

# SIIA's 2024 Captive Industry Survey: Trends & Perspectives

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Monday, September 23, 2024

1:30 PM – 2:45 PM





# Speakers



**Jeff Fitzgerald**  
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(Moderator)



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President - GPW  
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President  
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Vice President  
Tokio Marine HCC  
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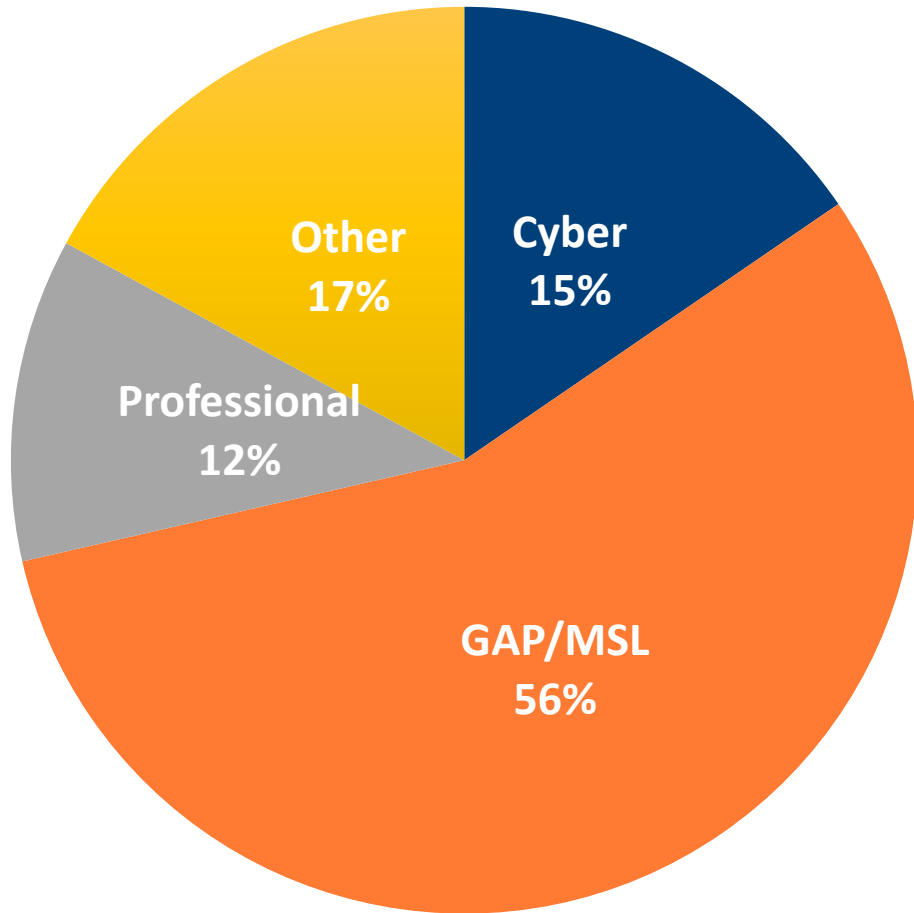
What is the biggest trend/ emerging risk you currently see in the captive insurance space?







# In what areas are you seeing an increase in interest of captive use?



Like last year, respondents reported seeing the biggest increase in interest in Gap or Medical Top-Loss.

