



**PRESENTATION**  
**A SELF-INSURANCE ROAD  
MAP: FACILITATING THE  
GROWTH OF ASIAN  
BUSINESSES**



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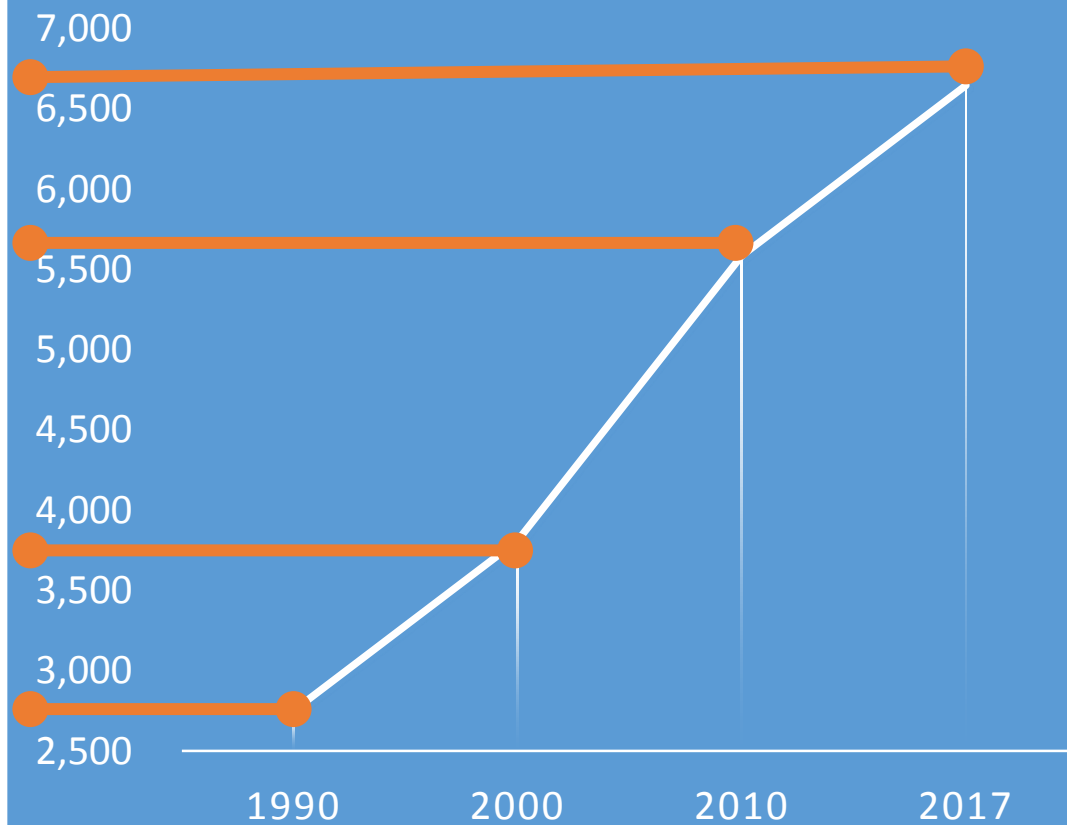
# Understanding the growth opportunities

- Growth in usage of captives and self-insurance
- Growth in captive parents' profitability
- Growth in insurance market alternative solutions



# Global growth in usage of captives

CAPTIVE GROWTH, 1990 TO 2017



**Global captive market continues to grow and evolve across the world**

**6,500+ captives**

**\$150bn+ global captive premium**

**\$256bn+ of assets under management worldwide**



# The growth opportunity

- Captives are not only strategic risk management tools but can also be used to support broader business objectives around sustainable corporate growth
- Captives should now also be regarded as corporate profit centres expected to deliver profitable growth
- How does this manifest in Asia?



# Use of captives in Asia

**6,500 captives of which 133 are Asian parented 2%**

**\$150bn global captive premium of which \$1.5bn of premium underwritten by captives in Asia 1%**

**Global GDP: Asia accounts for circa 30%**



# Use of captives in Asia

Asia is under weight in terms of captive usage and as such is not using self-insurance in the most effective manner to drive business growth

