

PARAMETRIC INSURANCE: A STRATEGIC ASSET FOR YOUR CAPTIVE

WHY WORK WITH DESCARTES?

By combining competitive fronting fees with advanced climate expertise, we design tailored covers that empower captives to maintain greater control over their risk management.

We provide risk modeling, structure design, fronting, reinsurance, and DIC/DIL solutions for any type of captive program.



WHY PARAMETRIC INSURANCE?

Captives powered by parametric insurance go beyond simple risk transfer—they ensure optimal risk management by offering flexible structures that align precisely with business needs.

WHAT ARE THE BENEFITS?

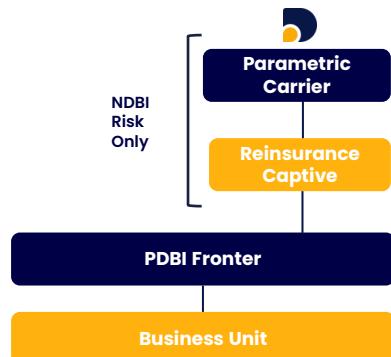
- Competitive fronting fees
- Tailored coverage adapted to business needs
- Direct or indirect financial losses covered
- Fast payouts following events
- Adjustable risk transfer levels ensuring cost efficiency

CAPTIVE PROTECTION

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CHALLENGE:

When a client sought coverage for flood risk, their traditional Property & Business Interruption (PDBI) insurer excluded coverage for Non-Damage Business Interruption (NDBI). Essentially, the insurer wasn't willing to cover financial losses if the water didn't physically destroy the building.



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SOLUTION:

To solve this, the client utilized its captive to take on 100% of the risk, using the commercial insurer only as a fronter. To protect the captive's balance sheet, they purchased a tailor-made parametric policy with Descartes. This innovative layer provided dedicated protection for their three most strategic locations, ensuring a payout based on flood levels rather than waiting for damage assessments.

CAPTIVE FRONTING

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CHALLENGE:

A global clothing manufacturer faced a specific seasonal threat: a cooler-than-average spring could drastically reduce sales, threatening cash flow and supplier payments. The company wanted to insure this risk using its own capital (via their captive) but needed a partner to structure and issue the complex coverage.



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SOLUTION:

The company partnered with Descartes to front the program. In this unique setup, Descartes co-designed and issued a precise parametric policy—using temperature data to trigger automatic payouts—but passed the risk back to the captive. This allowed the retailer to leverage Descartes' parametric technology and paper to protect its subsidiaries.

INTERESTED IN GETTING A QUOTE? PLEASE REACH OUT TO OUR COMMERCIAL TEAM!

descartesunderwriting.com/contact

