

## **Captive Review**

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### **65% businesses exploring captives**

A survey conducted by UK-based organisation Airmic has found that 65% of corporate policyholders are exploring alternative risk transfer solutions, including captives.

A survey with the same questions conducted by German risk and insurance management association GVNW found that 53% of corporate policyholders were exploring alternative risk transfer solutions.

The results of the surveys were released today and surveyed over 100 members in total.

It found that during 2019 renewals, rates rose for 94% of UK businesses and 93% of German businesses surveyed.

Some lines were harder hit than others, with D&O seeing a big increase in rates for many businesses according to the survey. More than 80% of UK respondents saw D&O rates increase, with 13% have their rates more than double in 2019. For 16.7%, they had a 50-100% increase in their D&O rates.

It wasn't just higher rates that proved a problem for survey respondents- 32% of German businesses said that unavailability of cover was an issue, and just over 20% of UK businesses.

Increase in cover exclusions was an issue for almost 50% of UK businesses and 47% of German businesses.

These issues are some of the ones why many businesses end up choosing a captive solution. Deputy CEO and technical direct at Airmic, Julia Graham, said that there must be innovative solutions in the market to deal with current conditions.

“Today’s market conditions are notably different to previous hard markets which were cyclical and focused on price,” she said. “Today, by comparison, we are also seeing reduced capacity, an increase in exclusions and in some cases the complete withdrawal of cover.

“There are also early signs of changing claims behaviour which we are monitoring closely. This is a seismic shift. To stay relevant, the market must become more customer-centric, make better use of technology to improve service, and provide more innovative solutions.”