

Capital Release

Overview

Many businesses have unused, historic cash balances or orphaned funds, which may have accumulated over a long period of trading or have been inherited as legacy items following past acquisitions which, for regulatory or other reasons, businesses are unable to release or access. The administration and maintenance associated with such balances can be a drain on a company's resources.

Motivation

The purpose of capital release insurance is to enable the release of cash balances which have become redundant and inefficient for a business to maintain. While each case is unique, opportunities we consider appropriate for this policy typically involve a portfolio of historic balances which, individually, are within our risk appetite, but which collectively, may be of a significant value and which the insured has made substantive efforts to settle, trace or repatriate.

What we can provide

Liberty has been writing this type of insurance for several years. Our team has market-leading experience in this field and they work closely with their insureds to ensure the most effective solution is delivered.

Line size

Up to USD 50 million (or local currency equivalent) on any one transaction.

Territories

We write business worldwide.

Our innovative capital release insurance enables organisations with orphaned balances to release the tied up capital with confidence, so that any ensuing contingent liabilities will be met. Funds released are often redeployed elsewhere in the business or given to charity.



Illustrative applications

Organisations such as asset managers, investment banks or professional advisers may hold significant amounts of funds which have remained dormant in their accounts for several years.

Despite undertaking extensive tracing exercises, it may not be possible to repatriate such orphaned balances either because beneficiaries refuse to accept them or because they are simply untraceable. Nevertheless, regulatory provisions may require an organisation to retain such client balances indefinitely, or deal with them in a certain way causing significant administrative burdens as well as the recording of additional reserves on an organisation's balance sheet.

After undertaking tracing exercises and following consultation with the appropriate regulators, permission can often be obtained to release such funds, subject to an appropriate indemnity arrangement being put in place.

Where appropriate tracing exercises have been undertaken and regulatory consents obtained, we are able to provide the required indemnity cover thereby enabling our insureds to release significant amounts of capital while having the peace of mind that any future calls on such balances, will be met by our cover.

Contact us



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