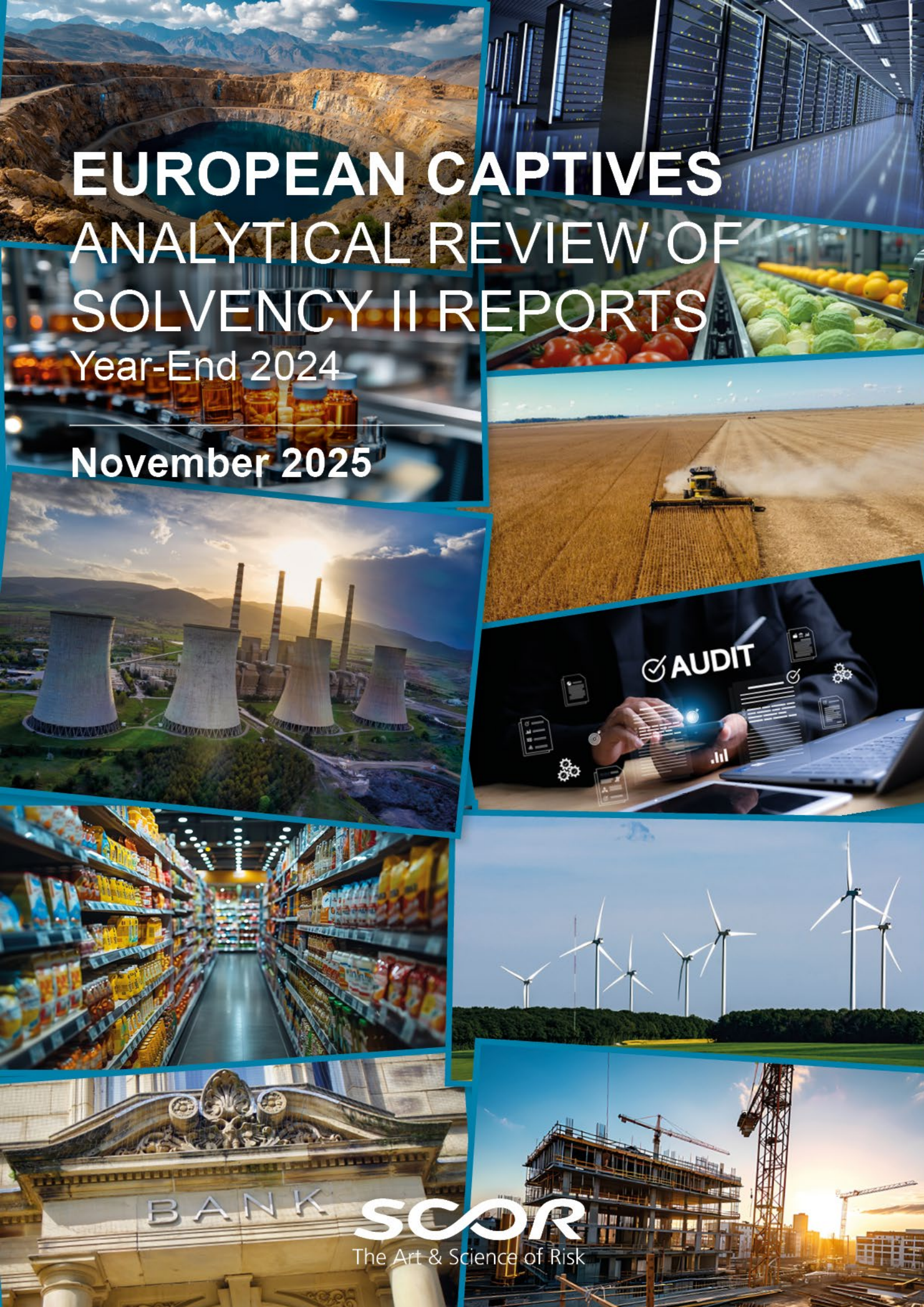




EUROPEAN CAPTIVES ANALYTICAL REVIEW OF SOLVENCY II REPORTS

Year-End 2024

November 2025

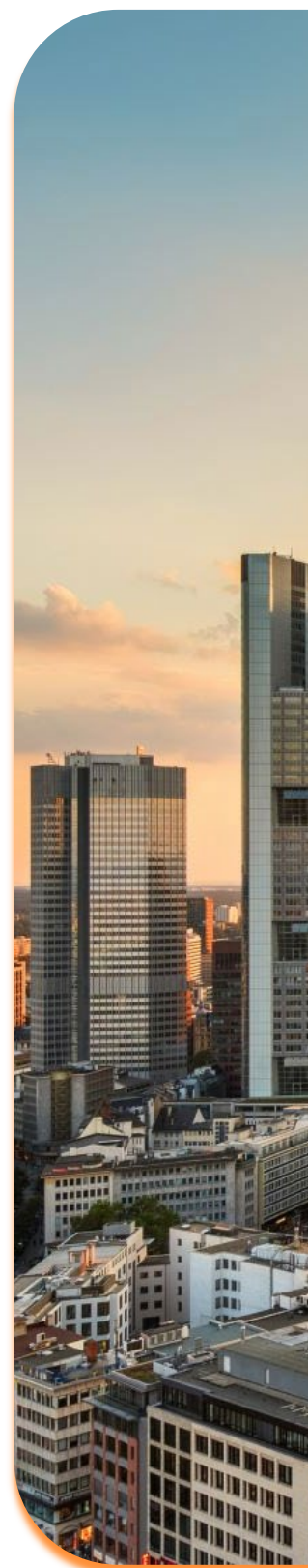
BANK

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I. Introduction: Scope and purpose of the study

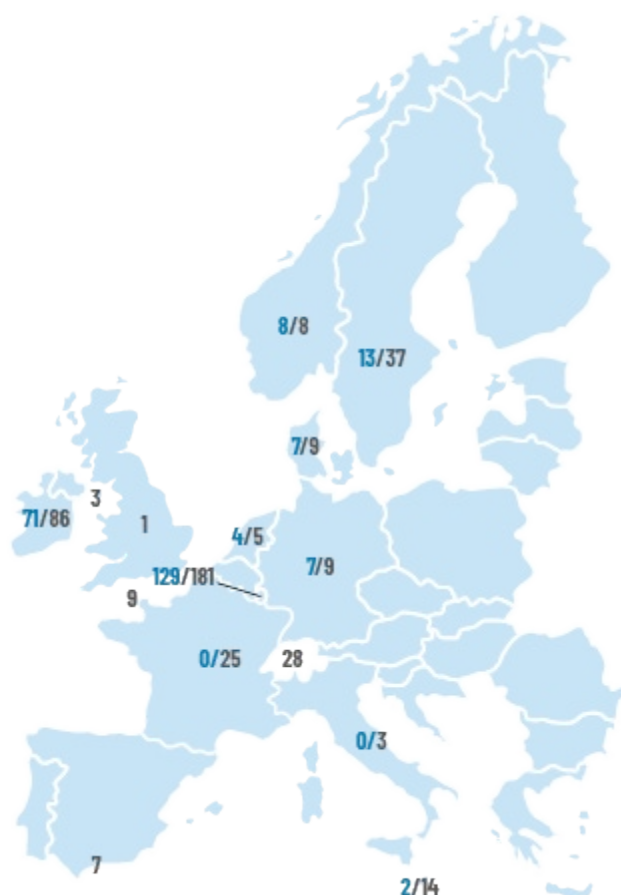
This study provides a quantitative overview of the European “captives” market. It is designed to serve as a benchmark and a reference for captive professionals.

Through extensive research SCOR has been able to identify over 425 licensed European insurance or reinsurance companies acting as captives for large industrial and commercial companies:

Of these, we have selected 241 captives that meet the two following conditions:

- They belong to an industrial or commercial company¹ that can be identified, they write P&C risk².
- They have released a “Solvency and Financial Condition Report” (SFCR) including at least some of the regulatory quantitative reports³.

Number of (re)insurance captives per country in the EEA



Number of captives selected for the study

Source: SCOR

¹ Captives of insurance groups have been excluded; captives of banking groups have been included when they manage only the bank's operational risk exposure

² Please note captives retaining only Employers benefit and Life risks are excluded from the study,

³ Data source: Solvency II Wire Data, www.solvencyiiwire.com, September 1st 2025

The study provides a statistical analysis of these captives on the following topics: captive and parent company domicile, breakdown of premium and reserves by line of business, assets and financial investments, solvency ratios and capitalization.

