

Distinctive. Choice.



## Captive Management

## Risk and Insurance Services

### Overview

**In recent years, there has been a remarkable growth in the number of captive insurance companies worldwide. There are now over 4,000 captives writing more than US\$20 billion in premium, and with capital and surplus estimated at over US\$50 billion.**

Whilst the modern captive movement originated in the late 1950's, with the earliest captives being established mainly in the United Kingdom and Scandinavia, the last two decades have seen the captive market extend to all the major industrialised nations. Such sustained growth and ever-broadening appeal cannot be attributed to any one particular factor. However, the volatility and unpredictability of the world's insurance and reinsurance markets during this period certainly provided the impetus to self-determination in the financing of corporate risk.

As the region's premier captive specialist, Jardine Lloyd Thompson (JLT) Asia offers Captive Management and Consulting Services including captive feasibility and utilisation studies, business planning and reinsurance protection.

We operate separately from our broking colleagues in order to provide an independent expert view of captive feasibilities and risk financing strategies. Our team of specially selected senior managers are highly experienced in the design, incorporation and management of captives. Specific benefits that we offer include:

- Tax efficient financing of retained risk
- Direct access to the broad array of reinsurance markets
- Ability to participate in reinsurance market commission flows
- Access to alternative risk financing mechanisms, including capital markets
- Offshore investment opportunities
- Opportunities to provide insurance related products to clients' customer base such as extended warranty insurance and credit insurance

### Areas of Expertise

JLT Asia is well suited to provide quality captive solutions – a captive insurance company that is simple and inexpensive, yet extremely flexible to risk managers and finance directors. We offer the full range of captive consulting and management services including:

- Captive Feasibility Studies
- Captive Incorporation in Domicile of Choice
- Captive Utilisation Reviews
- Captive Management Services
- Insurance and Claims Management
- Investment Administration
- Programme Design

Other services such as reinsurance placement, risk engineering services and claims preparation services may be provided by our associated risk solution teams.

A captive is an insurance company which you own and control. As advisers in management and financing of risk, we regularly use captive insurance techniques to solve problems for our clients - whether related to excessive insurance cost, lack of capacity, or opportunities to generate profit.

JLT is actively involved in the utilisation of offshore structures for strategic risk financing purposes, providing the finance director and risk manager with an efficient means to finance and control risk.

### IT System

Given our considerable experience in managing captives throughout the world, our captive management team set out to establish a facility that integrates the captive's financial, insurance and claims management functions and, on top of that, the ability to deliver further tangible benefits:

- Improved data exchange, minimisation of human error and costly duplication of effort
- Extensive data mining and export capabilities
- Online access to information for clients and their nominated service providers
- An active daily interface between the captive management team and the risk management departments of our clients
- Flexibility to adapt to our clients' changing needs



Using SQL as the basic data store, our system is designed to give clients 24/7 access to their captive data, with the ability to interrogate and download this to suit their purposes. Access to this information is via the Internet, with robust security measures to guard against unauthorised access.

In effect we provide our clients with their own discrete captive website which provides not only the financial and statistical information you would expect to see but also a menu of other items relevant to the captive in question:

- Programme details and policy wordings
- Meeting minutes and related task lists
- Project management status reports
- Contact databases for those involved with the captive programme

## Project Experience

### Premium Savings

We developed a multi-year captive-based programme to spread the client's substantial cost increases over a number of financial periods, reducing the immediate impact. The eventual premium cost was loss sensitive, and we assisted the client in managing losses to minimise the ultimate cost of insurance.

### Access to Capacity

We structured a number of captive programmes to provide access to reinsurance capacity that were initially not available to the client. This facilitated the completion of insurance placements that would otherwise have been unfilled.

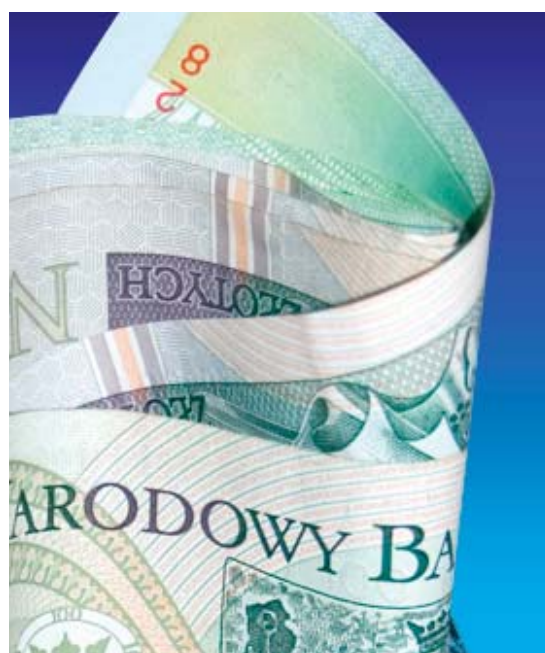
### Generating Profit

Companies in many industries have for many years offered their clients the option to insure the goods or transactions involved through tie-ups with commercial insurers. We have incorporated captives to enable those companies to also participate in the underwriting profit generated by this insurance.

## How do we know a captive will work for us?

JLT Asia would first and foremost undertake a desktop review and discussion with the client to assess the need for a captive. A feasibility study would then accordingly be proposed to review the client's risk profile and insurance needs, with a view to providing a clear understanding in the following respects:

- Benefits to the individual client under the various options available to finance risk, including captives
- The administrative requirements at home and in the chosen domicile of the captive
- Detailed costs and financial projections of captive performance



## About JLT Asia

Jardine Lloyd Thompson (JLT) Asia is a market leader in insurance and reinsurance broking, risk management consultancy and employee benefits services.

Our operations in Asia date back to 1836. Today, JLT Asia is one of the most experienced brokers in Asia, with over 700 staff in 12 locations - China, Hong Kong, Indonesia, Japan, Korea, Malaysia, Macau, Philippines, Singapore, Taiwan, Thailand and Vietnam.

JLT Asia's technical abilities and expertise span a wide range of specialist areas:

- Affinity
- Aviation
- Captives
- Capital Risks
- Construction
- Employee Benefits
- Energy
- Interactive Technology Solutions
- Major Corporate Risks
- Marine (Cargo and Hull P&I)
- Professional & Executive Risks (ProEx)
- Property
- Reinsurance (Treaty and Facultative)
- Risk Management
- Small & Medium Enterprises (SME)
- Wealth Management

Our specialists are renowned for their innovative approach to developing integrated insurance, reinsurance and alternative risk transfer solutions.

Integrity is a hallmark of the JLT organisation. Our quality and compliance regimes are among the most thorough in the industry.

You can obtain more information about JLT Asia at: [www.jltasia.com](http://www.jltasia.com)

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