

THINK CAPTIVES ARE JUST FOR BIG CORPORATIONS? THINK AGAIN.

There is a common myth that only the very largest companies can benefit from establishing a captive insurance company. In fact, the application of captive technology can offer significant opportunities for almost any mid-sized organisation spending more than £500k each year in commercial insurance premiums. The advantages can be extraordinary - let us give you some practical examples of how a captive solution could help your business.

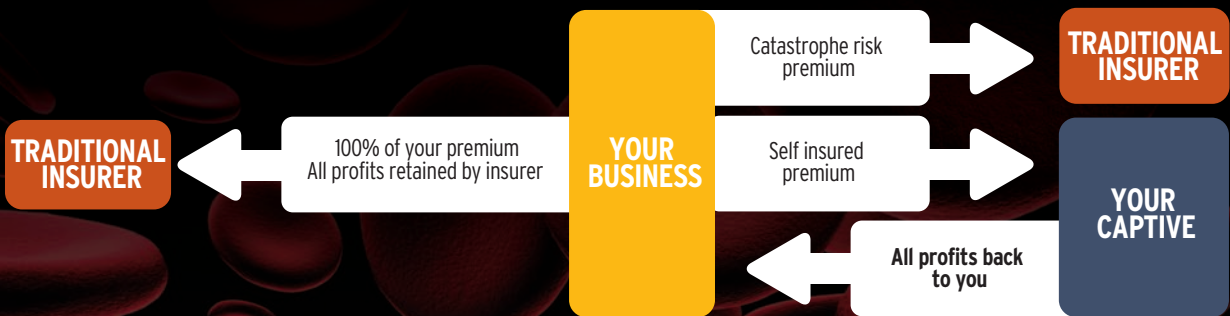
DO YOU WANT TO REDUCE YOUR CURRENT PREMIUM SPEND?

If you want to reduce and control your insurance costs, a captive might be able to help. Many businesses only really need insurance to protect them from the large catastrophe risk - the once-in-a-lifetime event that involves a major fire or other significant disaster.

Most of the time, the bulk of your insurance premium is simply being used to swap pounds with your insurer - you pay them a premium, then they hand it back to you in small claims payments, having first deducted a considerable chunk for expenses and overheads. Or, if your losses are even lower, they don't give any back at all. So, why not take control of your costs by keeping a larger proportion of your

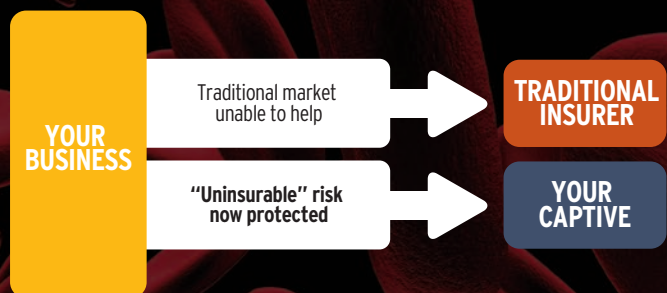
premiums in-house by using a captive? It's a simple concept:

Of course, care would need to be taken to ensure that you only retain risks which you can readily sustain but that is where Willis can help. We will analyse your existing programme and tell you exactly where we think the savings can be made in a detailed and costed feasibility report.



DO YOU NEED INSURANCE BUT CAN'T FIND AFFORDABLE COVER IN THE TRADITIONAL MARKET?

Sometimes, the traditional insurance market can't give you the cover that your business needs. However, buying cover externally isn't your only choice. Establishing your own captive may well give you access to reinsurance markets that can give you the protection you need, but which would be inaccessible on a direct basis. Tell us what you need and we will see whether a captive can provide an affordable and flexible solution.



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YOUR INSURANCE ARRANGEMENTS CAN GENERATE NEW BUSINESS!

Most people consider insurance as an expense, a necessary evil that is needed to protect your business, your employees and your customers. However, not everyone recognises the potential for insurance to generate new income. One example of an income-generating insurance scheme is that of Extended Warranty cover.

The problem with this type of arrangement is that few insurers want to get involved in anything but the very largest schemes. This may be

where a captive can help. We can work with you to identify innovative ways to create a captive solution that provides additional value for your customers, a marketing advantage for your company and potential profit revenues too. Did you ever think insurance could look so attractive?



SO, HOW DOES IT WORK?

The simple answer lies in a bespoke captive vehicle called a cell. A cell is, in essence, your own private insurance company. You can decide which of your risks could more profitably be managed yourself, rather than simply passing those profits to a third party insurer. Having decided which risks you want your cell to manage, you pay an appropriate premium (which we will help you quantify) but to your cell, not to a third party. If the risks are low and there is little likelihood of significant claims being paid, you probably need do nothing else, merely relying on the growing fund to pay out claims when and if they arise.

Conversely, if the risks are a little higher, your cell can use part of the premium it receives to buy its own insurance – termed reinsurance. Reinsurance companies are usually cheaper to use (because they have no expensive branch offices to maintain) and will often accept risks that the traditional market will turn away. So, your cell continues to meet your smaller claims, whilst bigger claims are simply referred to the re-insurers to settle in the usual way.

Funds in your cell will, hopefully, build up over time reflecting the profits which would normally have passed to your insurer. Not only that, but those funds can be invested with your cell benefiting from the earned interest. Of course, there are some costs involved in setting up and managing your own cell but these are relatively modest when compared to the advantages that might be available.

WHAT SHOULD YOU DO NEXT?

Willis will provide you with all the advice you need. Whether we are your existing brokers or not, our specialist team can quickly work with you to decide whether a cell solution might suit you. If so, we can provide you with a fully costed feasibility study which, if you so decide, we can then take to full implementation and ongoing management.

Simply contact your existing broker, email us directly at: cellsolutions@willis.com or talk to a member of our captive team:
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We communicate with you to understand your business, providing the expertise and creativity to develop and deliver excellent captive solutions, and we do so with passion.