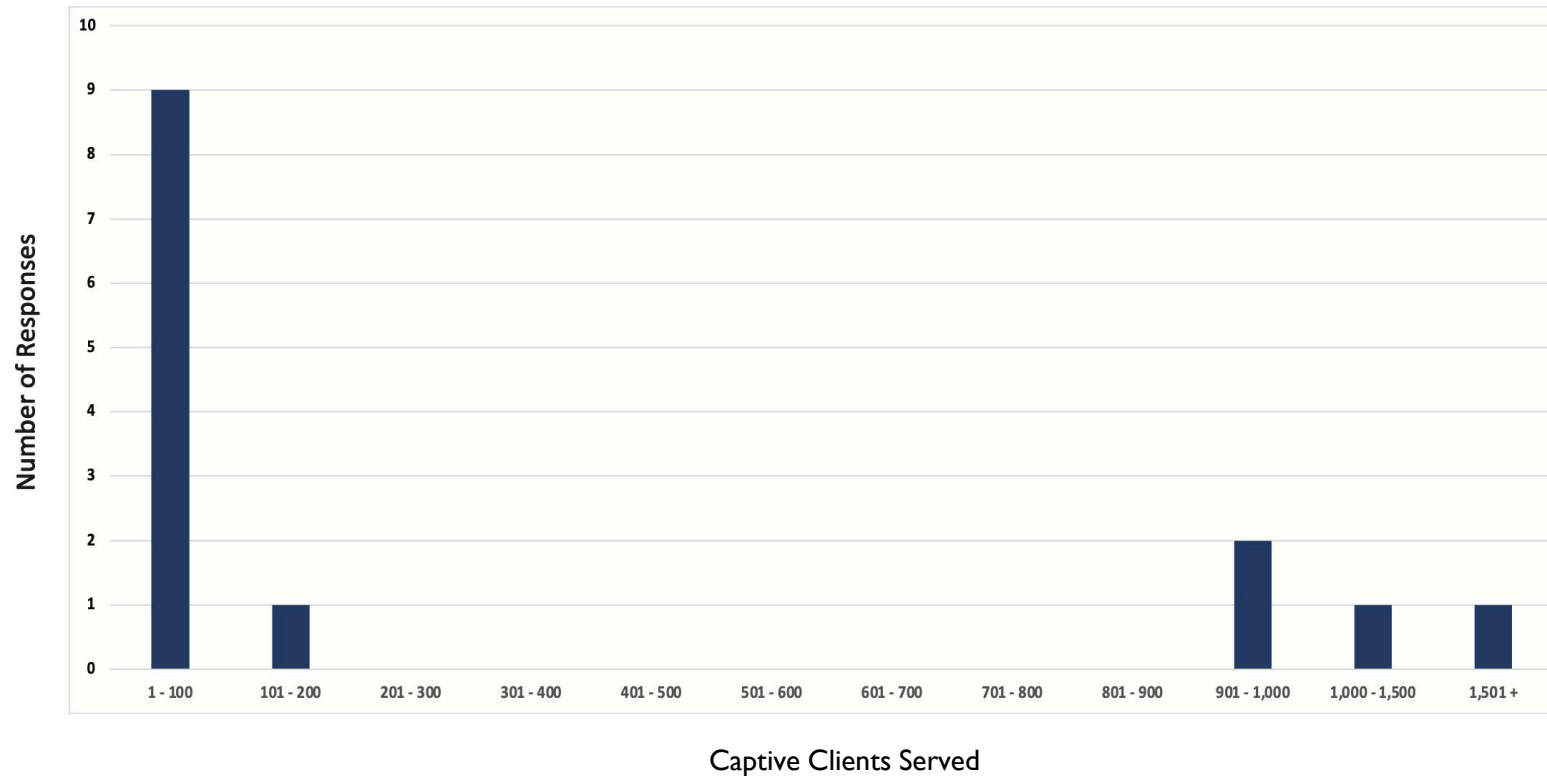
However, this year we saw Property rise to become the second most cited increased area of interest, while Cyber Risk received less votes.





# How many captive clients do you currently serve? (for structures like rent a captives, please count individual cells)

Average reported clients currently served: 548  
Median reported clients currently served: 80  
Total reported clients currently served: 7,665  
Highest reported clients currently served:  
over 3,000



**Trend:** This is an increase from last year, when the reported average clients served was 206, and median was 49. The total clients served is significantly higher than last year's total of 5,377

