Structured Risk Solutions

Case Study: Structured Cyber Reinsurance

Client Background: US-based global services firm, with recently formed single-parent captive
Coverage: Primary Cyber Retention Layer (excluding Tech E&O & Media Liability)

Challenges

Increased Year-on-Year Primary Cyber Retention: Cyber (re) insurance market dynamics and a recent large cyber event prompted a drastic increase in primary policy per claim retention
Retained Risk Volatility Concerns: The client was willing to utilize its captive to buydown its corporate retention but had concerns that annual risk volatility in the retention layer would erode the captive's growing capital base.

Solution

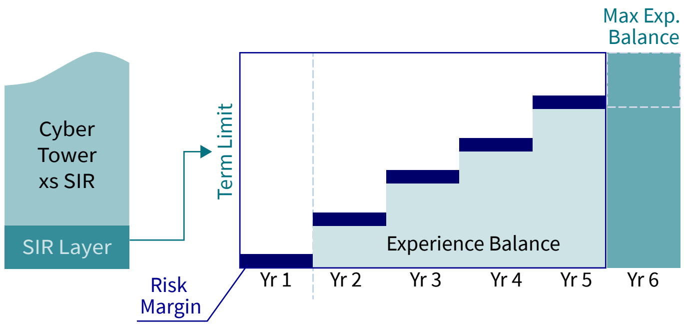
AXA XL developed a multi-year structured reinsurance policy, with a 5-year term including specified per claim, per annum, and term aggregate limits, featuring risk sharing via an Experience Balance.

Features & Benefits

- **Experience Balance:** An Experience Balance enables the captive's participation in loss experience, including profit and risk-sharing over time.
- **Volatility Management:** Annual aggregates, term aggregates, and premium schedules provide budget certainty over the policy period, enabling the captive to protect against risk volatility and potentially reduce or deploy alternative capital.
- **Cancellation Option:** If no claims are made within first policy year the client has the option to cancel the policy for the remaining term (Client and AXA XL can mutually agree to enter new 5-year policy.)
- **Multiyear Aggregate Stop Loss Protection:** This provides protection to client from worse-than-expected loss experience.

AXA XL Risk Transfer

(Multiyear Aggregate Stop Loss Protection)



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