## Hurdles

Education  
Awareness  
Availability

## Actions

Training  
Knowledge  
Market support

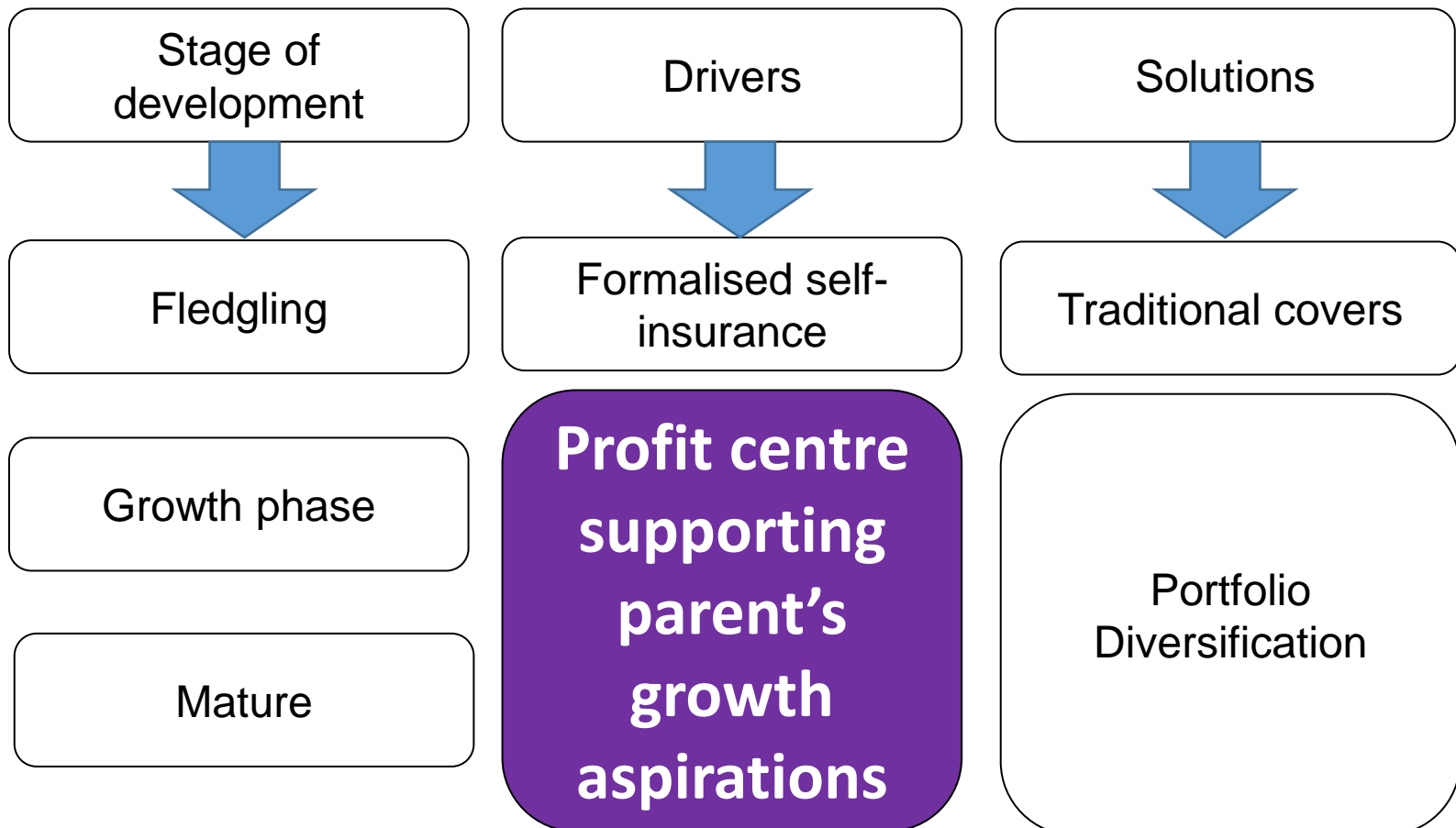


# Use of captives in Asia

- How to change this position?
- Consider a captive's lifecycle and identify how it can be used more creatively



# Consider a captive's lifecycle and identify how it can be used more creatively







# Growth in captive parents' profitability

- Start point
  - Identify day-to-day risks that are already within the parent
  - And therefore already self-insured.....

..... Albeit not necessarily known!



