



### Introduction

Many companies have, over time, accumulated significant amounts of accrued contingent liabilities, either through normal continuing operations or as a result of one or more acquisitions. These liabilities often arise from the assumption of risk in the form of large deductible or self-insured programs for workers compensation, general liability, professional liability and other similar exposures. These balance sheet liabilities can have a material impact on a company's earnings due to the uncertainty of the related amount and timing of payments for legal expenses or indemnity payments to third-party claimants.

Loss Portfolio Transfers (LPTs) are structured transactions that package up and transfer a portfolio of known and unknown, or contingent losses to a commercial insurance company in exchange for a fixed amount of consideration or premium. With an LPT, the company is relieved of its balance sheet liability (as well as any related collateral) and as a result can clean up its balance sheet and achieve certainty of expense for what previously was uncertain and potentially volatile expense recognition.

### Our Approach

We stand side by side with retail brokers to fully understand client needs and respond quickly with accurate and actionable solutions. Artex has a long and proven track record of delivering successful results and adding value to the process.

### Opportunities

- > Companies with more than \$500,000 in accrued liabilities
- > Companies that have inherited large portfolios of claims through mergers and/or acquisitions
- > Companies that have liabilities from discontinued operations
- > Companies with captive insurance companies in run-off
- > Companies that desire relief from ongoing time and expense associated with the administration or oversight of the ongoing claims process

### Exit Solutions

- > Acquisitions
- > Novations
- > Loss Portfolio Transfers

### Benefits

- > Release of collateral requirements
- > Full finality of claim obligations
- > Balance sheet cleanup
- > Potential accounting benefits on acquisition of companies with contingent liabilities

### Sample Transactions

- > LPT of \$9.5M legacy Professional Liability claims from acquired global engineering firm
- > Reinsurance Novation \$2.3M Workers Compensation claims from owned captive
- > \$27M claim portfolio transferred out of an active insurance company

## The Artex Advantage

Artex provides a full range of alternative risk management solutions, customized for our clients' individual challenges and opportunities. Powered by independent thought and an innovative approach, we empower our clients and partners to make educated risk management decisions with confidence.

Operating in over 30 domiciles and in more than 15 offices internationally, we have the proven capacity to supply any alternative risk need. Artex is a solutions company and we invite you to learn more about our breadth of services and depth of talent. There is an upside to risk. Let's work together to find the right solution for your organization.

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