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IN ASSOCIATION WITH:

HDI

Captives are integral to strategy

The 2025 captives survey
of Airmic members



About HDI

HDI Global is a strong and established player within the international insurance market. With more than 120 years of experience, HDI supports over 160 Captives globally and issues over 20,000 local policies via our HDI Global Network capability. Our colleagues are one team – where underwriting, risk advisory and claims services thrive in an environment of creative thinking, collaboration, and an entrepreneurial spirit. Using our highly developed expertise and worldwide reach, we deliver insurance and risk management solutions for clients across a broad range of sectors, from large global organisations through to small and medium-sized businesses and individuals. And with a progressive approach to appetite and emerging risk, we offer over 26 products across our Corporate, Specialty and Delegated Authority teams. We keep our insurance services relevant and accessible and have the combined resources and strength to cover risks, known and emerging. In doing so we act as a true partner in transformation.



www.hdi.global

About Airmic

Airmic celebrated its Diamond Anniversary in 2023 and today is the UK and Ireland's largest and most vibrant risk management and insurance association. Airmic has over 450 corporate members, more than 2,000 individual members, and is supported by a network of leading risk and insurance partners and affiliated institutes, associations, and universities.

We are growing through welcoming both those in the risk and insurance professions and in roles connected to risk and insurance, including those with a primary focus on governance, sustainability, finance, compliance, law, human resources, information security, health, safety and security, resilience and business continuity, and academia. As such, we are in a strong position to represent the views of our members, and to advocate for their needs within business, standards and regulatory bodies, and government in the UK, Ireland and internationally. We are active members of FERMA the Federation of European Risk Management Associations and IFRIMA the International Federation of Risk and Insurance Management Associations.

Our members enjoy access to a wide variety of face to face and online events and learning opportunities, networking, special interest groups and regional meetings, supported by a competency framework and mentoring scheme. Our online library of research materials, guides, papers, newsletters and curated readings, feature work by some of the brightest, most innovative, and experienced talent.



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Preface

These are exciting times for captives. Captives are now a mainstream part of an agile, intelligent and resilient risk financing strategy regardless of insurance market conditions. The use of captives for the incubation of emerging risks, blended catastrophe covers and sustainability projects is directly aligning the use of captives to the strategies of organisations in an increasingly connected, complex and fast-moving world.

Foreword

We know that Airmic members value their captive insurance companies, and are increasingly looking for more utilisation and to deploy their captives in new areas. As an association, however, we have never previously gone formally to the membership to gain an accurate reflection of how they are using their captives today and plan to in the future.

The importance of captive strategies is not a passing response to fluctuations in market cover and pricing conditions, but an established part of a future-looking risk management and risk financing strategy and programme.

Our survey does not only reflect the views of those members that currently own a captive, but also those that do not and may be considering one in the future. Based on the results, we can expect to see captive numbers continuing to grow amongst the Airmic membership.

In the year when views were called for as part of a consultation on captive insurance by the Treasury on the future of the UK as a captive domicile, Airmic recognises that the demand for captives is growing around the world.

As captives move more into the mainstream, we believe it is a logical development for this to be reflected within the UK as a leading financial services centre. Airmic members do, and will, continue to make use of a wide range of captive domiciles around the world, and presenting them and future captive owners with an additional UK option will further strengthen their hand and choices as they implement increasingly agile, intelligent, and resilient risk financing strategies.

