

# Evaluating and Accessing Innovative Alternative Risk Transfer Solutions

Standard solutions available in the commercial insurance have traditionally provided businesses with robust coverage for a variety of risks. But many of these products can be limited in scope and are not customizable, which can lead to lengthy claims settlement negotiations and capital transfer delays. That's partly why demand for alternative risk and non-standard solutions has grown in recent years.

To meet this demand, Marsh has created our Alternative Risk Transfer Group (ARTG), a dedicated group of colleagues focused on delivering expertise on non-standard financial solutions that draw on a variety of capital sources. Marsh's ARTG advises risk professionals on methods of self-insurance, captives, risk retention groups, alternative capital, and other innovative solutions that can benefit our clients.

## A Fresh Approach to Risk Financing

Many businesses rely primarily on traditional risk solutions, including a variety of property, casualty, and financial and professional insurance coverage forms, to protect their assets, operations, and people. But these solutions aren't always enough to meet the demands of businesses, which are increasingly looking for innovative ways to manage and finance risk.

### WHO IT'S FOR

Companies looking for creative solutions to both standard and non-traditional, difficult-to-place risks.

### WHAT YOU GET

- Access to expertise on alternative risk transfer solutions, such as parametric solutions with innovative coverage triggers.
- Relationships with non-traditional sources of capital that are eager to finance corporate risk.
- A data-driven approach to assessing your risk and evaluating competing traditional and alternative risk solutions.

Over the last several years, alternative risk transfer and non-standard solutions have gone mainstream. Non-traditional sources of capital with strong risk appetites have had a profound effect on the reinsurance market, which is now having ripple effects on the primary insurance market. Risk professionals and C-suite executives, meanwhile, are seeking fresh ideas for risks that have been difficult to insure within the traditional marketplace.

Marsh's ARTG, which draws on resources from across Marsh and Guy Carpenter, was created to help businesses access and better understand this growing area of risk financing products and solutions. Our team of 30 alternative risk specialists around the world can provide deep insight into the potential advantages and drawbacks of new and innovative risk solutions and have strong relationships with a variety of non-traditional capital sources with strong appetites for financing corporate risk.

We can help you access a variety of unique offerings, including:

- Parametric or event-based insurance offerings with innovative coverage triggers, including for the effects of pandemics and weather events.
- Integrated risk solutions.

For more information on Marsh's Alternative Risk Transfer Group, contact your Marsh representative or:

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- Non-damage business interruption (NDBI) solutions.
- Coverage for "black swan" events.
- Alternative capital-backed facilities.
- Insurance-linked securities (ILS).
- Multiyear single limit (MYSL) catastrophe solutions.

The ARTG creates, markets, and binds solutions for all major lines of coverage, accessing both traditional and non-traditional sources of capital and specialty expertise, in the integrated, parametric, and index exceedance universe.

## Decisions Backed by Data and Analytics

Deciding whether and how to use alternative solutions requires risk professionals to take a data-driven approach and look at their organizations holistically. The specialists in Marsh's ARTG can help you better understand your overall risk profile and determine whether traditional solutions are providing you with the protection you need. If alternative risk solutions offer a better way, we can help you quantify how much they can help and use data to potentially choose between competing options.

## WHY CONSIDER ALTERNATIVE RISK SOLUTIONS?

Alternative risk solutions can offer several benefits, including the opportunity to save time and money without sacrificing coverage. Such solutions can help you:

- Optimize your capital: The more business you can do with one insurer, the more likely you are to receive concessions or discounts.
- Reduce your administrative burdens: Multiple policies, endorsements, and insurers can lead to a high volume of administrative work and, ultimately, higher costs. Chaotic renewals or claims processes can also require risk management staff to fulfill time-consuming clerical activities rather than performing strategic or value-added work. Bundled and multiyear policies can help organizations become more efficient through economies of scale. Parametric policies, in particular, can simplify and accelerate the claims process because they underwrite specific events rather than risks.
- Ensure budget certainty: Unlike policies that renew each year, multiyear contracts for nonstandard solutions can often allow organizations to know their insurance costs for the next three to five years. Integrated solutions, meanwhile, can reduce an organization's number of insurance partners, and parametric solutions can allow businesses to better understand when coverage can be drawn upon.

Marsh is one of the Marsh & McLennan Companies, together with Guy Carpenter, Mercer, and Oliver Wyman.

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