## Percentage of your customers with multiple captives?

Average reported percentage of customers with multiple captives: 9%

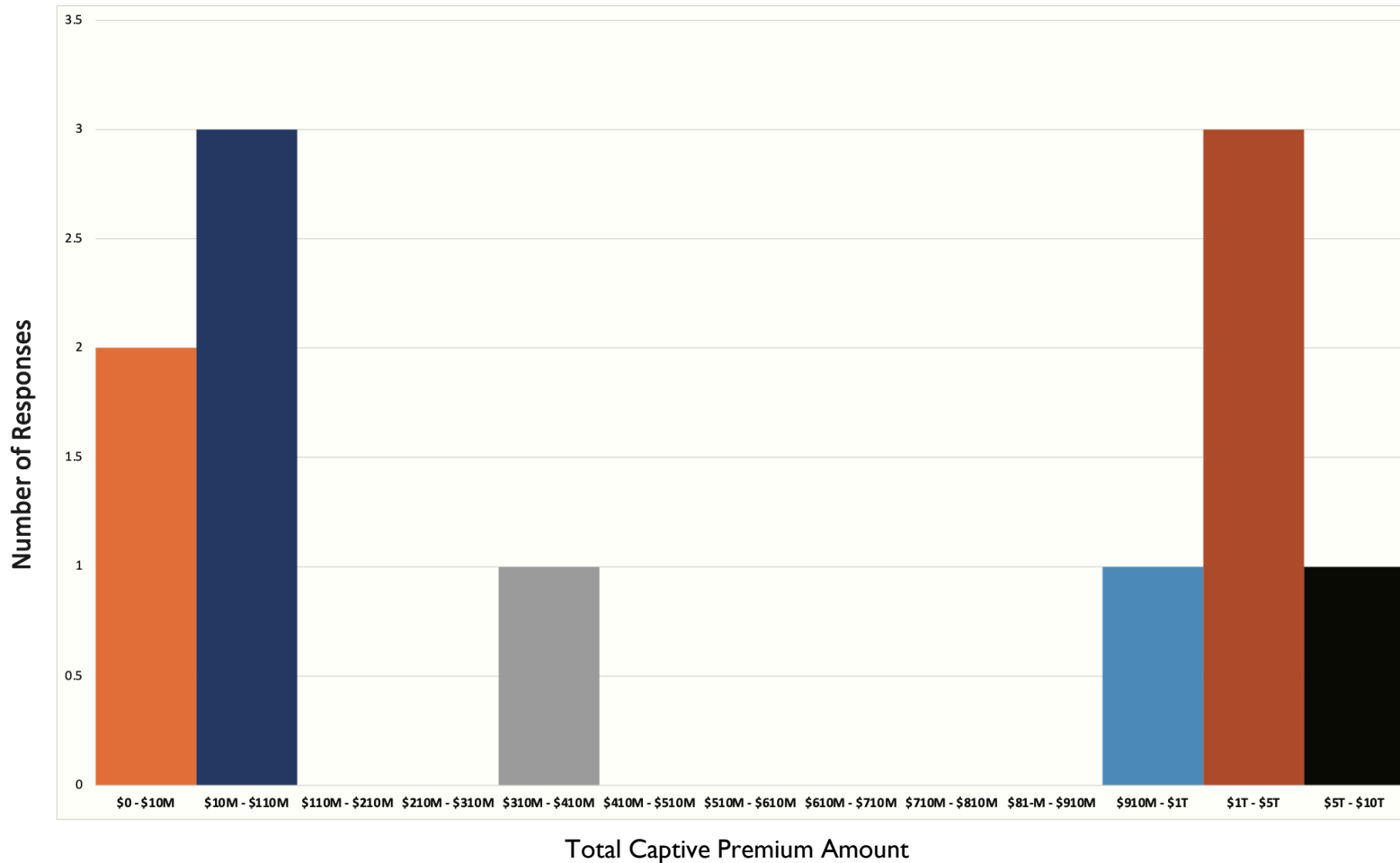
Median reported percentage of customers with multiple captives: 5%

**Trend:** This is a decrease from years past. Last year, respondents reported an average of 14% and a median of 13% of customers with multiple captives.