Julia Graham,
CEO, Airmic

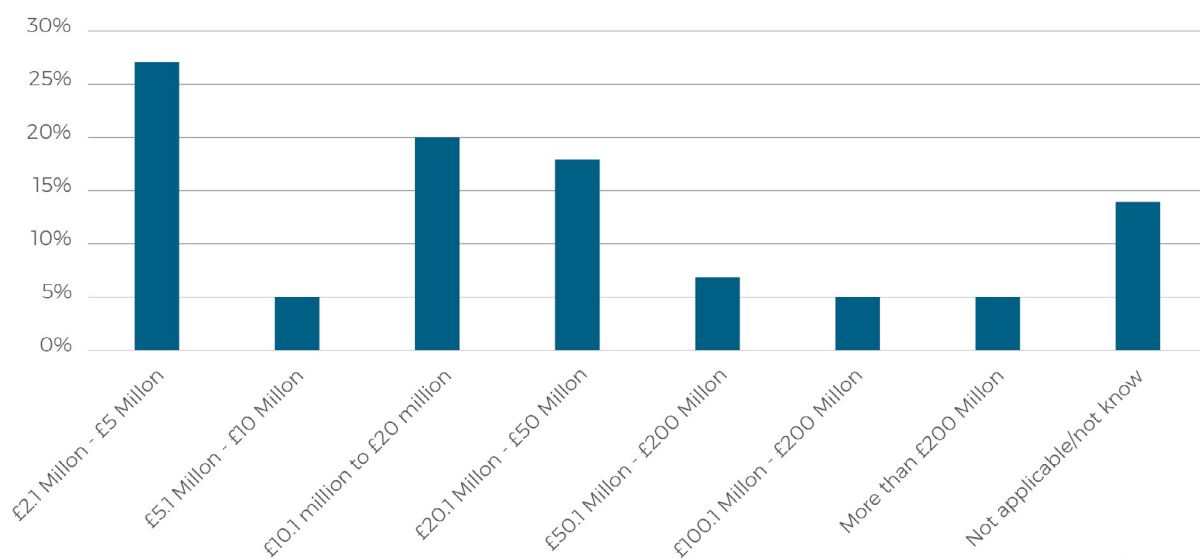
“The Airmic survey results in conjunction with HDI show what a key strategic tool captives are for the risk manager to effectively manage their business risk profile. It is clear that risk managers see the value in having a strong captive strategy to not only support the variation in the insurance cycle, but also to help the business manage its risks more effectively. In a more complex risk landscape, captives are a useful tool in providing alternative solutions to the conventional market. Partnering with a strong AA- (S&P) rated fronting insurer such as HDI who can also provide additional risk management services and risk insights on a global basis becomes more critical.”

- Oliver Davies, Chief Distribution Officer, HDI UK & Ireland



1. Demographics and captive utilisation

Airmic survey respondents – Gross annual premium spend in their captive/s



Premium and capital

Based on the Airmic 2025 captive survey results, it is conservatively estimated Airmic members spend more than £5.1 billion in annual premium through their captives and hold more than £22.6 billion in assets under management in captives domiciled around the world, demonstrating that the captive is a valued, and trusted risk financing tool.

Existing captives continue to grow and write new lines of business, but as new captive insurance companies are formed and they move more into the mainstream, smaller captives make up a significant portion of those being utilised.

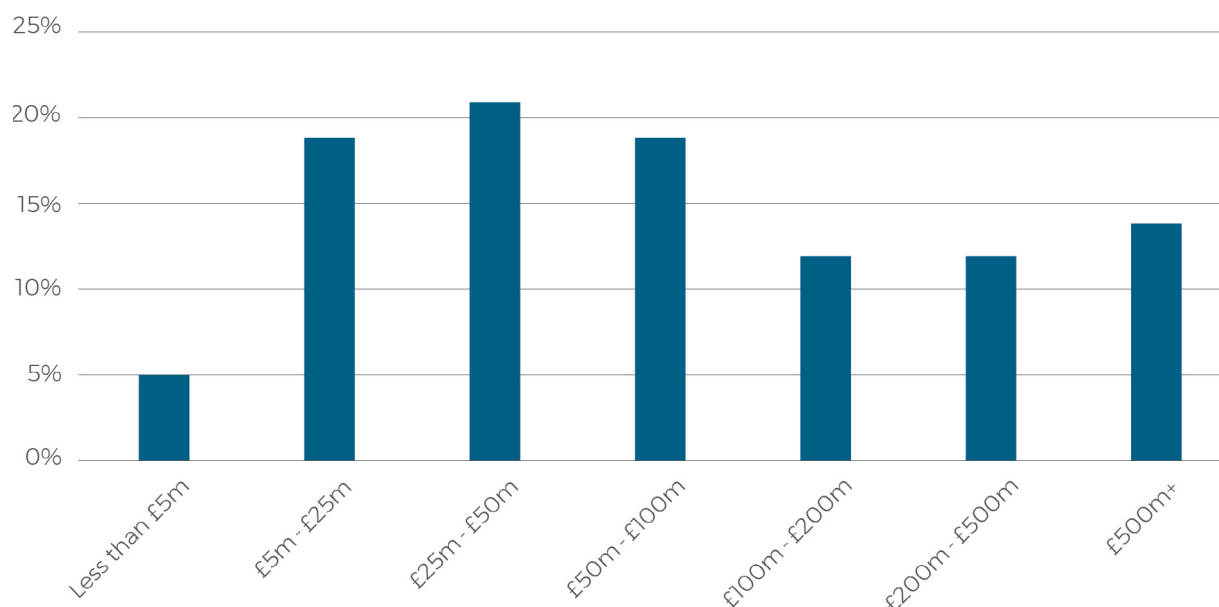
The growing popularity of captives is largely down to their flexibility and the range of business cases that make them viable. The size of captives and their annual premium can vary greatly, demonstrating that while they remain a highly valuable tool for large, multinational organisations, they also remain relevant to smaller organisations with more modest insurance spend.

