

MARSH CAPTIVE SOLUTIONS



Face a New World of Risk... On Your Terms

Fluctuating market conditions, unstable regulatory environments, and global economic shifts affect your day-to-day operations — and your bottom line. Transferring your risk to the hands of commercial insurers could potentially leave your business vulnerable to increased premiums, decreased benefits, and denial of critical risk coverage.

Marsh provides the specialized expertise and strategic resources to help you create comprehensive, results-focused solutions for all your risk management needs. A captive solution could be the right tool to help your business face the world of risk on its own terms — and come out ahead.



The Benefits of Managing Your Own Risk

Captive implementation is one of the premier alternative risk finance solutions—one enjoyed by many Fortune 1000 companies and now, increasingly, by smaller companies. Once viewed primarily as a solution to counter rising premium costs, captives actually offer many potential benefits that are difficult to match:

- Captives are designed to enhance your ability to manage the retentions and deductibles associated with traditional risk transfer programs. By forming its own subsidiary insurer to handle much or all of its own risk — a company is freed from the control and restrictions of the commercial insurance market.
- The flexibility to fund not only traditional coverages — such as general liability, workers' compensation, auto liability, property insurance, employee benefits — but also difficult-to-insure exposures — such as environmental risks and employment practice liabilities.
- The ability to design your coverage as you need it, not as outlined by a commercial insurer. Your coverage can be broader, policies simpler, and risks more manageable. A captive also helps to facilitate the most effective claims-handling methods and loss control programs.
- Creating a self-owned insurer, such as a captive, may offer the benefits of greater control and reduced costs, both of which have a significant impact on your economic security and profitability.
- Captives may provide significant revenue benefits. Premium payments are made directly to your captive, allowing reserves for unpaid claims and unearned premiums to be invested, offering you the ability to establish reserves from pre-tax income otherwise unavailable to a non-insurance entity. These revenues further strengthen the captive itself, eventually positioning the entity for more favorable reinsurance opportunities.

Our professionals work with you every step of the way, from the incorporation of your captive through its active day-to-day management, with a wide variety of offerings — including accounting, insurance, claims, personnel, and management information services. Marsh also holds established relationships with key service providers such as auditors, lawyers, and actuaries to help you run your captive smoothly, cost-effectively, and with the strategic and financial benefit most appropriate for your business.

MARSH CAPTIVE SOLUTIONS AT A GLANCE

- Close to 1,250 captives managed worldwide.
- More than 435 captive professionals located in every major domicile.
- Established relationships with key service providers and all major reinsurers.
- Developed the first-in-market Global Captive Benchmarking Report.

STATE-OF-THE-ART SOLUTIONS PROVIDING:

- Lower premiums.
- Extended coverage that may not be available through commercial outlets.
- Potential tax advantages.
- Realization of revenue from premium investments.
- Greater accountability in managing your total cost of risk.

Getting Started: Captive Advisory and Management

Forming and managing a captive is no small task; it requires a long-term commitment. Marsh has captive professionals who work with you to determine whether a captive is right for your organization, and then work hand-in-hand with your legal and financial representatives to help form and manage the captive facility within the proper tax and accounting guidelines.

Captive Advisory

Through comprehensive feasibility studies, Marsh's skilled captive advisory professionals counsel clients on the pros and cons of captive formation, enabling them to make informed decisions before investing in this long-term risk management program and consulting with them on the multiple alternative applications that a captive can provide.

Key Captive Advisory services provided include:

- Feasibility studies.
- Strategic reviews.
- Domicile reviews.
- Exit strategy studies.

Marsh's captive advisory professionals continually monitor insurance market conditions and assist clients in tailoring their insurance programs to adjust to changes in those conditions. Marsh also maintains close working relationships with all of the major reinsurers, many of which have specific business units dedicated to working with alternative insurance facilities such as captives.

Marsh offers

INDUSTRY-LEADING EXPERIENCE

in captive program design and management

Captive Management Services

Once you've made the decision to develop a captive, choosing the appropriate location is critical to its success. Marsh's captive professionals assist organizations in selecting the proper domiciles. We will work with you to evaluate your organization's business goals and geographic location and the potential captive domiciles' infrastructure, tax structures, and treaties.

Once your organization has decided on the domicile, a designated team led by Marsh's captive management professionals guides the process from incorporation to active day-to-day management. Marsh has been assisting captives for nearly 50 years. We have built long-lasting relationships with key service providers such as actuaries, attorneys, and auditors—all essential to the smooth operation of a captive.