# What is your total captive premium amount? (gross written premium)



Average reported total captive premium:

\$1,389,181,818

Median reported total captive premium:

\$4,572,000,000

Highest reported total captive premium:

Over \$8,000,000,000

Total reported total captive premium:

\$15,281,000,000

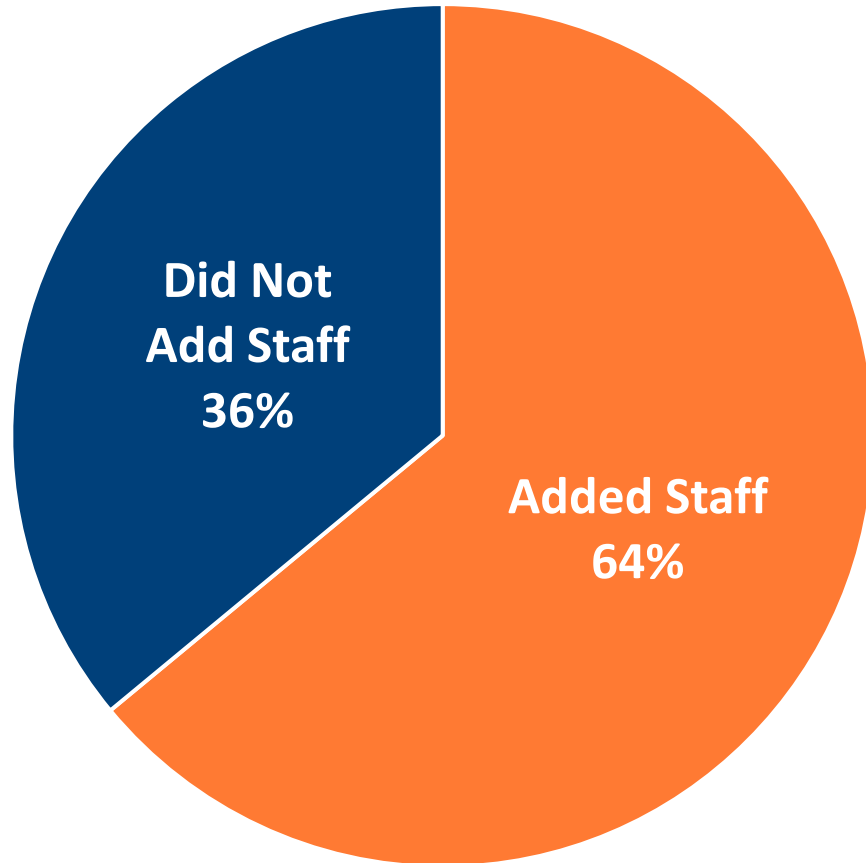
**Trend:** This is an increase from last year's average reported total captive premium of \$1,209,034,317, as well as median of \$665,000,000.

However, the total captive premium amount actually decreased from last year's total of \$19,344,549,073





# Did you add staff/headcount in 2023? If so, how many and what disciplines?



Average reported staff added: 13

Median reported staff added: 2

Total reported staff added: 258

Most common staff added was management staff, underwriting, sales, and accounting.

**Trend:** This was an interesting result as the number of companies that reported adding staff was lower than last year but the average, median and total of staff hires reported were all significantly increased from last year.