More than a quarter of respondents write between £2 million and £5 million in annual premium through their captive(s) while 17% write more than £50 million.

“Captives remain the cornerstone and primary risk financing tool for a successful risk management strategy. Indications are positive in that despite a changing market cycle in some lines and segments, captive owners continue to actively look to increase participation, add new lines of business, use innovative reinsurance, and explore deploying insurance capacity to support wider business objectives. At HDI, our focus hasn’t changed which is on supporting captive owners looking to maximise their programmes and wider use of Alternative Risk Transfer strategies.”

- Dan Sammons, Captives Manager, HDI UK & Ireland

Survey respondents – Total assets under management in their captive/s



As captives grow they build capital and surplus, increasing their assets under management. These assets can be loaned back to the parent group, invested in a variety of assets, used for risk management activities, or used to support increased retentions or new lines of business.

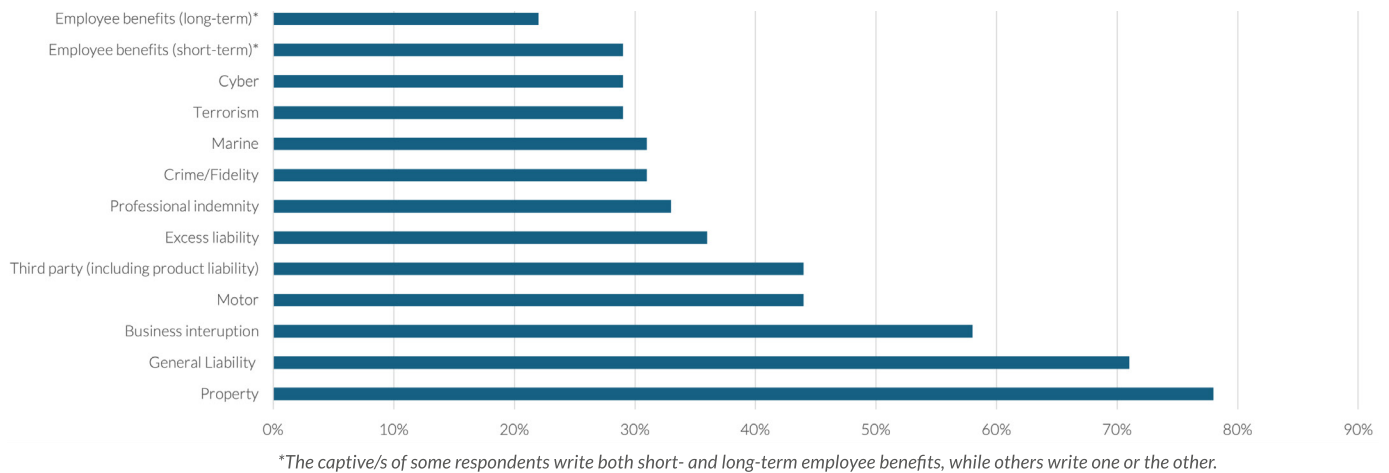
As with the premium ranges, Airmic members' captive assets under management vary from under £5 million to more than £500 million.

“We are increasingly seeing the rationale to include the captive in more lines of business and are keen to assess the suitability on a case-by-case basis.”

- Scott Feltham, Group Head of Insurance, Compass Group



Airmic survey respondents – Top lines of cover written by their captive/s



Lines of Business

Nothing demonstrates the flexibility of captives more than the long list of different lines of business that Airmic members are writing through them.

Historically captives were utilised for high frequency, low severity risks in an effort to underwrite more stable, predictable lines of business and avoid 'dollar swapping' with the commercial market. The market cycle of the past five years, however, has seen insureds include their captives in a greater range of programmes, with property now a particularly common risk insured by a captive.

