



Marsh Captive Solutions benchmarking results

# 2023 Captive Landscape

Emerging trends in the captive insurance world

# More organizations than ever before are using captives as a valuable risk management tool

# 370

## New captives formed in 3 years

100

2020

132

2021

138

2022

## Marsh Captive Solutions



**\$70B**

Premiums under management



**\$118.5B**

Surplus under management



**1,900**

Entities under management



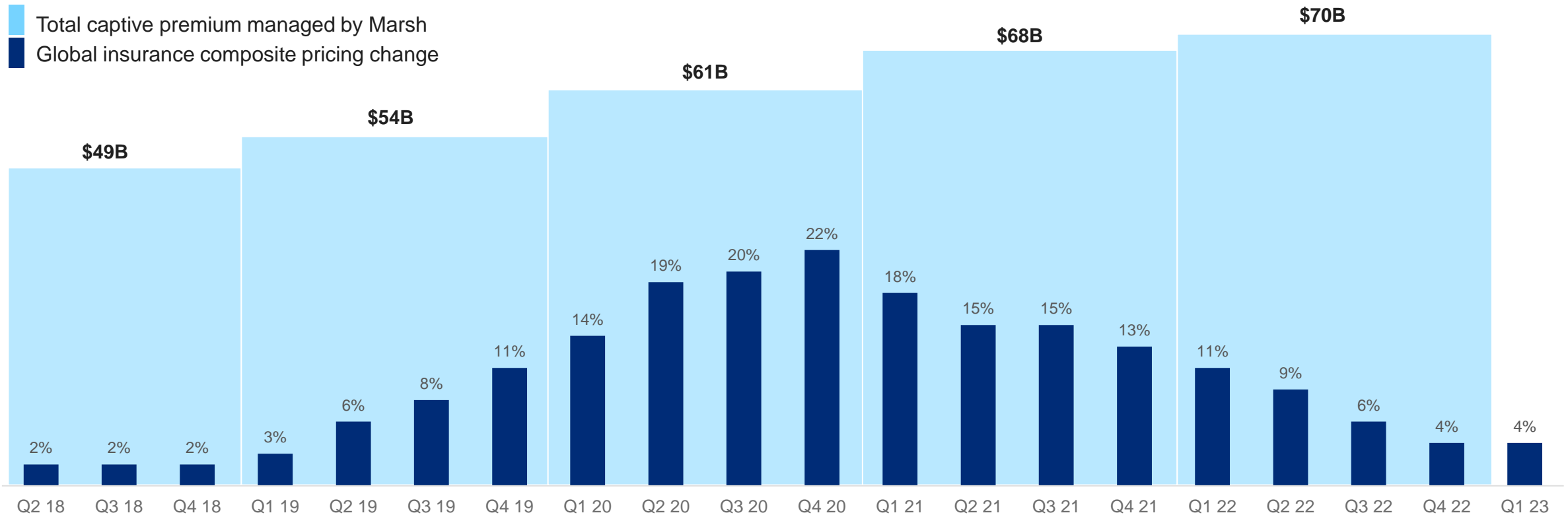
**55**

Domiciles with licensed manager

# Global insurance markets overview

## Steady growth in Marsh captive numbers and premiums

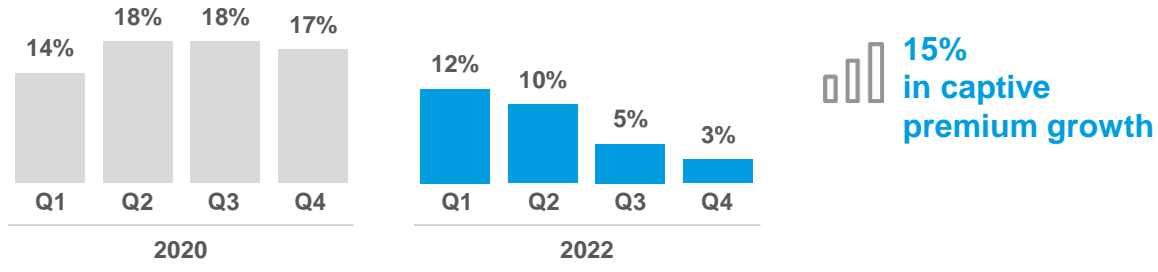
Organizations turn to captives when commercial insurance becomes expensive or too difficult to obtain



