

H·E·L·I·O

PROPERTY CAPTIVE & RISK MANAGEMENT



Property Captive Solutions

In the US, captive insurance company legislation has been around since the 1970s. Many states provide well-established domiciles for an organization to have the best of both worlds: becoming self-insured for some or all of their coverage via a captive managed by experts and monitored by experienced regulators, while retaining the commercial insurance industry for certain aspects or catastrophic coverage. Insurance buyers turn to captives for a variety of reasons, but the most common are the "three Cs."

Capacity

Property buyers with established single parent captives are expanding the utility of their captive insurance company by funding coverage layers throughout their programs. Coverage can include deductibles, primary retentions, or sit above or within a tower of additional commercial carriers. If needed, over two dozen fronting carriers are in the property captive space, providing a large network of support to meet specific contractual insurance requirements.

Coverage

Captives provide broader coverage tailored to an insured's actual risk profile. While property may be perceived as a more volatile risk, its short tail means there are no challenging legacy exposures like other lines. Coverages can include: Building and Personal Property, Business Interruption and Extra Expense, Flood and Earthquake, Contractor's Equipment, Valuable Papers and Accounts Receivable, Terrorism Coverage, Electronic Data Processing, and more.

Control

Owners can write tailored, comprehensive, customized coverage, without exclusions or restrictions that might apply in the commercial market. Reduction of volatility through change of carriers is eliminated, as the renewal rate by the captive becomes nearly 100% for captive covered risk. From a financial and budgeting perspective, captives often can offer better pricing because they are rated on the company's specific loss history rather than the overall market exposure and/or industry averages. So, as a result, organizations with captives benefit from more stable pricing and less budget volatility. Claims and exposure can be well understood, allowing for well-informed decisions related to risk mitigation.



Leveraging Captive Insurance For Customized Property Coverage Programs

Property insurance is in the hardest market it has been in for many decades. Massive and continuing catastrophic losses from convective storms, floods, fires, hail, and tornadoes have combined with traditional catastrophic risks to push property insurance into a much harder market than anticipated.

Costs and Ongoing Financial Benefit

Start-up costs include having an actuarial study performed to determine feasibility and funding for the new captive. Costs are determined on a case-by-case basis depending largely on scope of coverages. Ongoing administrative costs are often absorbed by lower premium, and surplus becomes part of a growing investment fund. The ability to realize investment income on premium funding exists for the first time when an entity creates a captive. Over time, a well-managed captive program should result in lower premium and efficiencies in operating expenses, such that overall spend for insurance is lowered, and investment income is realized to create surplus.

- Captive surplus has grown by 17% since 2018.
- Over the past five years captives have saved their owners \$9.4 billion that would have gone to the traditional insurance market.
- US domiciles account for 52.4% of all global captives and North American offshore domiciles, including Bermuda and Cayman, account for 33.1%.


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About Helio

With multiple offices around the country, Helio Risk is a full-service captive management and risk consulting firm of Account Management Specialists, Captive Managers, Risk Control Specialists, Certified Public Accountants, and other administrative staff available to provide insight and expertise to our clients' most challenging needs.

Working together with brokerage teams, actuaries, and other service providers, Helio identifies strategic areas for captive integration within comprehensive insurance programs.

