

STRATEGIC CAPTIVE REVIEW

GLOBAL CAPTIVE PRACTICE

The purpose of a Strategic Captive Review is to identify how you can achieve the most effective use of your captive(s), whilst also ensuring that optimum efficiency is achieved in terms of operating costs and use of capital.

As with any organisation, your business environment and strategic position may have changed considerably since your captive(s) was established. Additionally, there are likely to have been changes to your organisation, structure, business and risk exposures during this period. Factors likely to have influenced such changes include:

- Market changes and competitive pressures,
- New product/service developments,
- Changes in financial/operational/business strategy,
- Changes in the international corporate environment,
- More onerous risk reporting requirements and disclosures, and
- Increasing demand to address environmental and social issues within the overall business strategy.

BENEFITS OF A STRATEGIC CAPTIVE REVIEW

The key benefits of the Strategic Captive Review are that it provides you with independent advice regarding the extent to which your captive is:

- Aligned with your financial, operational and business strategies,
- Providing cost effective risk coverage,
- Achieving efficient use of capital,
- Realising an attractive rate of return, and
- Creating financial benefits such as improvements in cash flow and capital utilisation.

THE STRATEGIC CAPTIVE REVIEW

A strategic captive review can address a broad number of questions, including:

- Does your captive meet your objectives and needs?
- Has the strategy changed within the Group and is the captive still valuable?
- Is your captive making best use of capital and cash?
- Are the classes of business underwritten by the captive appropriate to the capital base of the captive?
- Is the captive located in the right domicile and are you using the most suitable captive vehicle?
- Are there other risk financing needs that would benefit from captive participation?
- How will the captive deal with future changes in environment and regulation.
- How is my captive manager performing?
- What exit strategies are available in the event that the captive ceases to be the best vehicle for the client's financing of retained risk?

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To support the answers that will be provided to these questions, Willis would look to benchmark the performance of the current captive against that of a selection of its peers.

The first part of the Strategic Captive Review is to understand your needs and the objectives of your captive. The second part is to analyse how the captive is responding to these needs and objectives and what can be done to achieve the most effective and efficient use of the captive. This review with possible improvements and recommendations will result in a report and a presentation at the convenience of the client. If the client and captive board decide to follow the recommendations the project will continue with the implementation of the proposal.

WILLIS'S ROLE

The Willis Global Captive Practice will produce a report setting out the options for the future structure of the client's captive(s) and the programmes written therein. The options will be tested against pre-agreed objectives set by the client and recommendations made.

Expertise for providing the service is achieved through the pooling of the Willis group's resources and knowledge, which is well regarded for its breadth of experience in captive consultancy, risk management and design of risk transfer and finance solutions. This expertise is further consolidated through Willis's long standing position as a leading captive manager world-wide.

THE NEXT STEP

We recognise this is a considerable commitment and so we offer a Captive Clinic at no charge to quickly analyse key information to assess whether a Strategic Captive Review appears to have validity and if further work is warranted.

Contact us and we will arrange an initial meeting following which the Global Captive Practice will prepare a detailed proposal for a Strategic Captive Review.

WILLIS GLOBAL CAPTIVE PRACTICE

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