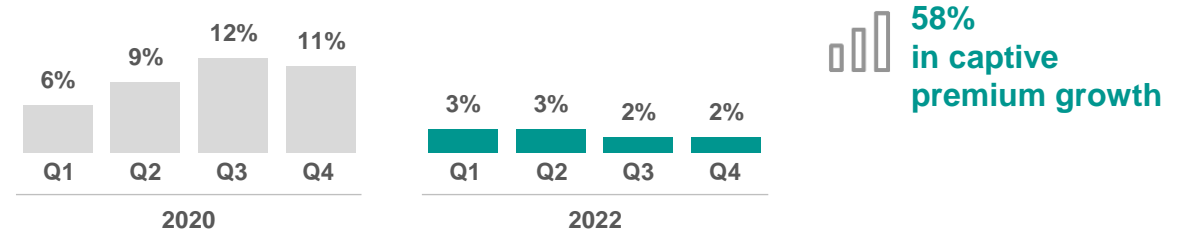
# Changes in regional pricing are driving captive premium growth

2020 vs. 2022 composite insurance pricing change by region

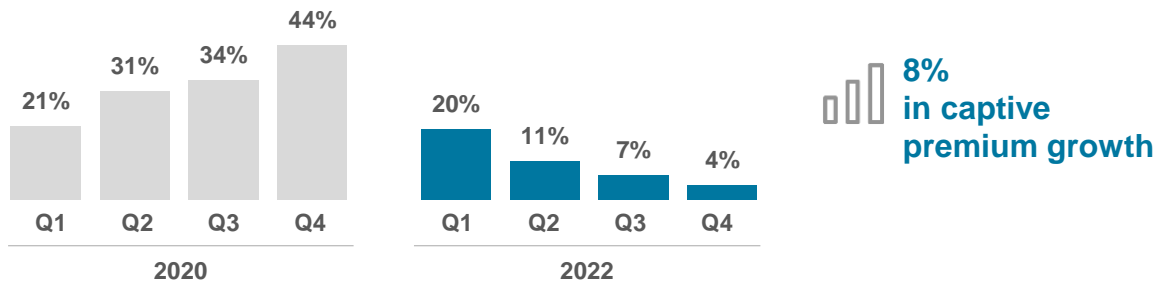
## North America (parent company region)



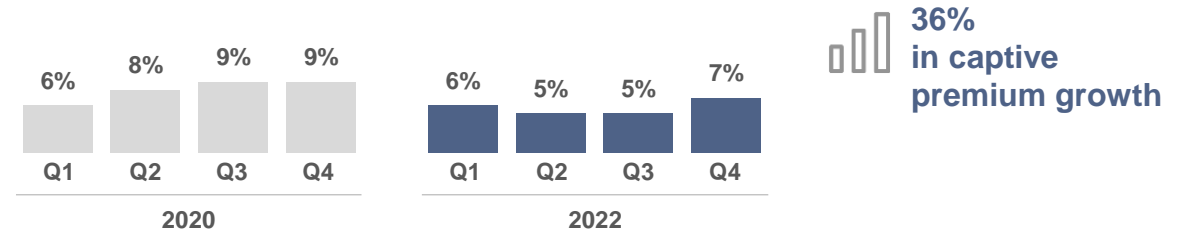
## Asia (parent company region)