A range of liability lines continue to feature prominently in captive portfolios, while motor is now regularly written by captive insurers. Professional indemnity has long been a common line for captives in certain sectors to write, while 9% are underwriting some element of directors & officers cover.

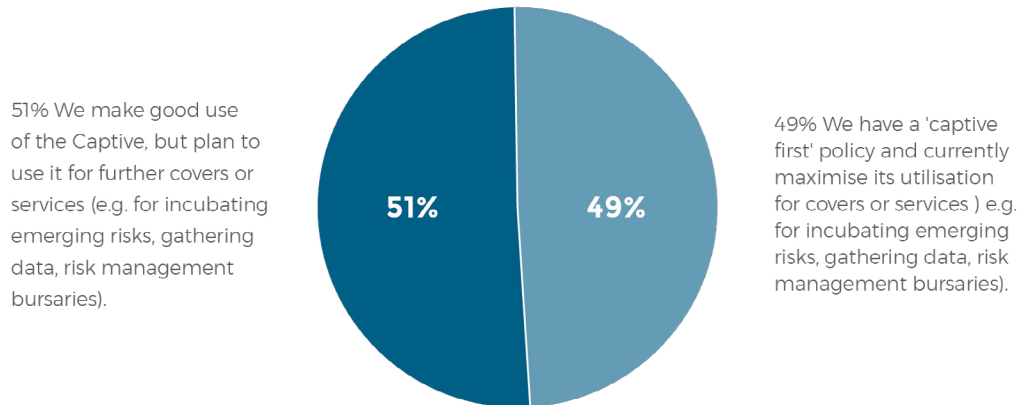
It is also notable that 44% of respondents are writing some kind of third-party risk through their captive, demonstrating that captives are not purely used for organisations' own first-party risks.

"A company may establish a captive for a very specific niche or need, but it quickly becomes apparent that once in place, it can be deployed across a variety of different lines of business."

- Alison Tamm, Global Risk Director, Control Risks



How would you describe your organisation's current captive utilisation?



Captive first

Almost half of Airmic captive owners have a 'captive first' policy, where the captive is the default location to insure group risks. A captive first approach allows insureds to centralise and concentrate the risk financing strategy of the group, and then assess whether to put in place reinsurance structures, quota share arrangements or utilise the

commercial market in other ways to support the captive's involvement.

As with the premium ranges, Airmic members' captive AUM vary from under £5 million to more than £500 million.

"Taking a 'captive first' approach focuses the risk financing decisions of the company and allows consideration of the full range of options available – both in the commercial (re)insurance markets and within the captive. In consolidating risks, and benefitting from risk diversification across numerous risks and numerous years, it enables the company to make the most efficient risk financing decisions over the long-term".

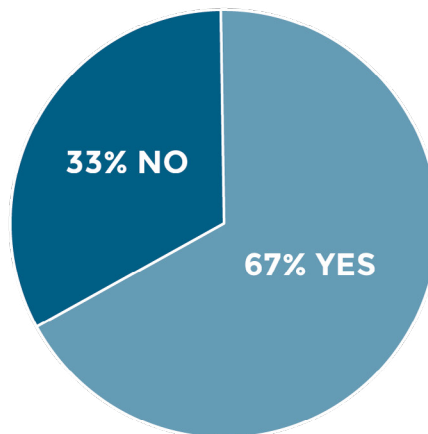
- Marc Bentley, Director of Risk Finance, IHG

Market motivations and employee benefits

While captive insurance companies are formed and utilised in all market cycles, it is clear that activity and premium volume written by captives spikes in response to conditions in the commercial insurance market.

More than two-third of respondents said they have increased utilisation of their captive as a direct result of market conditions.

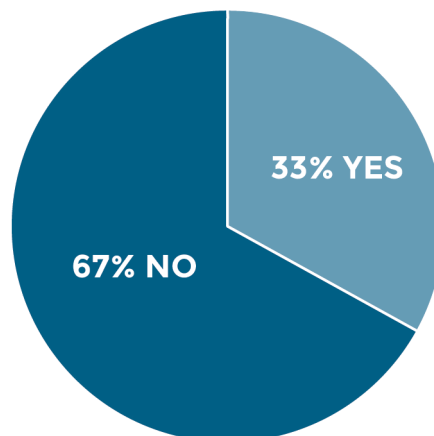
Have you increased utilisation of captive(s) as a direct result of commercial marker conditions?



