

Specialists in Workers' Compensation Since 1942



Safety National Workers' Compensation Loss Portfolio Transfer (LPT)

A.M. Best Rating A+ (Superior) Financial Size Category XIV
A member of the Tokio Marine Group





Proceed with Safety®

Loss Portfolio Transfer (LPT)

A financial solution for transferring outstanding loss liabilities.

Founded in 1942, Safety National is one of the longest providers of alternative workers' compensation services in America. For over 75 years, the company has pioneered new products for the self-insured community.

A Safety National LPT includes an assumption of total, unlimited liabilities for self-insured entities for a specified time period. A cost estimate can be developed free of charge with a complete set of information, including named insured, description of operation, LPT coverage terms, historical payroll information, loss development triangles (normally part of an actuarial report), details of excess policies or other applicable insurance coverage for the transfer period(s) and information regarding TPA handling claims. Depending on the motivation and financial stability of a prospective client, Safety National can consider a creative structure for these transactions.

Safety National offers:

- Free preliminary quote
- Unlimited risk protection cover
- Multiple years coverage in a single contract
- Stability of A.M. Best rating A+ (superior), Financial Size Category XIV (policyholders' surplus of \$1.5 billion to \$2 billion)
- Standard Self-Insurance Loss Portfolio Transfer Assumption Agreement
- Opportunity to transition account to:
 - Safety National Large Deductible
 - Safety National Fronted Primary Coverage
 - Safety National Excess Workers' Compensation Program
 - Rent-a-Captive Facility
- Streamlined, standardized process with quick turnaround

Client Benefit:

- Conversion of all known and unknown liabilities into a fixed payment
- Potential release of collateral from state
- Elimination of Joint and Several Liability for group self-insureds*
- Elimination of potential for additional assessments of members
- Potential tax deductibility of loss payments**
- Elimination of administrative costs and future assessments
- Improved balance sheet

*Subject to jurisdictional approval.

**As with any significant financial transaction, Safety National urges its clients to consult with a tax advisor to assess and analyze tax implications.

Broker/TPA Benefits:

- Unbundled ability to use existing TPA relationship
- Single market for aggregate protection and transition opportunities
- Ability to control future claim handling services
- Ability to generate additional revenues from claim handling services and commissions on aggregate protection, rent-a-captive or captive vehicle

Target Classes:

- Public Entities: municipalities, schools, counties, water districts, hospitals
- Light and medium manufacturing
- Healthcare: hospitals, nursing homes
- Hospitality: hotels, restaurants
- Wholesale distributors
- Technology
- Retail

LPT Success Stories:

Assumption of Self-Insured Loss: Safety National's execution of a loss portfolio transfer agreement with a stand-alone self-insured employer allowed the employer to be relieved of its long-tail workers' compensation claims. This transaction resulted in a healthier balance sheet for the self-insured employer to address business growth opportunities as opposed to decades-old workers' compensation losses.

Novation Agreement: Safety National reached an agreement to assume the rights, duties and obligations arising from policies issued by an insurance carrier looking to exit the workers' compensation line of business. This transfer allowed the carrier to be relieved of its policy obligations to the satisfaction of regulatory authorities with no impact on policyholders or claimants.

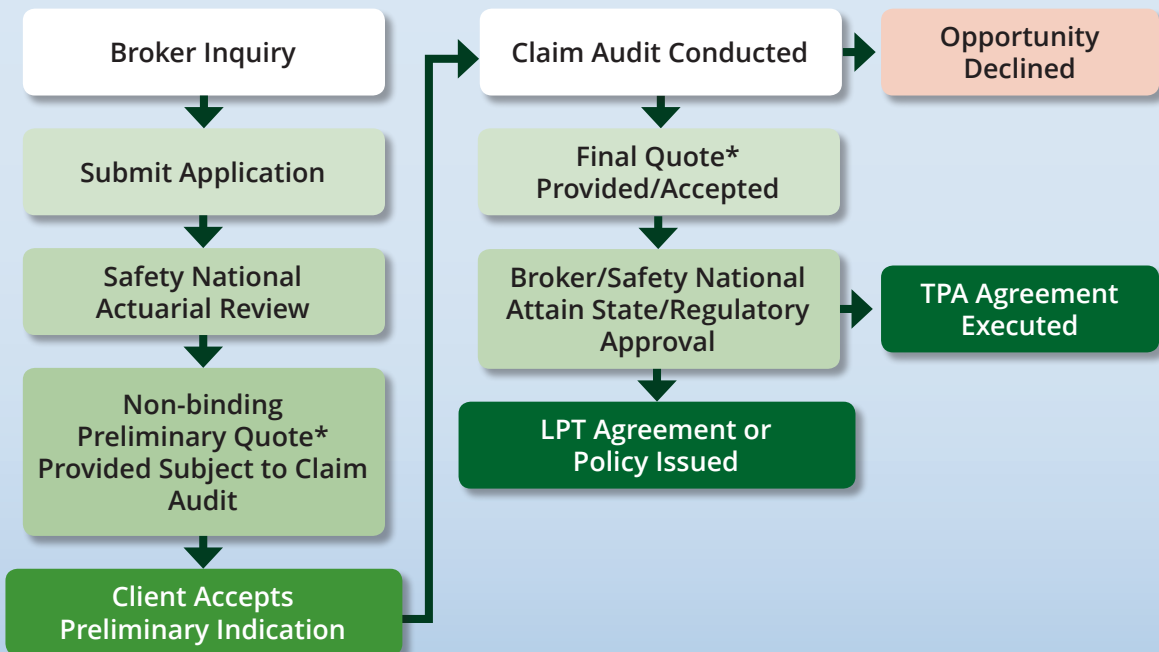
Reinsurance: Safety National executed an assumption agreement with an insurer looking to maintain its insurance risk while commuting its deductible programs with former deductible

insureds. Through the use of facultative agreements, Safety National assumed responsibility for the payment of losses below the deductible from the former insured, thereby providing the insurer with the same level of risk without the credit risk associated with the original deductible program.

Bankruptcy: Through an assumption of liability agreement, a bankrupt self-insured employer was able to transfer approximately \$2 million in continuing workers' compensation claims payment obligations to Safety National. This transfer resulted in a release of over \$6 million of collateral held by regulatory authorities which was then made available to the bankruptcy estate.

Regulatory Partnership: Safety National has served as a partner on multiple transactions in several jurisdictions for state regulatory agencies in providing an avenue for the assumption of workers' compensation losses from a Receiver handling run-off for defunct insurers and self-insurers.

Safety National Loss Portfolio Process



* quote does not include claim handling fees, brokerage commissions, or premium tax, if applicable, unless requested

For more information, please contact:

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