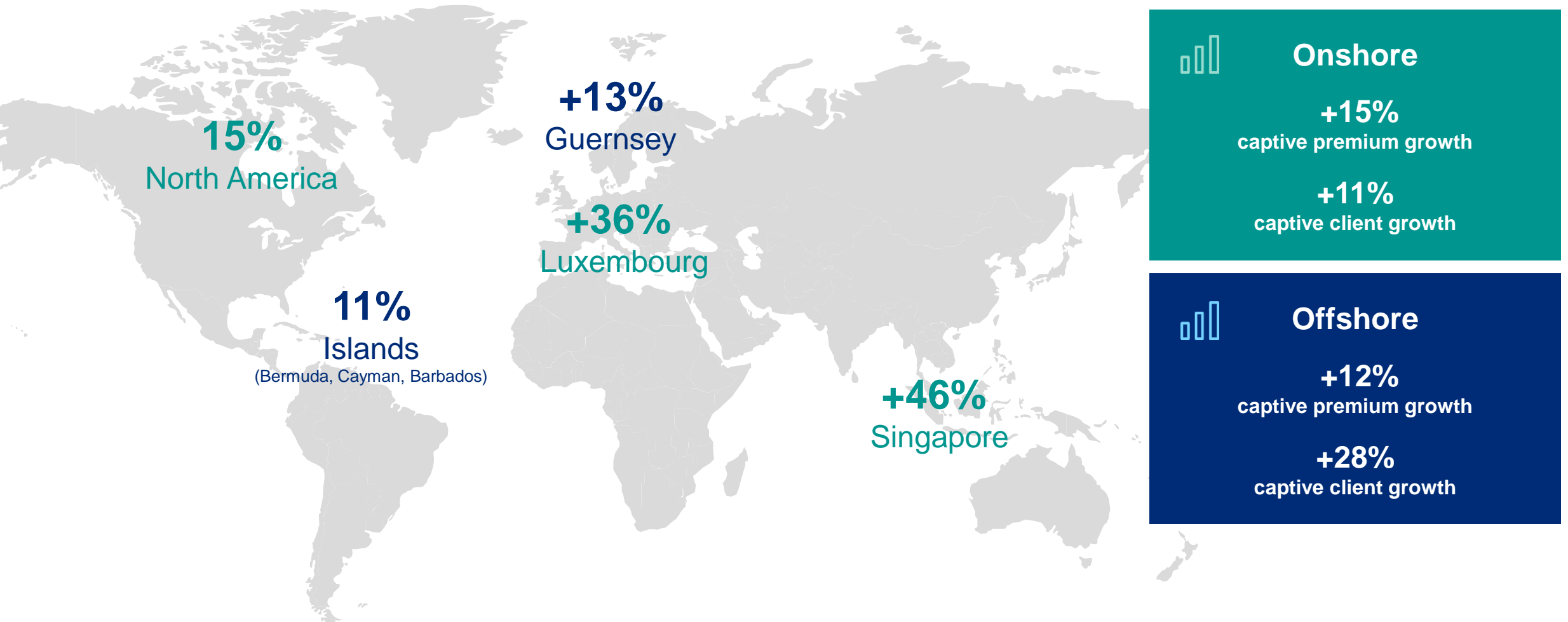
## UK (parent company region)



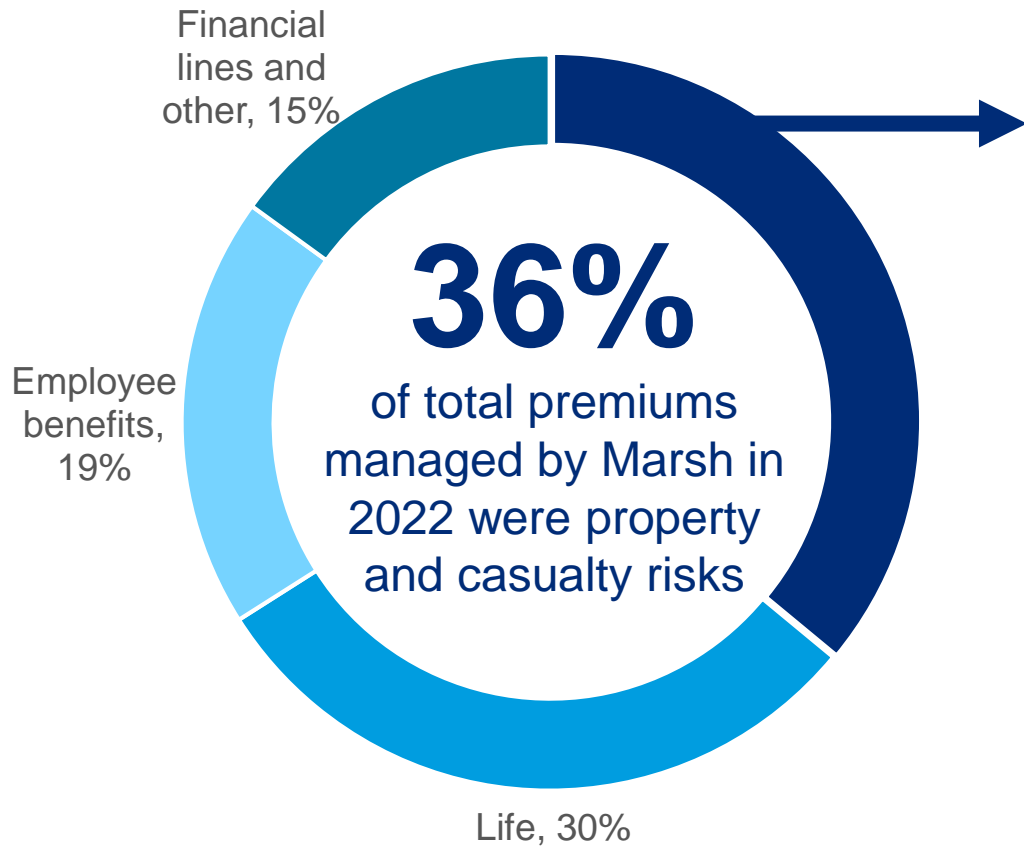
## Latin America (parent company region)



