



Captive Insurance and Alternative Risk Transfer Course: Feasibility, Domiciles and Fronting



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Introduction:

Captive insurance and alternative risk transfer is the subject of this 1-week course for risk financing, treasury and insurance units in large industrial groups, ending with a Captive Feasibility Study and Business Plan for a case group. Groups with heavy retained losses and volatile premiums often pay the market for risks they could fund themselves, or form captives without proper capital, pricing or oversight. Nominees already manage insurance budgets, retentions or broker relationships and learn through a modelling build on loss and premium data. CoreConcept Training Center delivers this captive insurance and alternative risk transfer course.

Course Objectives:

- Assess whether a group's loss profile, premium spend and risk appetite justify forming a captive or using another alternative risk transfer vehicle
- Select between single-parent, group, rent-a-captive, protected cell and incorporated cell structures for a given portfolio of exposures
- Build a captive feasibility model projecting retained losses, premiums, expenses, capital and investment income across several underwriting years
- Compare candidate domiciles on capital rules, approval process, operating cost and service provider depth, and specify the fronting and collateral arrangements
- Set captive premiums on an arm's length basis and design board oversight, captive manager reporting and solvency monitoring
- Produce a Captive Feasibility Study and Business Plan with a recommended structure, domicile, fronting route and capital plan

Target Audience:

- Corporate risk financing units that decide which group exposures are retained, funded internally or transferred to the market
 - Group finance and treasury units that provide capital, collateral and cash for captive and self-insurance arrangements
 - Insurance management units in energy, petrochemical and utility groups that run property, liability and employee benefit programmes
 - Tax and legal units that review intra-group premiums, captive contracts and domicile documentation
 - Insurer, broker and captive management teams that structure fronting, reinsurance and cell arrangements for corporate clients
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Course Outline:

Day 1: Captive Concepts, Retained Risk and Group Exposure Baseline

- Captive Insurer Definition and Parent Group Risk Financing Role
- Self-Insured Retention Versus Formal Captive Cost Comparison
- Captive Business Case Drivers From Premium Volatility
- Group Loss Triangle and Premium Spend Baseline Review
- Exposure Inventory Ranking Lines Suitable for Captive Retention

Day 2: Captive Structures, Cell Vehicles and Alternative Risk Transfer Instruments

- Single-Parent and Group Captive Ownership Model Comparison
- Rent-a-Captive Arrangement and Sponsor Profit Sharing Terms
- Protected Cell and Incorporated Cell Ring-Fencing Mechanics
- Finite Risk and Multi-Year Integrated Programme Structures
- Catastrophe Bonds, Industry Loss Warranties and Contingent Capital

Day 3: Feasibility Modelling, Domicile Selection and Fronting Design

- Actuarial Loss Projection and Confidence Level Funding Analysis
- Captive Premium, Expense and Investment Income Projection Model
- Domicile Scorecard Weighing Capital Rules, Cost and Infrastructure
- Fronting Insurer Selection, Fronting Fee and Claims Handling Terms
- Letters of Credit, Trust Funds and Collateral Sizing

Day 4: Capital, Tax, Governance and Captive Failure Cases

- Risk-Based Solvency Margin and Minimum Capital Calculation Worksheet
- Arm's Length Premium Pricing and Intra-Group Transfer Pricing File
- Risk Distribution and Risk Transfer Tests for Premium Deductibility
- Captive Board Charter, Manager Mandate and Reporting Calendar
- Dormant, Undercapitalised and Mispriced Captive Wind-Down Lessons

Day 5: Modelling Build for a Case Group Captive Feasibility Study

- Petrochemical Group Case Brief With Loss and Premium Data
 - Retention Layer Selection Using the Feasibility Projection Model
 - Structure, Domicile and Fronting Route Recommendation Matrix
 - Capital Plan and Five-Year Captive Financial Projection Build
 - Captive Feasibility Study and Business Plan Completion
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Skills You Will Gain:

- Risk Financing Appraisal
- Captive Structure Selection
- Actuarial Loss Projection
- Domicile Comparison
- Fronting and Collateral Negotiation
- Captive Solvency Monitoring
- Arm's Length Premium Setting
- Captive Board Oversight

Why Attend This Course:

- Deliver a Captive Feasibility Study and Business Plan for a case group to the chief financial officer and the board risk committee
- Decide whether a captive, a cell, a finite programme or market insurance is the right vehicle for each retained exposure
- Avoid a captive that is undercapitalised, priced off arm's length, trapped in a costly domicile or blocked by fronting collateral demands
- Share the feasibility model, domicile scorecard and governance calendar with treasury, tax and insurance colleagues

Conclusion:

Back at work, the participant presents the Captive Feasibility Study and Business Plan to the chief financial officer and the board risk committee, who use it to approve or reject a captive, choose the structure and domicile and release the initial capital. Treasury and tax teams use its premium and collateral figures to prepare the fronting placement and the transfer pricing file. After the first underwriting year, the group should compare actual retained losses, expense ratio and capital adequacy with the plan and adjust retentions and lines.

Frequently Asked Questions FAQ:

What should participants know before a captive insurance and alternative risk transfer course?

Participants should already work with group insurance budgets, deductibles or broker placements and read basic financial statements. Bringing several years of anonymised loss data and premium history helps them run the feasibility model on a realistic portfolio.

How does a captive insurance and alternative risk transfer course differ from a corporate insurance buying course?

It focuses on owning the risk vehicle: forming, capitalising, domiciling, fronting and governing a captive and choosing other alternative instruments. A corporate insurance buying course concentrates on placing and renewing policies with brokers and insurers in the conventional market.

Why do large groups use fronting with captive insurance?

Fronting lets a licensed insurer issue the policy where admitted paper is required, then reinsure the risk to the captive for a fee. The fronting insurer carries credit risk on the captive, so it usually requires collateral such as letters of credit or trust funds.

What do participants take back from the captive insurance and alternative risk transfer course?

Participants take back a Captive Feasibility Study and Business Plan, plus a loss projection model, a domicile scorecard, a fronting and collateral term sheet and a captive board reporting calendar adaptable to their own group.