# Captive Formations and Closures Experienced

## Formations

Average: 46

Median: 4

Total: 598

Highest: Over 300

## Closures

Average: 16

Median: 0.5

Total: 225

Highest: 140

## Trend

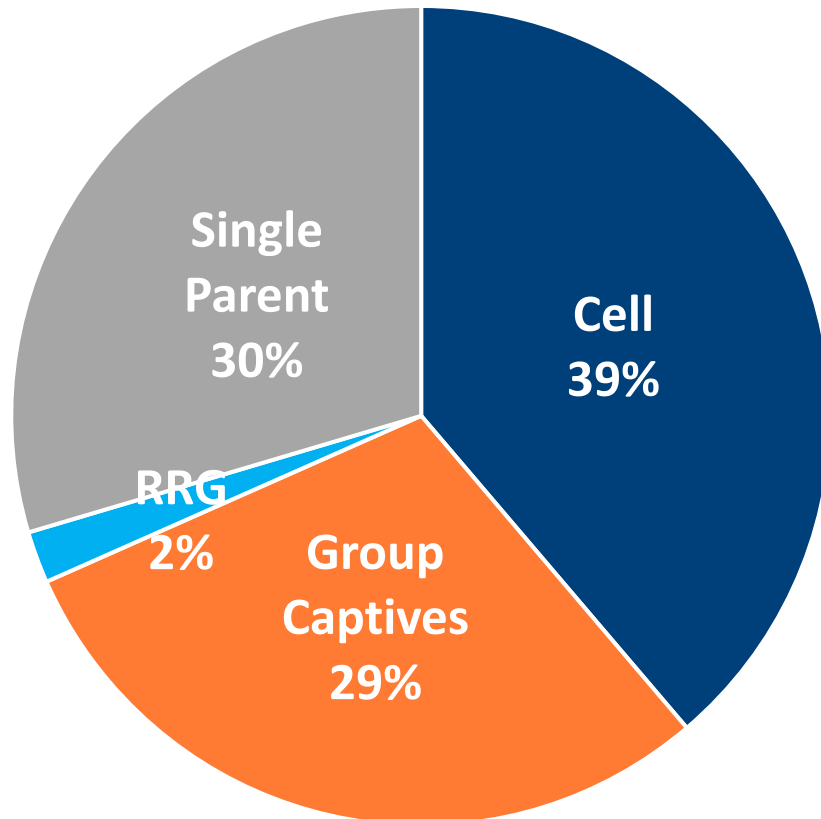
For the third year in a row, captive formations outpaced captive closures. Captive formations outpaced closures at a rate of 4 to 1. That is nearly double last year's rate, which saw formations outpace closures by 2.5 to 1.







# What kind of captive structures have you seen formed the most in 2023?



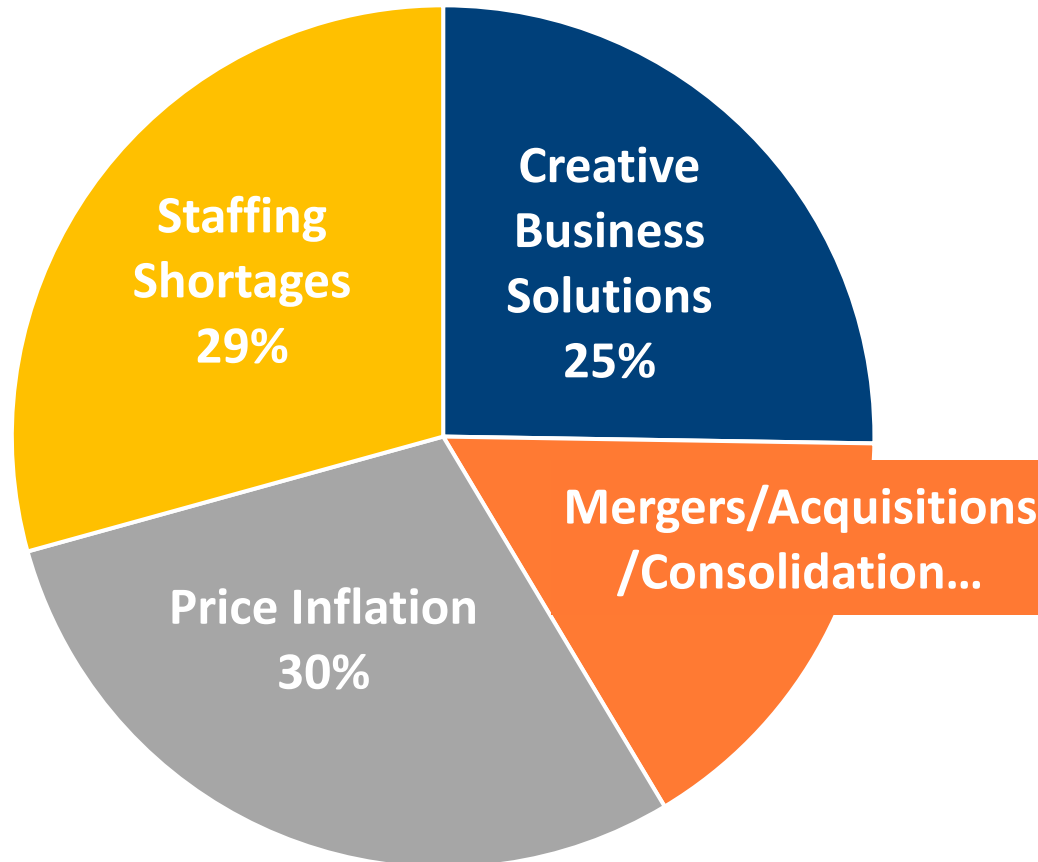
Respondents reported Group captives as the most seen captives formed in 2022, with Single Parent a close second.