# Captive premium growth continues to trend upward in all regions



# Traditional property and casualty coverages continue to lead in the captive space



Property

**Over \$10B**  
Captive premiums

**+\$125M**  
Captive premium growth globally

**+7%**  
Captive premium growth in North America



Casualty

**Over \$15B**  
Captive premiums

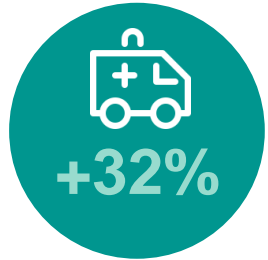
**+\$2.6B**  
Captive premium growth globally

**~\$5B**  
Workers' comp premium as the largest casualty line

# Interest in non-traditional lines continues to grow

## Premium growth

### Employee benefits



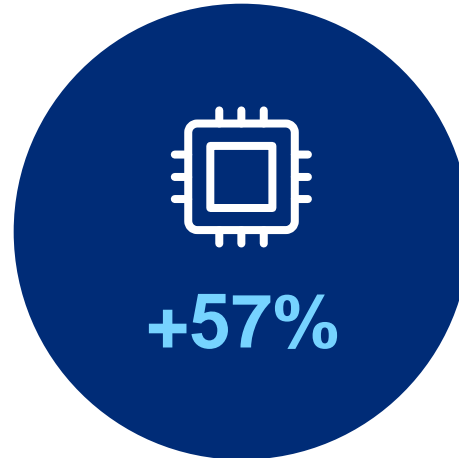
Medical stop loss



Voluntary benefits

### Financial lines

We saw a **49% growth** in total captive premium over the last two years.



Cyber



Directors & officers (D&O) side A

# The commercial cyber insurance market remained challenging

**\$133M+**

Total cyber premium under management

**+75%**

Growth in the number of captives writing cyber



Global commercial cyber pricing increase for the fourth quarter of 2022

- ↑ Claim severity
- ↑ Coverage exclusions
- ↑ Systemic exposure concerns
- ↑ Retentions



# Opportunities continue to develop for third-party business

# 27%

of the total Marsh-managed captive premium provides coverage for **third-party risks**



Capture underwriting profit and investment income on program cash flow associated with insuring third-party risks



Insuring third-party risks through a captive creates risk distribution, which supports tax-deductibility of captive premiums for the parent company and adds diversity to the captive portfolio

## Trending coverage lines:



Employee benefits

including pet insurance, ID theft, home, automobile, umbrella, critical illness, hospital indemnity



Automobile



Extended Warranty

# Interest in protected cell captives\* continues to grow in the US and globally



**1 in 4**

of our new formations  
are cell captives.

**A protected cell captive is used as a cost-effective risk financing vehicle:**

- Up to 50% lower operating costs compared to a single-parent captive
- Set-up time can take days instead of months
- Established infrastructure of service providers
- May help achieve same financial advantages as a single-parent captive

# Tailored industry solutions that support our clients' competitiveness and resilience

## Financial institutions



**52%**  
of premiums managed by Marsh



**32%**  
in captive premium growth



**Growing sections**  
Crime/Fidelity  
General Liability  
Medical Stop Loss  
Professional Liability

## Communications, Media & Technology



**10%**  
of premiums managed by Marsh



**7%**  
in captive premium growth



**Growing sections**  
Cyber  
Director & Officer  
Errors & Omissions  
Medical Stop Loss

## Retail/Wholesale



**7%**  
of premiums managed by Marsh



**52%**  
in captive premium growth



**Growing sections**  
Auto Liability  
Cyber  
Property NBCR  
Property TRIA

## Automotive



**4%**  
of premiums managed by Marsh



**22%**  
in captive premium growth



**Growing sections**  
Employee Benefits  
Cargo  
Property  
Supply Chain

## Transportation



**2%**  
of premiums managed by Marsh



**40%**  
in captive premium growth



**Growing sections**  
Excess Liability  
Marine, Cargo  
Property TRIA  
Workers' Compensation



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