We hear regularly from members that they are actively considering reinsuring employee benefits programmes through their captive, and while there is believed to be around 150 captives doing so globally, one-third of Airmic's captive-owning members currently are.

This demonstrates that Airmic members are leading the way in taking the step forward to include their captive in their group's employee benefits programmes.

Does your captive include employee benefits programmes?

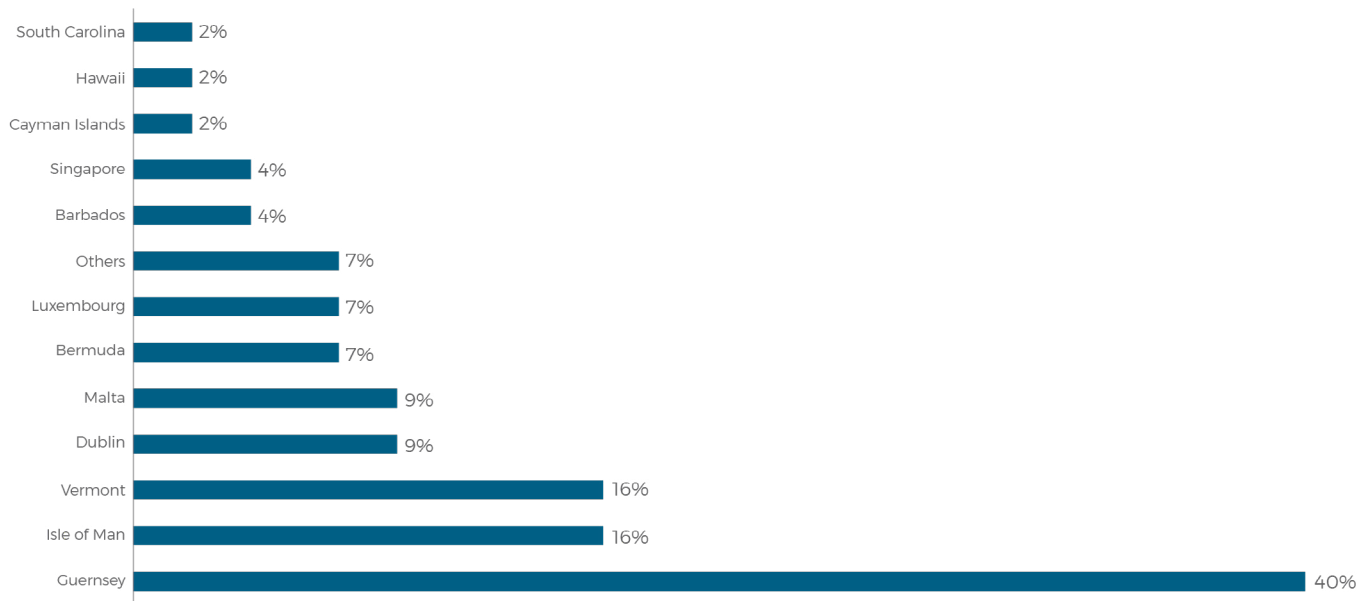


“Insuring employee benefits can be incredibly successful and effective – in diversifying the portfolio of the captive, but also in taking greater control over benefits spend and increasing the quality of benefits offered to colleagues. When we brought our captives together and combined P&C (Property and Casualty) and Employee Benefits, the solvency requirement actually went down by around €20 million due to the diversification effect. Using captives also allowed us to offer benefits to our employees across the world which were not necessarily available locally.”

- Phil Clark, Director of Insurance, Vodafone Group Services Ltd

2. Domicile options

Where is your captive(s) domiciled?



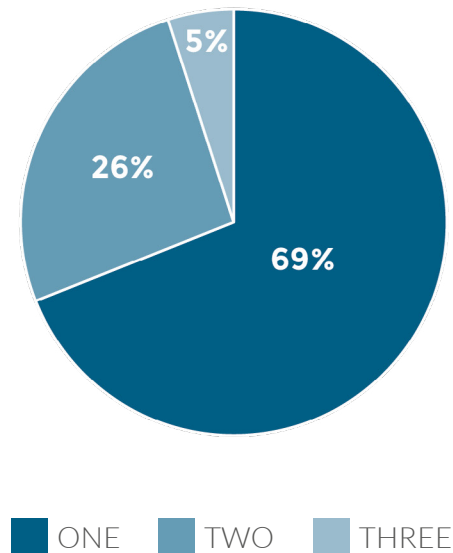
There are more quality domicile options available to Airmic members than ever before and each captive will have a different risk profile, business or plan or ownership structure, which in turn will influence which domicile is appropriate. It is no surprise that Guernsey is the most common domicile choice among Airmic members, due to its long-standing position as a go-to jurisdiction for UK-headquartered companies and its proximity to the London insurance market.