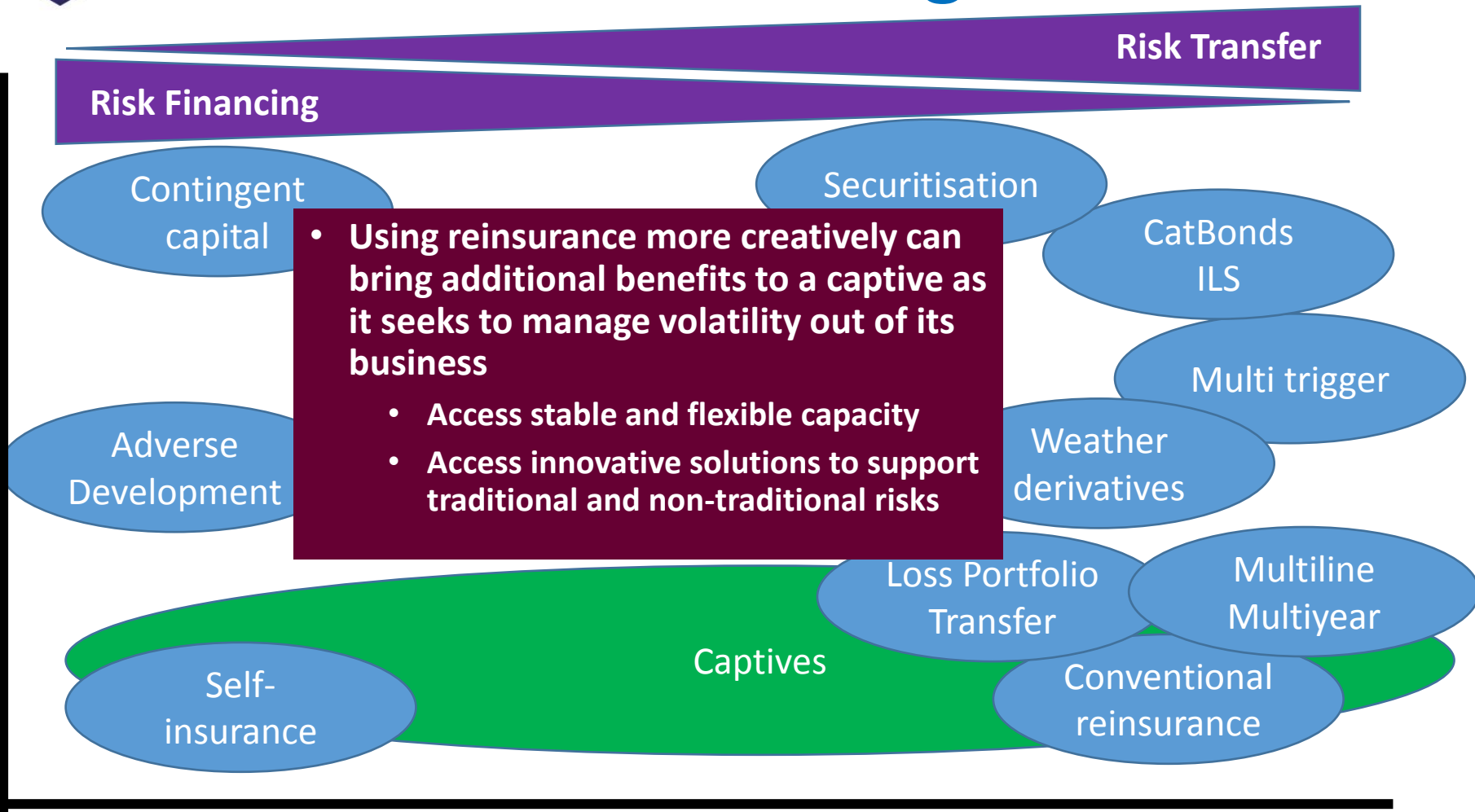
# Captives as emerging profit centres

- **Agri example:** the risks of being in business
  - Trading risk, commodity risk, regulatory risks
- **Utility example:** customer penetration, retention
  - Customer insurances such as quality inventory assurance, extended warranties, guaranteed delivery or fulfilment of orders, household, mobile phone
- **Tech co example:** global expansion
  - R&D risk, investment risk, currency risk, inventory and supply chain risk, trade credit harmonization



# Creative use of reinsurance to drive business growth

Degree of complexity





# Concluding Comments

- Captive market continues to grow despite prolonged, continuing soft market proving captives are not just hard market price arbitrage tools
- Captives provide robust alternative risk financing platforms for buyers bringing enhanced risk management focus to an organisation
- Captives deliver enhanced earnings potential through innovative approach to risk identification and protection
- Reinsurers see captives as ideal partners due to their risk management and profit centre focus; they have a long, respected history and are keen to transfer their skills to growing captive markets in Asia
- The global captive market is strong and is driving evolutions in the creative uses of captives to support business growth
- Creative tools are available to support the Asian captive market as it enters its next expansion phase



# THANK YOU

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