

Insurance Trust Accounts

A secure, cost-effective alternative to letters of credit

Any nonaccredited reinsurance company seeking to do business in the United States must secure reinsurance to obtain full statutory accounting credit. Traditionally, that security has come in the form of letters of credit or “funds withheld” by the U.S. insurer. However, Citi offers an attractive alternative: an Insurance Trust Account. It’s highly secure, more cost-effective than an LC and frees up your LC capacity for other needs.

An Insurance Trust Account from Citi gives non-U.S. reinsurers, including “captives” of U.S. insurers, an effective substitute for other forms of security, such as cash withheld by the U.S. insurer or letters of credit obtained from a bank. Securities are placed in a trust with Citi and held on behalf of the U.S. insurer.

By making use of existing investment portfolios, trusts free up valuable letter of credit capacity for you. In addition, an Insurance Trust Account offers you a distinct cost advantage over LCs or “funds withheld” arrangements.

Enjoy flexibility in asset classes

While regulatory authorities apply some restrictions on asset classes held within Insurance Trusts, within these guidelines assets can then be traded freely and the trust fully invested, optimizing your investment yield.

Benefit from our leadership

In the world of insurance trusts, Citi has always been among the market leaders, has been in this business longer than most of its competitors, has over \$35 billion in assets under trust and has the knowledge and experience expected of a market

leader. This results in a high level of confidence from the clients who choose to do business with us. You can count on Citi to guide you through the process and craft a trust solution that is customized to your unique needs.

Choose from multiple trust options

We offer you several types of Insurance Trust Accounts:

- **“Reg. 114” Reinsurance Trust Account.** So named because it complies with Regulation 114 of the New York Insurance Department, which covers reinsurance of standard risks by foreign insurers. The Reg. 114 Reinsurance Trust Account enables a non-U.S. reinsurance company to conduct reinsurance business in America on a cedant-by-cedant basis. You establish this type of account for the benefit of a single beneficiary. In addition to the New York Reg 114 Trust, Citi also supports a variety of single Grantor/single Beneficiary Trusts governed under various state laws.
- **Master Reinsurance Trust.** A Master Reinsurance Trust (MRT) allows a nonaccredited U.S. reinsurer to maintain a single trust fund for multiple cedants. By establishing

Benefits at a Glance

- Frees up valuable letter of credit (LC) capacity
- Offers a cost advantage over LCs or “funds withheld” arrangements
- Replaces credit of LC issuer(s) with a diversified pool of securities
- Requires no preset limits and only minimal documentation
- Trusts do not need to be renewed or renegotiated each year as do LCs



an MRT, you are no longer required to post individual letters of credit, trust funds or other securities for each U.S. primary insurance company. An MRT is particularly effective if you have cedants in many states, with multiple individual insurance contracts. All liabilities – third-party and intercompany – are covered by a single, all-encompassing trust fund that applies to every state in which the MRT is accredited.

- **NAIC Surplus Lines/Excess Lines Trust.** Designed to comply with the National Association of Insurance Commissioners Model Law, which covers reinsurance of nonstandard risks by foreign insurers, an NAIC Surplus Lines/Excess Lines Trust is established by you for the benefit of multiple policyholders. This enables a non-U.S. insurer to conduct surplus or excess lines business in the United States through surplus lines brokers. (Surplus and excess lines allow foreign insurers to sell

and underwrite nonstandard risks with no standard underwriting tables or fee structures.)

- **Reg. 41 Trust.** This product is New York State's equivalent of the NAIC Trust, but it is designed for domestic U.S. surplus/excess lines insurers who write insurance for New York State policyholders.

Client-first service

At Citi, our clients receive boutique service while having the support and robust infrastructure of one of the world's leading financial institutions. To a degree unmatched in the marketplace, we offer solutions that leverage our key strengths for your benefit: customization/flexibility, innovation, market leadership, risk management and real-time control – all delivered with a client-first service approach.

At the core of our service model is a dedicated Insurance Trust Team, consisting of experienced Insurance

Trust specialists ensuring that your overall business and daily servicing needs are satisfied. You can rely on this team to have the expertise and experience – an average of more than ten years in the Insurance Trust business – to provide excellent client service to you. In addition, Citi, as one of the pioneers of the relationship banking model, has a Client Executive team, who manages the overall client relationship and is tasked with solely ensuring client satisfaction.

For more information about Insurance Trust products, contact:

James Mack
Vice President
212-816-6387
james.h.mack@citi.com

Vivek Thakur
Director
212-816-5849
vivek.d.thakur@citi.com