

# Large Casualty Program Collateral Options



Safety National has the ability to offer the following options to satisfy collateral requirements:

### Letter of Credit:

Traditional approach utilizing standard wording (specimen wording available on request)

Must be from an approved bank

### Working Trust:

Combination Trust & Loss Fund

Insured funds 100% of loss pick less investment income credit

Safety National reimburses loss fund/TPA from working trust account

Used only for risks with 100% Collateral Requirements

Loss Picks will be reviewed annually and adjusted accordingly



### Collateral Installments:

Requires Ba1 or higher financial rating by SN credit model and analysis

Collected over 3 to 4 year period with low initial collection amount

Allows for run off of collateral from prior/incumbent carrier

Collateral upon renewal is determined independently of initial schedule

### Surety Bond:

Will accept bonds from approved insurance/surety companies on approved bond forms only

### Collateral Trust:

Trust created to control funds. SN has banking/trust arrangements available but will consider other banking trust arrangements with prior approval.

### Cash

## Credit Risk Model

- Our credit risk model is based on industry and rating agency ratios
- Key financial ratios are used as an indicator of an insured's ability to meet or achieve its financial obligations
- Ratios are used to compare the risk to industry peers
- Underwriter will use the model as a guideline to make the final judgment on loss pick and collateral requirements

For additional information, please visit  
[www.safetynational.com](http://www.safetynational.com).