

PRESENTATION
**ATTITUDES TOWARDS
CAPTIVE INSURANCE
IN ASIA**



RICHARD CUTCHER
EDITOR,
CAPTIVE REVIEW

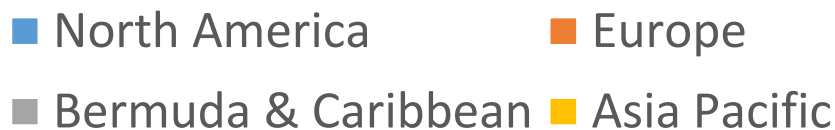
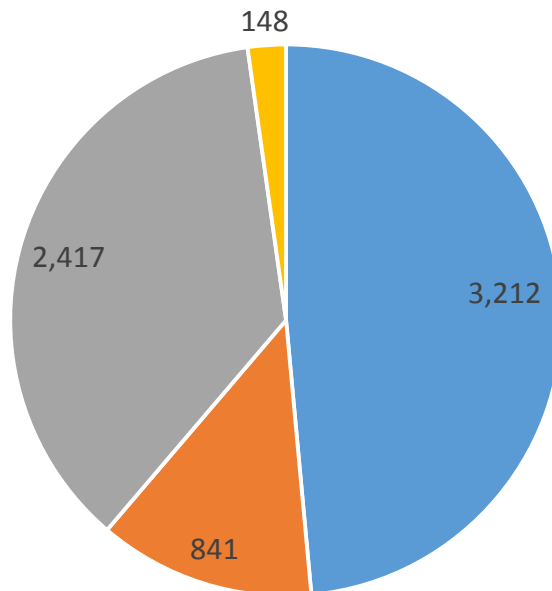


ATTITUDES TOWARDS CAPTIVE INSURANCE IN ASIA

• State of the Global Captive Market

- (i) 6,618 captives domiciled around the world in 2016

Breakdown by Region



North America

3,212 (49%)

Europe

841 (13%)

Bermuda & Caribbean

2,417 (37%)

Asia Pacific

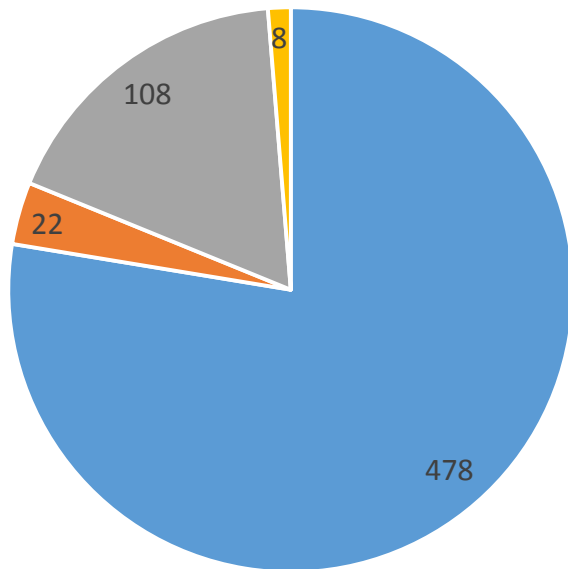
148 (2%)



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- **State of the Global Captive Market**
(ii) 616 new captives licensed in 2016

Breakdown by Region

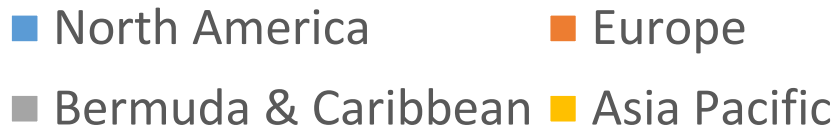


North America
478 (78%)

Europe
22 (4%)

Bermuda & Caribbean
108 (18%)

Asia Pacific
8 (1%)



NB: Figures do not include individual cells. 3



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• Who took part in the survey?

- (i) 112 risk & insurance professionals responded to the survey
- (ii) 29% captive managers, 25% captive owners
- (iii) 22% worked for a (re)insurer
- (iv) Prospective captive owners (7%), brokers, lawyers, actuaries, accountants also participated
- (v) 29% described themselves as having 'Expert' knowledge of captive insurance, 46% were 'Familiar', while 25% are 'Novice'



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- **Key findings**

- (i) A “lack of commitment from internal decision makers” is holding back captive utilization in Asia
- (ii) Common perception that captives are only suited to the largest companies
- (iii) Captives are a “*pure tax play*” is the most common **misconception** among risk & insurance management community
- (iv) “Maturing risk management culture” and the “struggle to find coverage for unique risk portfolios” among drivers of captive interest
- (v) 90% of respondents said they expected growth in number of captives domiciled in Asia



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- **What is holding Asian captives back?**

- (i) Knowledge gap**

- 75% of respondents believe knowledge of captives is restricted to the largest companies
- 54% said “lack of understanding” of captive concept was holding utilization back

- (ii) Lack of commitment**

- 75% cited a “lack of commitment from internal decision makers

- (iii) Soft insurance market**

- 68% cited the soft insurance market

- (iv) Other factors**

- 29% cited high set-up costs and regulatory concerns respectively



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- **Common misconceptions**

- (i) Tax**

- 36% of respondents believe the idea captives are a “pure tax play” is the most common misconception

- (ii) Complexity**

- 29% think the idea it is too complicated and “not worth the effort in a soft insurance market” is a common misconception

- (iii) Company size, operations**

- 25% cited the belief captives are only suited to the largest companies
 - 11% point to the need for international operations



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- **Captive drivers**

- (i) Sophistication**

- 61% cited “maturing risk management culture” and natural evolution of businesses
 - 43% said “in house understanding” of captives

- (ii) Emerging / unique risks**

- 43% cited the use of captives to finance complex risks when commercial market is unresponsive

- (iii) Dispute resolution**

- 36% cited “bad claims experience with insurance partners”



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- **Future and domicile perception**

- (i) Growth potential**

- Only 7% said they expected there to be no growth in number of captives domiciled in Asia
 - 36% said there was strong growth potential
 - 57% expect growth to continue at current pace

- (ii) Labuan IBFC**

- 64% perceive Labuan to have a 'fair' reputation as a captive domicile. 32% said 'strong'
 - Access to the regulator and "expert local infrastructure" are deemed the most important qualities when considering a captive domicile
 - Almost 70% of respondents are "very comfortable" using Labuan as their captive domicile



THANK YOU

RICHARD CUTCHER
EDITOR, CAPTIVE REVIEW
R.CUTCHER@CAPTIVEREVIEW.COM

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