addressed inefficiently by the traditional insurance or financial markets. We develop innovative, customized programs to help clients mitigate these challenging risks. Our Captive Management Services group provides a complete range of services in the areas of feasibility, structuring, formation, and management of captives with an in-depth understanding of each domicile's regulatory requirements and local business practices.

Learn More

Please visit www.aig.com/captives to learn more. Contact us and our experts can provide you with in-depth professional knowledge and guidance.

For more information, please
visit us today at www.aig.com/captives

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