Overview of the “typical” European corporate NL captive

<i>Amounts in EUR millions</i>	25% quantile	<u>Median captive:</u> 50% quantile (median)	75% quantile
Gross Written Premium	3.8	13.3	38
GWP (Non-Life only)	3.7	13.0	36.6
GWP (P&C only)	3.3	10.9	29.8
Net Written Premium NL	3.0	9.0	24.1
Balance sheet size	23.7	63.5	138.1
Claims reserves	2.9	12.0	41.0
Own funds	16.1	34.9	85.8
Solvency	167%	227%	297%

While we believe our selected sample is large enough to be representative of the European captive landscape, it is by no means exhaustive. The study also provides statistics at the industrial sector level.

Data presented hereafter is extracted from the collected SFCRs. All amounts are “Solvency II” values.

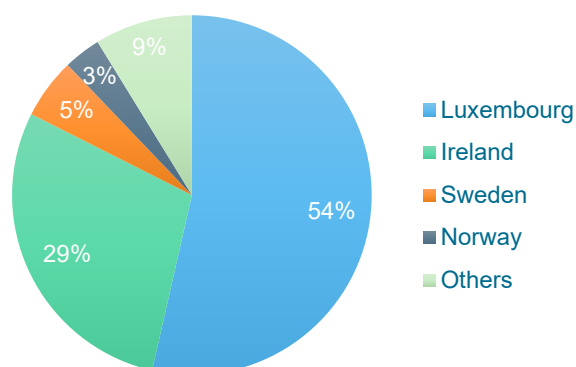
II. Statistical overview of European captives

A. Geographical overview

Most of the European captives are based in Luxembourg and Ireland

Luxembourg and Ireland are the domiciles for 83% of the captives in our sample. These two countries account for 80% of reported gross written premium and 84% of reported assets. The other captives considered in this study are registered in Denmark, Germany, Malta and the Netherlands.

CAPTIVES PER DOMICILE COUNTRY



Country of the regulatory license.
Scope: 241 captives (excluding UK, Switzerland & Gibraltar)

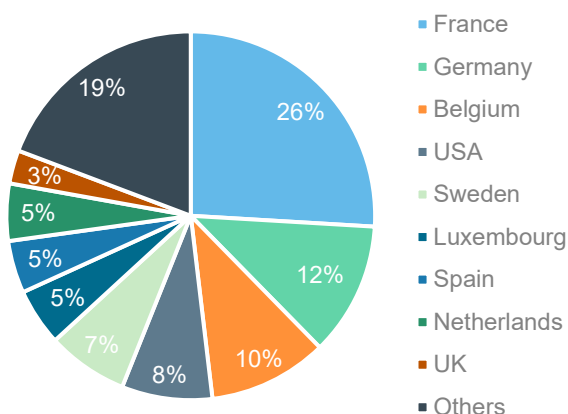
European captives mostly belong to groups based in France, Germany and Belgium

The headquarters of the captive owners are mostly based in western European countries, primarily France, Germany and Belgium.

Some statistical behaviors:

- Captives based in Denmark, Germany, Norway and Sweden mostly belong to domestic groups;
- Groups based in Luxembourg, Denmark, Ireland and Norway mostly domicile their captives in the same country;
- US-based groups locate their European captives in Ireland (95%);
- Groups based in Belgium (96%), Spain (73%) and France (82%) mostly base their captives in Luxembourg.

CAPTIVES PER PARENT COMPANY'S COUNTRY



Headquarters of the ultimate parent company of the captive.
Scope: 241 captives

B. Premium

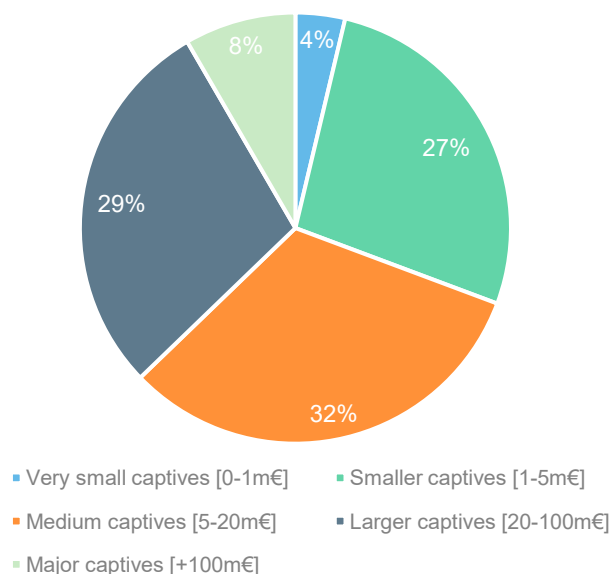
The median captive writes premium of around EUR 13 million

The gross annual Non-Life premium written by the captives in the sample amounts to a total of EUR 7,263 million. This is largely driven by a few major players:

- The largest captive writes over EUR 481 million, while the smallest ones write less than EUR 0.1 million;
- 10% of the captives account for half the total premium over the sample, which is as much as the bottom 90%;
- 50% of the captives write less than EUR 13 million GWP.

