

# Innovative Captive Solutions

As market conditions and risk profiles evolve, companies continue to adjust their risk management strategies. It is why captive formations are on the rise and why alternative risk transfers continue to grow in popularity. However, the captive may no longer deliver the original intended benefits, negatively impacting its owners' financial resources. Historically, captive owners have had limited options when in this position but new solutions are gaining popularity, including [captive purchase](#) and [whole or partial liability transfers](#) to a third-party specialist, like RiverStone. These transactions [eliminate future expenditures](#) and [frees-up working capital and/or collateral](#) for more productive uses such as underwriting new business, issuing dividends to shareholders, or deploying to investment income strategies.

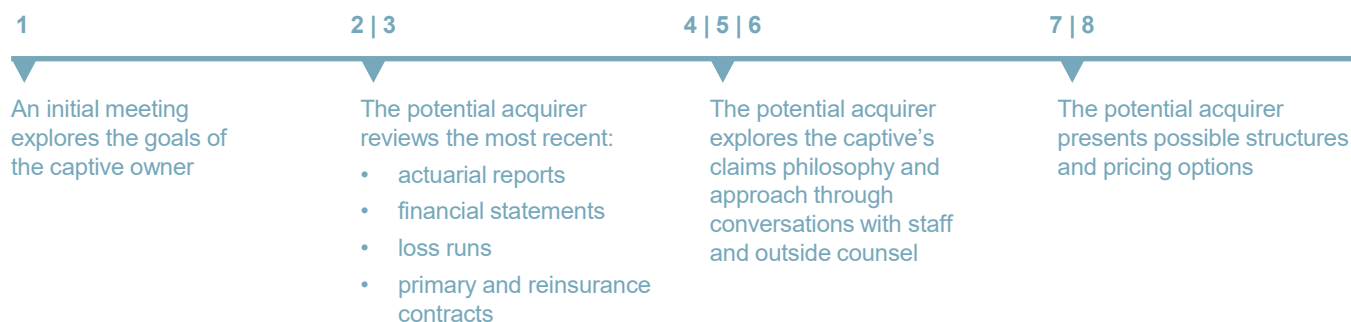
## YOUR CHALLENGE, OUR SOLUTION

- [Significant loss events](#) requiring additional capital
- [Alternative needs for capital](#) trapped within the captive
- [Duplication of captive services](#) following M&A activity
- [Geographical or line-of-business changes](#) following corporate restructuring
- [Long-term changes in group captive participants](#)
- [Reduced benefits of captive ownership](#) due to regulatory change

Maintaining a captive in these scenarios is a costly approach. Alternatively, captive owners could:

- [Utilize reinsurance mechanisms](#) such as a Loss Portfolio Transfer (LPT) to reduce the capital needed while maintaining an efficient operation of the captive.
- [Employ an exit strategy](#) by selling the captive entirely for legal and financial finality.

## HOW THE PROCESS WORKS – WEEK BY WEEK



This initial process typically takes six to eight weeks. If the solution proposed is acceptable, legal documents are negotiated and agreed, and regulatory approval is sought. Once this is achieved, the transaction closes and capital/collateral is released to the captive owner, and ongoing operational expenses cease in the case of an exit solution.

RiverStone provides innovative solutions that are tailored for each captive challenge.

## WHO IS RIVERSTONE?

RiverStone is a group of insurance, reinsurance, and service companies specialized for over 20 years in the acquisition and management of non-core commercial and captive insurance liabilities. Run-off transactions are becoming well-known in the captive industry as business needs and markets change. RiverStone offers the expertise and proven strategy to provide sustainable exit solutions captive owners can count on.

### >400 professionals

with a deep knowledge of claim and litigation management, and reinsurance, actuarial and finance skills.

### \$2.6 BILLION of assets\*

\$2.2 billion in liabilities.  
\$0.4 billion of shareholders' equity.

### OWNERSHIP by Fairfax Financial Holdings Limited

allows RiverStone to offer creative and varied deal structures tailored for each transaction.

\*as of December 2023

## RIVERSTONE'S EXPERTISE

- Over 20 years of run-off and claims management
- Multiple captive owner
- Successful evolution from the manager of Fairfax legacy business into a global run-off enterprise
- Industry leader in claims resolution, reinsurance recovery, and dispute resolution
- Third-party claims administration via Rockville Risk Management, offering highly specialized industry knowledge
- Track-record of influencing case law and industry standards in multiple jurisdictions

## BENEFITS OF PARTNERING WITH RIVERSTONE

- An established market player with a proven record of delivering effective exits
- Creative solutions in collaboration with our clients
- Expertise in claims administration to remove a burden from captives
- Regulated entities to assume risk while maintaining the reputation of captives and their insureds
- Legal and/or financial finality
- Liabilities removed, leaving captives with the ability to continue underwriting

## CONTACT US

**Matt Kunish**  
Chief Business Development Officer  
[matt\\_kunish@trg.com](mailto:matt_kunish@trg.com)

**Marcy Van Stee**  
Captive Acquisitions Director  
[marcy\\_van\\_stee@trg.com](mailto:marcy_van_stee@trg.com)

