

Risk Management

Captive demand grows

Claire Wilkinson

March 13, 2024

REPRINTS

LOGIN

SUBSCRIBE FOR FREE

- RISK MANAGEMENT
- WORKERS COMP
- INTERNATIONAL
- RESEARCH & REPORTS
- PEOPLE
- EMPLOYEE BENEFITS
- AWARDS & EVENTS



Ryan Gustafson (from left), Dawn Hiestand and Brian First

The captive insurance industry is seeing further growth as businesses look to retain more risk in

response to challenging commercial market conditions, according to a panel of industry leaders.

They were speaking Tuesday during a session at the Captive Insurance Companies Association 2024 International Conference.

“We continue to see greater demand for captives as an alternative risk financing structure to help solve problems,” said Ryan Gustafson, Chicago-based head of captive solutions at American International Group Inc.

Captives are agile, nimble, and able to solve problems in unique ways that sometimes traditional insurers aren’t able to do as quickly, Mr. Gustafson said.

The property market is driving captive growth amid 24 consecutive quarters of global insurance pricing increases, he said.

“The cost structure has changed for a lot of clients, driving the need to look at some sort of a new or alternative solution in conjunction with your traditional risk transfer program,” he said.

Casualty insurance is and will continue to be in a hard market, said Dawn Hiestand, Chicago-based executive vice president and head of group captives for Zurich North America.

management

1. AssuredPartners adds former Hartford exec
2. A.M. Best issues negative outlook for D&O segment
3. Greenberg writes to Chubb customers about Trump bond
4. Research & Rankings: Cyber insurance
5. Kinney to depart Hartford, Soni’s role to expand
6. Arch announces promotions

Sign up for Daily Briefing, the free email newsletter from Business Insurance.

First Name: *

Last Name: *

Email Address: *

Company Name: *

Industry: *

Job Function: *

Members of group captives “want to be able to have some stability and be rewarded for their actual risk management practices, as well as their focus on loss containment,” Ms. Hiestand said.

That will become increasingly important as the casualty market continues to experience increased rates quarter over quarter, just like property, she said.

The captive industry has never failed to rise to the occasion and innovate whatever the challenge of the moment happens to be, said Brian First, Hartford, Connecticut-based president of Arch Insurance Group, North America.

Captives provide a “win-win scenario,” because insurers share the risk with their customers, Mr. First said.

“That puts you on the same side of the table and makes you long-term thinkers. You’re both pursuing a profit together,” he said.

A growing number of domiciles in the U.S., Canada and elsewhere are adopting captive legislation amid a more favorable regulatory environment, Mr. Gustafson said.

“What I hear from our clients and brokers is that regulators are really working hand in glove with them, promoting, helping start up captives and enabling it as a strategic tool,” he said.

Education around captives has also increased, he said.

Companies are looking to captive consultants, managers and fronting carriers to help them add cyber, property and other coverages experiencing volatile pricing to their captive structures, Ms.

Hiestand said.

“One of the challenges will be how does my company continue to provide the insurance that’s needed and minimize our risks,” she said.

The talent shortage is a concern as captive growth continues, Mr. First said, noting Arch sees 10% to 20% year-over-year growth in its own captive business, he said.

“We still have an industry that requires a lot of brain power. You can’t just automate or AI this and have it work,” he said.

ABOUT

- ABOUT US
- CUSTOMER SERVICE
- CONTACT US
- PRIVACY POLICY
- TERMS OF USE
- CAREER OPPORTUNITIES

ADVERTISE

- ADVERTISE
- EVENT SPONSORSHIP
- MEDIA KIT

REPRINTS AND LICENSING

- REQUEST REPRINTS
- REGISTER ONLINE

RESOURCES

- DIRECTORIES & RANKINGS
- DIVERSITY & INCLUSION INSTITUTE
- EDITORIAL CALENDAR
- INTERNATIONAL
- MAGAZINE ARCHIVES
- PERSPECTIVES
- RISK PERSPECTIVE
- WEBINARS
- W2W FOUNDATION



[PRIVACY POLICY](#) • [TERMS OF USE](#)

COPYRIGHT © 2024 BUSINESS INSURANCE HOLDINGS

Member, Beacon International Group, Ltd.