Our Captive Management colleagues offer a wide range of services, including:

- Strategic management.
- Accounting.
- Insurance policy.
- Claims management.
- Regulatory compliance.

Captive Actuarial Services

Our Captive Solutions Actuarial Group comprises credentialed actuaries and supporting actuarial analysts. Our actuaries consult exclusively with captive and self-insurance programs in numerous global domiciles.

Actuarial services are a vital piece of a captive insurer's operations. Actuaries support the sustainable and effective operation of captive insurers by evaluating the reasonableness of unpaid loss reserves and premium, captive feasibility, transfer of risk, capital adequacy, and a myriad of other issues including assistance with communicating with other captive insurance stakeholders such as auditors, insurers, and insurance regulators.

Analytics Is a Key Part of Establishing and Managing a Captive

Analytics can play an important role in helping identify risk retention opportunities and making optimal use of a captive, which often yields significant strategic and economic benefits. Marsh's Analytics team works with captive clients to help them answer questions such as:

- How much risk can the company retain without significantly impacting its financials?
- Is the company appropriately protected against risk within its corporate risk tolerance?
- Is the company getting a fair price for insurance?
- Can the company leverage a captive to gain strategic advantage and minimize the cost of risk?

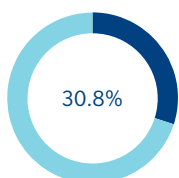
By analyzing financial data, Marsh works with the captive client to create a threshold for risk tolerance aligned with its appetite for risk. The risk tolerance threshold is an important factor in selecting an appropriate insurance structure to support the client's overall capital allocation and strategic planning. Knowledge of risk tolerance can help justify current decisions — and ones that may be made in the future.

Marketplace Strength

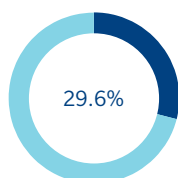
Marsh offers industry-leading experience in captive program design and management, with captive professionals and offices throughout all the world's major captive domiciles. We evaluate your organization holistically — understanding your strategies, goals, and needs — and provide the tailored, comprehensive captive solution that works seamlessly within the context of your business.

With experts who understand your unique risks, the resources to deliver the most comprehensive captive management solutions, and the most talented, dedicated people in the business, Marsh is here to help your business gain freedom from commercial insurance markets — and to achieve the rewards that lie on the other side of risk.

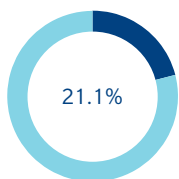
Top Five Risks Insured By Captives



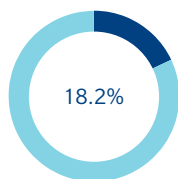
**COVERAGE GENERAL/
PUBLIC/THIRD PARTY
LIABILITY**



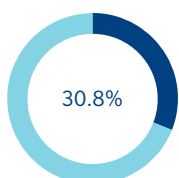
PROPERTY



**WORKERS'
COMPENSATION/
EMPLOYERS' LIABILITY**



**OTHER FINANCIAL LINES
(LIFE INSURANCE, EXTREME
MORTALITY, PERSISTENCY,
AND LONGEVITY)**



AUTO LIABILITY

Captive Use By Industry

MARSH INDUSTRY PRACTICE	PERCENTAGE
Financial Institutions	24.3%
Health Care	13.8%
Manufacturing	7.12%
Retail/Wholesale	5.68%
Construction	4.51%
Transportation	4.51%
Communications, Media, and Technology	4.15%
Power and Utilities	3.88%
Chemical	3.43%
Other Services	3.16%
Misc. Other	2.80%
Energy	2.61%
Real Estate	2.52%
Automotive	2.16%
Mining, Metals, and Minerals	2.16%
Marine	1.89%
Food and Beverage	1.80%
Life Sciences	1.80%
Aviation, Aerospace, and Space	1.26%
Education	1.26%
Sports, Entertainment, and Events	0.99%
Professional Services	0.90%
Agriculture and Fisheries	0.81%
Public Entity and Not-For-Profit	0.81%
Forestry and Integrated Wood Products	0.72%
Hospitality and Gaming	0.54%

Source: Marsh's Benchmarking Survey Analysis 2015



For further information, please contact your
local Marsh office or visit our website at:
www.marshcaptivesolutions.com

Marsh is one of the Marsh & McLennan Companies, together with Guy Carpenter, Mercer, and Oliver Wyman.

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