



Which companies or groups are good candidates to form an insurance captive?

- As a “rule of thumb”, companies or groups which intend to place a minimum of USD 1,000,000 of premium through their captive. There are many exceptions to this as many companies or groups adopt captive insurance strategies to achieve other objectives (many of which follow)
- Long term plans to eliminate or reduce insurance costs and associated expenses such as insurance broker or other costs;
- The company or group have a risk management strategy to manage and finance risk
- The company or group has international operations or business plans to expand into other countries and the parent is resident in a country that has a tax treaty with Mauritius or the company is Mauritian and has significant operations
- Companies or groups with good loss records and commitment to safety and claims management
- Significant retained risks or plans to do so; Have a desire for a larger retentions but want to offer lower retentions to specific business units
- Long term support from management including tax and finance
- Have a good spread of risk in their group
- Want better access to reinsurance
- Have uninsured risks in the company or group that could be handled by an insurance contract (e.g. political risk)
- Significant emerging or new risks in their strategic plan
- Need to capture quality underwriting and loss data
- The company or group carries third party risks (e.g. warranties; JV partners)
- Want broader/better coverage than the insurance market is prepared to offer; need to enhance the quality of coverage available to the company or group; the insurance market has withdrawn coverage or does not offer the scope of coverage required; The company or group wants to have a risk financing tool that provides a hedge against swings in the insurance market pricing or coverage offered
- Perhaps because of past issues, want to take more control over insurance claims
- Company or group needs to have an enhanced understanding of their risk portfolio
- Desire to achieve tax savings on insurable risk