

# Artex

## Producer Owned Reinsurance Companies/Cells



Intermediaries, brokers, managing general agents and other insurance producers who have developed profitable accounts of business are increasingly seeking innovative structures to grow their revenue and exert a greater degree of influence and control over their underwriting capacity.

This can be achieved by the creation of a reinsurer, sponsored by the insurance producer, to provide a bespoke facility which can underwrite, on a reinsurance basis, a proportion of the insurance products.

This type of structure is more commonly known as a Producer Owned Reinsurance Company or Cell (PORC), and requires a partnership with an authorised insurer to provide the necessary fronting for the regulated aspects of policy issue and claims.

The reinsurer participates in the underwriting via an agreed cession from the fronting insurer and in this way captures a share of the underwriting profits, whilst also exercising some control over key aspects such as rating, policy coverage and claims.

The use of a protected cell company (PCC), as an alternative to a limited company, is an attractive entry into this

style of facility offering the opportunity to establish a cell within an existing facility with the advantage of low set-up costs and capital requirements.

It will appeal to those insurance business producers wishing to share in their underwriting risk and capture profits currently being lost to the commercial market.

Artex offers market leading expertise in the creation of underwriting structures and our specialists can guide you through the entire project to form a producer sponsored reinsurer.

### Features and benefits

- › An established and proven approach
- › Access to Artex PCCs offer a cost-effective facility as the reinsurance vehicle
- › Increased revenue through the capture of underwriting profits
- › Help protect against loss of underwriting capacity

### 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 25 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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- › Increased control over key underwriting elements including policy coverage, premium rating and claims
  - › Direct access to reinsurance market to protect underwriting results
  - › Can be achieved with little or no changes required to the existing insurance and claims management arrangements
  - › Hedge against full commission disclosure and/or insurers reducing commission levels

### **Preferred account profile**

- › Intermediaries, brokers, managing general agents and other insurance producers with profitable accounts of business
- › Gross Written Premium £500,000+
- › Suitable for all classes of insurance business, particularly short tail lines with low claims volatility
- › Insurance producers with strong control over all front end functions including marketing, policy issue, premium collection, etc.

### **Submission requirements**

- › A description of the insurance portfolio and the activities currently undertaken by the business producer e.g. policy issue, marketing, claims, premium collection, etc.
- › Current insurer
- › Details of any long-term arrangement or undertaking
- › 3-5 year insurance information showing:
  - Gross Annual Premium, ideally split between lines of insurance business
  - Commissions and any other deductions or profit shares
  - Claims experience
  - Details of any large (>£50,000) losses

### **Our services and experience**

Our team will guide you from start to finish including:

- › Initial assessment
- › Feasibility study
- › Licence application
- › Ongoing Captive management