

Captive Optimization

Protect yourself from hard insurance market conditions

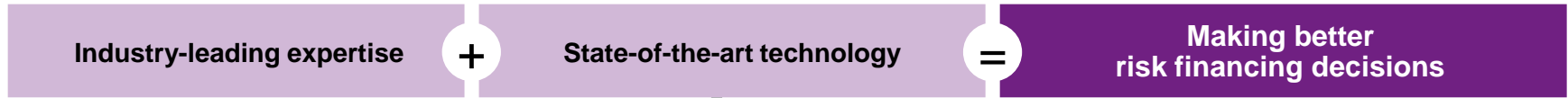
In this hard market, when there is limited time to act before renewals, analytics are the secret to better captive decision making.

Willis Towers Watson can help you evaluate any of the following while understanding the interaction of risks, diversification benefit and impact on captive capital, **in real-time:**

- Increasing captive risk assumption
- Adding and/or subtracting captive coverages
- Changes to reinsurance attachment points
- Changes to captive investment strategy

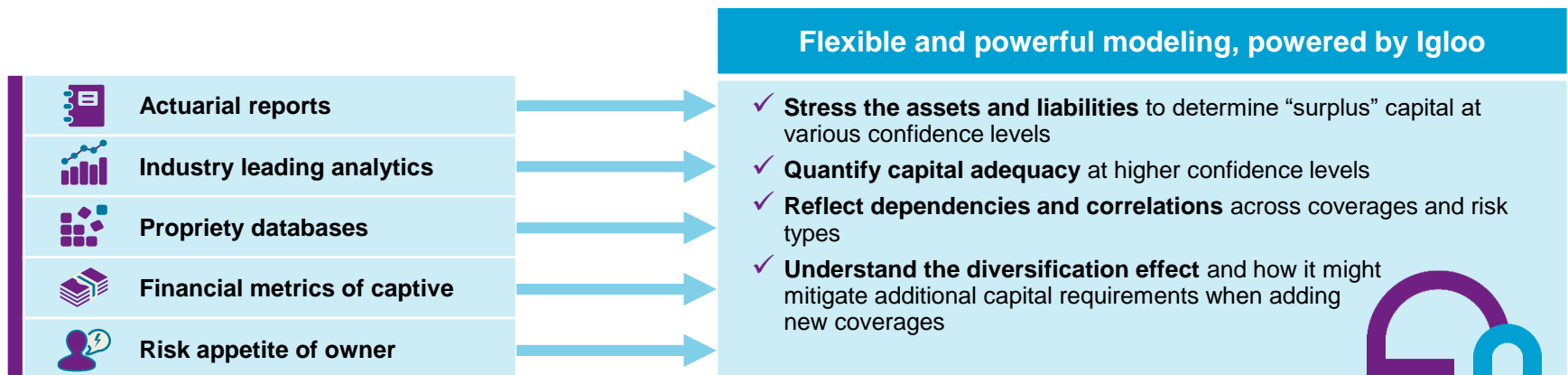


Willis Towers Watson has the industry-leading expertise and technology to help you



Our approach to Captive Optimization, powered by Igloo

Using easy-to-access company data, we will perform a series of modeling processes and build **scenarios**, to ultimately help you visualize the impacts of multiple “what-if” scenarios.



Prepare for the future with actionable insights

- ✓ **Quantify the impact on capital** through simulated balance sheets and income statements
- ✓ **Evaluate your risk strategy** to determine if your insurance program provides protection at desired confidence levels
- ✓ **View results of your what-if scenarios in real-time!**
 - What's the cost of increasing my retention?
 - How much risk am I retaining?
 - What happens when I add additional coverages to my captive?
 - How do we accomplish structural changes without trapping cash in captive?
 - ...and more!

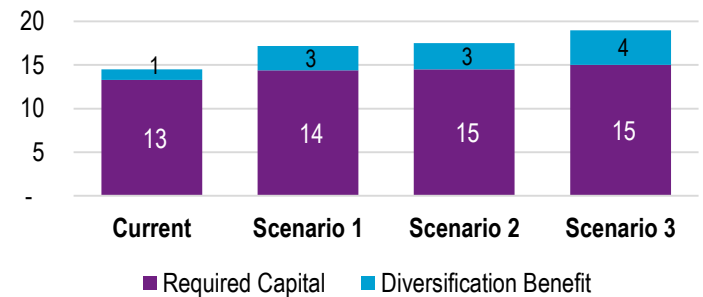
Adding risk to captive

Captive programs need real-time information to make difficult reinsurance decisions.

Diversification across coverages often provides additional capacity which is an important tool during hard markets.

	Current	Scenario		
		1	2	3
Required Capital	13	14	15	15
Diversification Benefit	1	3	3	4
Undiversified Capital	15	17	18	19
Diversification Benefit %	9%	19%	21%	27%

Diversification effect (in Millions)



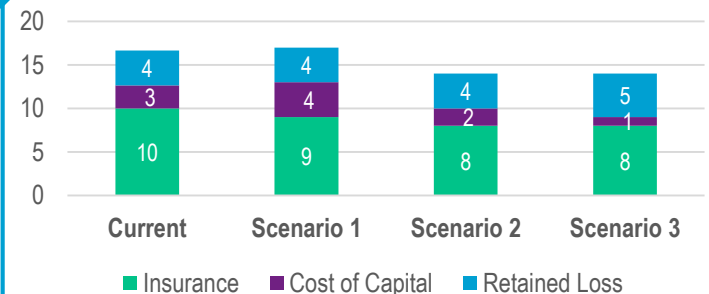
Evaluating total cost of risk

The cost of retaining risks can be quantified using a cost of capital approach.

Multiple portfolio scenarios can be simultaneously evaluated using this total cost of risk approach.

	Current	Scenario		
		1	2	3
Insurance	10	9	8	8
Retained Loss	4	4	4	5
Cost of Capital	3	4	2	1
Total cost of risk	3	4	2	1

Total cost of risk (in Millions)



Why Willis Towers Watson?

Industry-leading captive expertise



State-of-the-art technology powered by Igloo

With our combined knowledge of risk finance, macro market trends and industry-leading analytics, our team of captive experts – strategic risk consultants, benefits consultants, actuaries, financial analysts, insurance accountants and placing brokers – deliver clarity and cost-effective solutions for our clients.

Willis Towers Watson Igloo offers a powerful environment for modeling and visualizing uncertain risks, leading to applications beyond capital modeling to including reinsurance pricing and optimization, captive optimization, business planning and setting / understanding risk appetite.

200+ colleagues worldwide:

Actuaries, CPAs, Risk Finance Specialists, Captive Managers, Strategic Planning Consultants



Over **300** captive actuarial clients

440 captives managed;
35+ domiciles



Advised around **75%** of all global benefits captive solutions in place

Using Igloo, **we will help you quickly see how decisions might impact the risk and performance of your captive.** In addition, we will use the model outputs to promote a wider understanding of risk within the captive and project prospective financial statements and quantify capital requirements.

Igloo

Empowers many leading corporations with captives to make swift decisions

Licensed by:

- Over 500 companies
- 7 of the top 10 global P&C insurers, 8 of the top 10 European P&C insurers, 9 of the top 11 UK P&C insurers

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