**Trend:** This is an interesting change from last year's survey, in which Single Parent was the most selected, followed by Group captives.





# Which of the following trends have you noticed?



Price inflation was reported as the most noticed trend in 2022 (34 %).

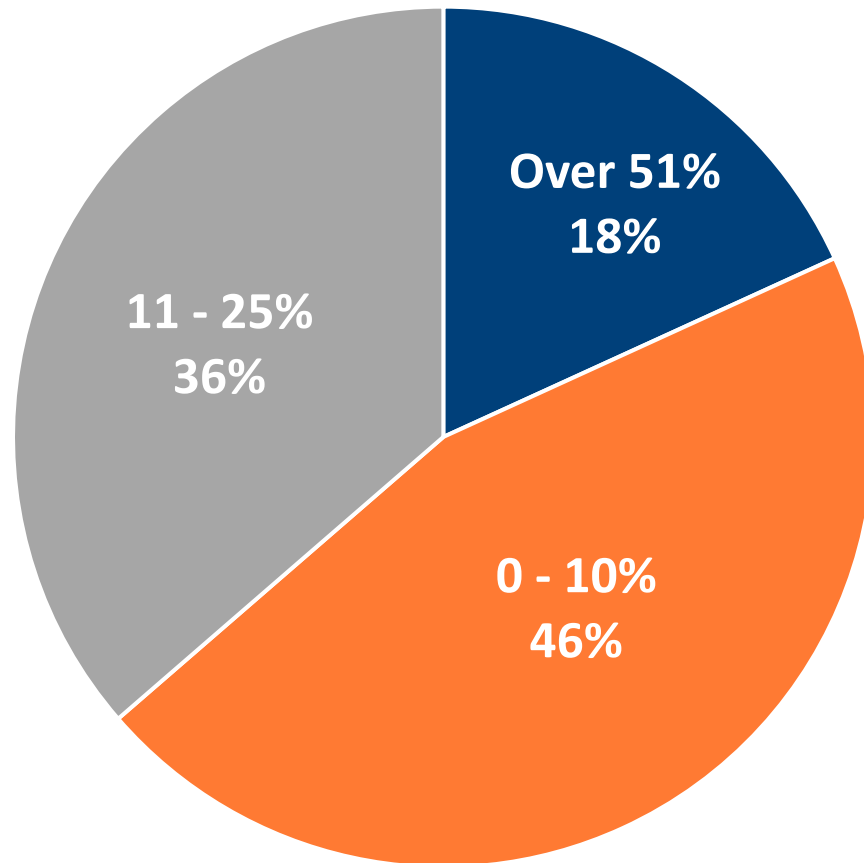
The most common response cited by the 4% of respondents that selected “other” was a reduction in appetite for certain risks.

Price inflation and staffing shortages were similarly listed as the top two trends in last year’s survey.





For those captives that loan money to the captive's affiliates and/or parent, what percentage of assets are so loaned?



Last year, over 50% loaned in between 0-10%. While the other 50% that loan to captive's affiliates and/or parents reported in between 11-50%.

No one reported 50% or higher.

This survey shows an increase in those that loan over 51%





What was your main purpose in setting up a captive?

