

# Captive Strategic Review

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Determining the continuing value of a captive insurance company for your organization. Captives are complex vehicles designed to help businesses meet their risk financing objectives. To accomplish this, a captive must respond to emerging and evolving insurance needs and align with corporate strategic and operational objectives, including group risk finance strategy.

A periodic captive strategic review is designed to ensure your captive is operating effectively and optimally and offers a compact, low-cost, and template-driven review of best practices and opportunities for improvement.

A strategic review is particularly well-suited to captives that have been in existence for several years, particularly where there has been program stability and where service providers have remained static. In addition, a review should be considered whenever there are material developments to the parent's business profile (rapid growth, significant acquisitions or divestitures or changes in business direction) or when the insurance market cycle changes. Aon's strategic review can also be valuable when captive closures are being considered or if there are performance concerns.

## Key Benefits of an Captive Strategic Review

Aon's captive strategic review will help assess if your captive is performing at an optimal level by examining the following areas:

- Captive strategic rationale – an examination of strategic approach, to the extent that it has changed over the life of the captive and how compatible it is with the parent company's current objectives.
- Insurance market conditions – an overview of current market conditions, designed to identify particular issues that are likely to impact the role or performance of the captive, and to consider the extent to which the captive is positioned to respond.
- (Re)insurance program review – a high-level review of the current (re)insurance program, outlining opportunities for alternative classes and structures.
- Benchmarked financial performance – a comparison of financial performance of the captive against Aon's benchmark standards.

- Domicile consideration – an assessment as to whether the current domicile remains appropriate.
- Corporate governance – a review to ensure the captive has met with domicile rules and regulations and to identify issues that may need to be addressed.
- Upcoming regulatory issues – a review to identify, as applicable, impending changes to rules and regulations that will impact the captive, and comment on its readiness for these changes.

## Aon's Captive Strategic Review Process

Aon follows a tried and tested process developed to provide an objective assessment of a captive's continued relevance, performance and governance. It will identify any specific areas that merit more detail-specific examination as well as those that continue to operate optimally. Our process allows us to address each topic in a consistent manner and culminates in a report that examines results, whether items met expected performance levels, issues identified and a plan to address them. Throughout the process, we also use a clear and easy-to-understand "traffic light" scoring system with Green denoting that captive performance meets or exceeds expectations; Amber signifying that captive performance is in line with expectations (but further action may be required); and Red informing that captive performance is deficient in specific area(s) and further action is required.

We're here to empower results

Learn more about Aon's Captive Strategic Review approach from our experts.

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## About Aon's Risk Finance & Captive Consulting Team

Part of Aon Global Risk Consulting, Aon's multi-disciplinary Risk Finance & Captive Consulting team includes individuals with capabilities risk management, insurance, reinsurance, captives, actuarial science, underwriting, law, tax and accounting. Seamlessly working together and synthesizing expertise, the team assists clients with their insurance buying decisions, optimizing the balance of risk transfer and retention financing through comprehensive valuation and comparative analysis. We work in partnership with our broking colleagues to evaluate alternative risk finance options with commercial options. This maximizes risk program cost savings while ensuring coverage alignment.

## About Aon's Global Risk Consulting

In today's challenging global environment, business risks are no longer isolated by industry, geography or country. Economic slowdown, regulatory changes, cyber, crime, terrorism, increased competition, damage to reputation, and other critical risks are complex, inter-related and global in consequence. Aon's Global Risk Consulting is the world's leading risk consulting organization. With nearly 1,350 risk professionals in 50 countries worldwide, our consultants have the expertise and experience to recognize and address the unique challenges and opportunities that face our clients.

In close partnership with Aon's broking team, Aon's Global Risk Consulting provides comprehensive and tailored solutions through a consistent global approach backed by a panel of industry experts.

Our Risk Consulting business unit includes leading disciplines ranging from risk control and claims to actuarial & analytics, business continuity management, enterprise risk management, risk management outsourcing, risk finance, captive consulting and captive reinsurance.

Aon's Captive & Insurance Management practice is widely recognized as the leading captive manager, managing nearly 1,400 insurance entities globally with local capabilities in over 30 countries.