

Financial Risk Management

Risk, balance sheet and income statement issues related to unusual life, accident, medical and disability exposures are effectively addressed through a variety of risk transfer programs. These programs fund or

otherwise manage once unmanageable life-related risks in the U.S. and abroad, drawing upon life underwriting resources and a global life insurance network.

Programs can be structured for virtually any unconventional life-related exposure.

Sales Practice/Pension Mis-selling Protection

Life insurance companies undergoing a change of ownership (sale or demutualization) rely on sales practice liability insurance to insure/risk transfer liabilities related to improper sales practices. By transferring mis-selling liabilities to a Triple-A rated insurer, the life company enhances its appeal to potential investors.

While several companies in the U.S. have been sued for market conduct problems, the need for this insurance is even more urgent in the UK, where companies previously offered individual pension products to replace existing company pension programs. When the individual pension products performed at a level far lower than was promised during the sales process, regulators required UK insurers to provide policyholders with a financial remedy – leaving UK life companies with a significant, unquantified liability. Sales practice

liability insurance provides a way for companies to "cap", or manage, these potential liabilities.



Your constant in an uncertain world.



Market-based Risk Management

NorthStar can design a risk transfer mechanism to address virtually any risk arising from fluctuating financial market conditions, as long as the risk is in some way linked to a life insurance risk.

Here are two examples:

- **Program allowing financial institutions lending money to key person life insurance providers to protect against the potential losses they can face if the policy lapses prematurely (i.e., in the event the “key person” leaves the company) before the cash value of the variable life policy has increased sufficiently to fully collateralize the loan balance.**
- **Program providing life insurance companies selling indexed deferred annuities unique flexibility in hedging the risk associated with non-withdrawal by the annuity holder. Life companies typically hedge the “worst case” scenario, or 100% of the risk, more of a hedge than they need, at more of a cost than they want. With such a program, a company could instead structure a hedge that is more actuarially efficient.**

About NorthStar

NorthStar serves insurance, risk management and financial communities. With headquarters centrally located in Kansas City, our organizational structure and markets allow us to successfully provide risk solutions and asset protection in virtually all states and abroad.

If our current product line does not address your needs, we will create a custom solution that works for you. Please contact us for further details.

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