The Isle of Man holds a similar appeal for UK businesses, while the results demonstrate the international nature of Airmic members and their insurance programmes.

Taking Ireland, Malta and Luxembourg together, a quarter of Airmic respondents own a captive inside the European Union, while Vermont is the most common US domicile among respondents.



How many captives does your organisation use?



Multi-captive strategies

Multiple captive strategies remain common with 31% of Airmic respondents that currently utilise a captive saying their organisation owns more than one. Having multiple captives in place can give insureds increased flexibility in how they organise their risk financing programmes.

An organisation may own a reinsurance captive in one established jurisdiction, but establish a second captive in a second region for a specific purpose.

For those with business operations in the United States, for example, a US-domiciled captive would be required if they want to access the federal terrorism backstop (TRIA), or reinsure employee benefits that require an exemption from the Department of Labor's Employee Retirement Income Security Act of 1974 (ERISA).

For captive owners keen to insure business interests across Europe, owning a direct writing European Union-domiciled captive would allow them to passport across the continent.



3. Technology and data

There is some way to go before captives are typically considered data-driven entities.

The use of manual processes and spreadsheets is common. With growing pools of data and opportunities increasingly available for the use of predictive analytics, captives can provide the source for modelling scenarios to support informed decision making and capital allocation. The majority of Airmic members believe their captive data is as accessible as required, with only a quarter currently investigating solutions that would allow them to capture, analyse and communicate data more efficiently, effectively and securely.

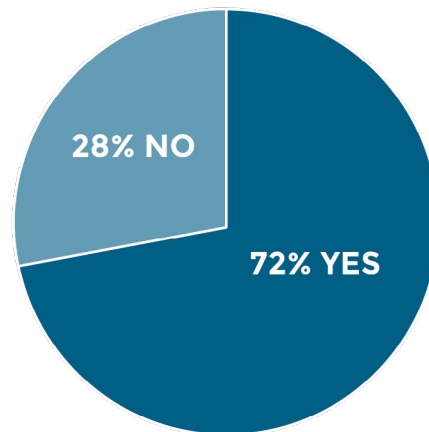
Those respondents who are looking for new solutions cite a desire to communicate data more efficiently, as well as the need for improved speed and accuracy for bordereau reporting for premiums and claims and wanting IT and software providers to have more joined up systems.

Artificial intelligence (AI) is making waves in captives. It offers the potential to help automate and streamline many simple time and resource heavy processes and activities. While this can be coupled with the ability to provide more detailed and accurate analysis to inform decision-making, the challenges of integrating AI into existing infrastructures should not be underestimated.

This is an area to watch in the next Airmic survey on captives.



Is your organisation exploring the possibility of forming a captive now or in the future? (Respondents who do not currently use a captive)



Although the UK's business community has a relatively mature penetration of captive utilisation and more than 300 UK-based organisations already own a captive, interest in new formations continued.

Among those who do not currently own a captive, 72% said their organisation is currently exploring the possibility of forming a captive now or in the future.

“With captives being increasingly deployed as a flexible risk management and financing tool, they are increasingly used on different lines of cover and in various ways. This can range from the usual deductible buy-downs or selective captive participation on higher layers of cover on traditional lines, to ‘plugging gaps’ in capacity. Captives can also opportunistically capture some of the premium in overpriced layers, or be used as a risk incubator to fully retain the risk in the frequency layer to collect data on an emerging risk policy.”

- Marina Tsokur, Regional Insurance Manager EMEA, Cargill

“The mainstreaming of captives over the past five years has led more organisation to consider adopting a captive strategy. We continue to see Airmic members interested in forming their organisation's first captive for a variety of business and use cases.”

- Richard Cutcher, Captives Ambassador, Airmic

About our respondents

The survey was conducted in January and February 2025, and received 79 responses from Airmic members from a variety of sectors. Responses also came from a combination of existing captive owners and members that do not currently own a captive.



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