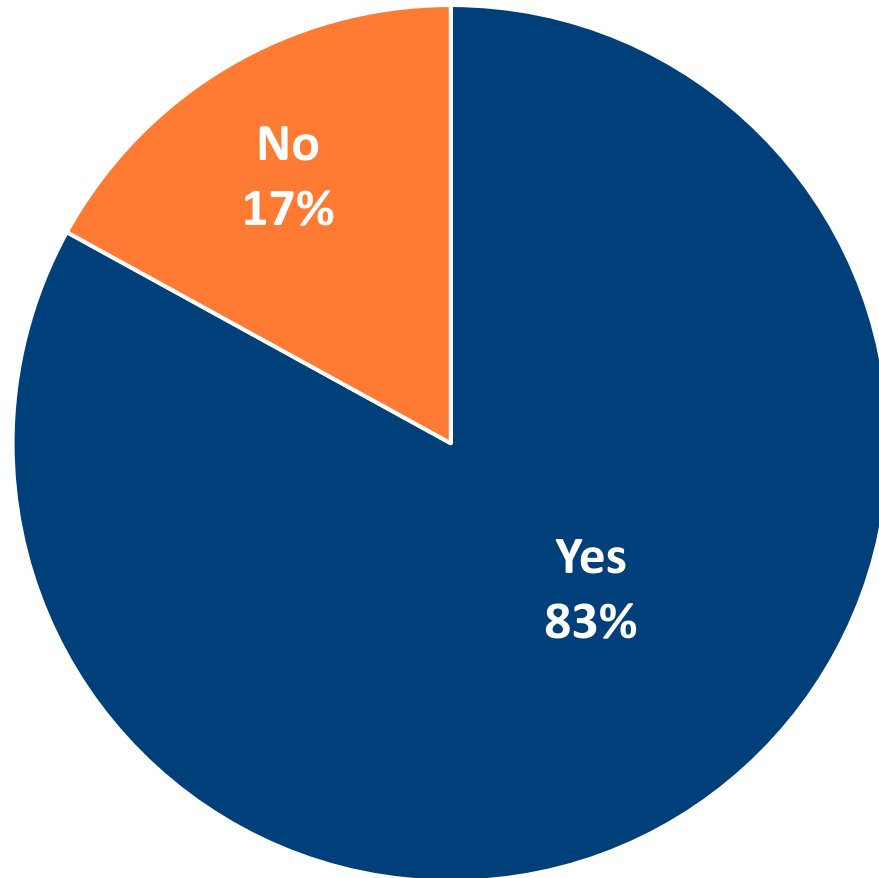
**create unique stop loss program**  
**self-insure deductibles**  
**Build long term reserves**  
Risk share  
**3rd party stop loss risk**  
**Product innovation**  
optimize risk financing







## Were you able to find coverage for your captive-related risk in the commercial market?



The majority of Captive Owners (83%) reported that they were able to find coverage.

**Trend:** There was a significant change in the responses from last year's survey, in which only 58% of respondents reported that they were able to find coverage for their risk in the commercial market.





# Brokers With Captives

- Majority of Broker respondents with captives report having clients in the Medical Stop-Loss space. (80%)
- 60% report they are compensated through an advisory fee. The rest are compensated with a commission structure. While only one respondent reported no compensation.
- 100% of respondents report an expectation for captive insurance demand to continue growing over the next 5 years.
- 100% of respondents also reported that they are either likely or highly likely to recommend captive options to other clients.





# Brokers Without Captives

- The majority of brokers without captives (75%) reported that they believe offering captive insurance could enhance the relationship with their clients
- 100% of respondents report clients complain about cost of their insurance
- 100% of brokers without captives also report that they believe the insurance market is limiting their clients' ability to effectively manage their risks
- 75% of Brokers not currently using a captive reported that they don't know enough about captives and would be interested in learning more about captive options if those resources existed.
- **Takeaway:** There is an opportunity to increase Captive education





# Prospective Owners

- There was a small sample size of prospective owners that completed the survey.
- Those that did reported that they would consider a captive but their responses indicate that they feel as though they do not know enough about captives to decide if one is appropriate for their company.
- **Takeaway:** Like with brokers not using captives, there is an opportunity and market for increased captive education







# Regulatory & Legislative Update

- Federal Legislative and Regulatory landscape has been relatively quiet outside of continued spotlight of the IRS on section 831(b) micro captives.
- Last year, the IRS released Proposed Rule 109309-22. SIIA submitted formal comments in opposition to the rule. The rule has still not yet been finalized.
- Policymaking on the state level has been largely encouraging for the Captive industry
- Trend of States supporting captive insurance growth in 2023 and 2024. States like Vermont, North Carolina and Utah have passed legislation and regulations to meet the needs of a quickly growing captive market and to attract additional business to their State





# Thank You

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