

AIG's Domestic Sponsored Captive Insurance Company

The American International Companies® are providing a new way for you to bring value to your clients. We now offer a domestic sponsored captive insurance company licensed in Vermont—National Union Fire Insurance Company of Vermont (NUFICOV)--which will offer a variety of alternative risk solutions. Through this new program, you can help your clients achieve a number of their goals:

- Create capacity for difficult-to-insure risks—a significant benefit in this hardening market
- Benefit of a captive, without the capital requirements and operating costs of a single-parent captive
- Less frictional cost versus offshore vehicles
- Access to a AAA Rated (S&P) issuing carrier (a member company of American International Group, Inc.)
- Fill gaps in their risk management program and get direct access to AIG member company reinsurance alternatives
- Increase their ability to manage and control losses
- The potential for enhanced investment income, profit-sharing and cost efficiencies.

A Variety of Program Types Available

Through NUFICOV, your clients may reduce the financial impact of their risk exposure in a number of ways. The programs we offer include:

- **Re-collateralization Program:** Insured purchases a Deductible Buyback Policy from NUFICOV; the cash premium serves to collateralize the deductible obligation previously secured by the LOCs (and saves the insured the LOC % charges levied by the bank) and mitigates against impingement on the insured's credit line. NUFICOV provides the insured with an enhanced, guaranteed rate of return.
- **Fronting Program (direct issuance):** An AIG triple-A rated insurance company issues a fully fronted policy with NUFICOV issuing a Deductible Liability Protection Policy funded to the policy aggregate. We also offer the client a guaranteed rate of return as an incentive to fund the aggregate with cash in lieu of a LOC.
- **Traditional Rent-A-Captive (reinsurance):** The policy is issued by an AIG member company and the losses are ceded to NUFICOV as the reinsurer which is renting out the segregated cell. Participants share in the underwriting and investment profits generated by their retained risks. This approach has lower capital requirements and lower operating costs than a single parent captive.
- **Loss Portfolio Transfers and Guaranteed Cost/Net Present Value arrangements:** In these programs, the insured transfers all risk to NUFICOV, who issues an appropriate policy to the insured. The main benefit to the insured is a reduction in frictional costs.

More Benefits Through The AIG Family

The member companies of AIG provide a wide range of products and services that help captives start and operate smoothly, flexibly and profitably. Our captive-related resources include:

- Fronting services
- Claims and engineering services
- Unparalleled investment management opportunities and financing opportunities
- Internal reinsurance facilities
- Internal captive management capabilities provided by AIG Insurance Management Services, including: corporate administration, accounting & finance, underwriting and claims, conceptual reports and feasibility studies, and other services.

Find Out More

To learn more about how our domestic captive program can help your clients, please contact your local American International Companies office, or call:

Mike Curio, AIG Risk Management, at 212-458-3085 (email:michael.curio@aig.com),
or Joseph Davide, AIG Risk Management, at 212-458-3628 (email: joseph.davide@aig.com).

Any and all taxes are the responsibility of the insured. The AIG member companies do not offer tax advice and recommend that professional tax advice be obtained. The description herein is a summary only. It does not include all terms, conditions and exclusions of the products and services described. Insurance products underwritten by member companies of American International Group, Inc. (AIG). Products may not be available in all states and jurisdictions.