

CASE STUDY

BUSINESS GROWTH

An international link to placing reinsurance in a new, competitive market.

Client Challenge

A large multinational insurance company faced significant regulatory hurdles in seeking to provide reinsurance to their local operations in Argentina. New regulations require insurers to place reinsurance with locally established Argentine reinsurers; and retrocession is allowed with restrictions. Two-thirds of all reinsurers licensed to operate locally are captives that primarily offer capacity to their own companies. Only three international groups (mainly branch offices) are currently active in the market.

The challenge for our client was to place business in the local open market without prior experience and few alternatives to evaluate conditions adequate for its portfolio.

Our Solution

Guy Carpenter's specialized team understood our client's needs. Brokers applied their experience in other markets (Brazil) and helped design and execute the purchase of a complete reinsurance program. Specialists analyzed the portfolio and discussed the reinsurance program for each line of business. Local conditions, market practices and the client's profitability were considered. Actuaries relied on their knowledge to run the quotation tools, as there were few alternatives to compare product lines.

The Results

Our client did not open a captive local reinsurer but found a local partner. It was able to place business in the local market at needed capacity levels with good terms and conditions. By aligning corporate objectives, Guy Carpenter enabled clear and fluid communication between client headquarters and local operations during difficult and complex negotiations. The added value and benefit came from Guy Carpenter's in-depth understanding of corporate buying goals, local insight, relationships and "on-the-ground" knowledge, including offering pricing validation through experience in new and regulated markets.