In order to strengthen the relevance of the analysis in light of the strong heterogeneity of the market, we decided to subsequently consider five categories of captives, according to their size.

CAPTIVE SIZE CATEGORIES USED FOR THE ANALYSIS

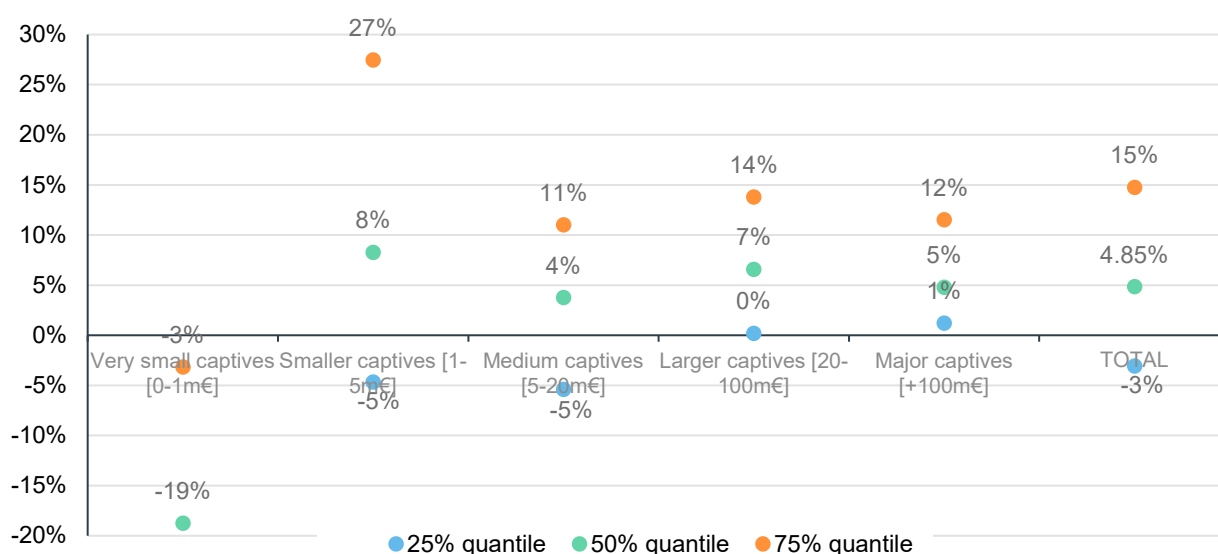


Number of captives by gross written premium for Non-Life business
Scope: 217 captives

For the median captive, premium has grown by 5% since last year

Most of the captives report a material growth in their written premium.

PREMIUM GROWTH



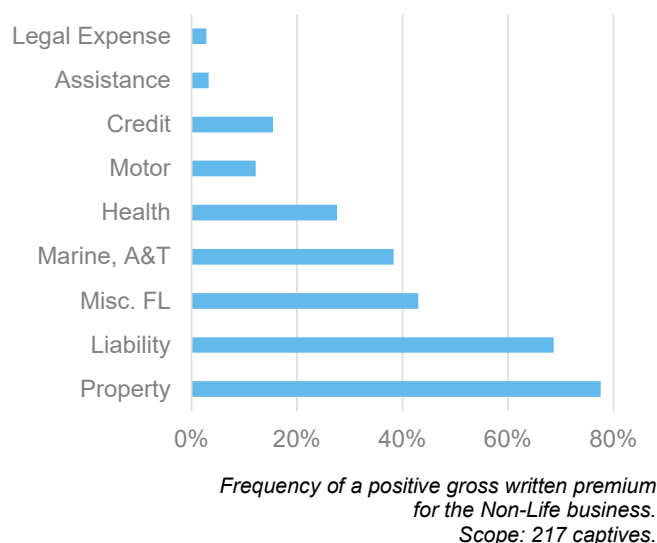
Change in gross written premium between latest reporting year and previous one, when both data are available.
Scope: 184 captives

Half of the business written by captives is Property

Captives report on their premium according to the lines of business defined by the Solvency II framework.

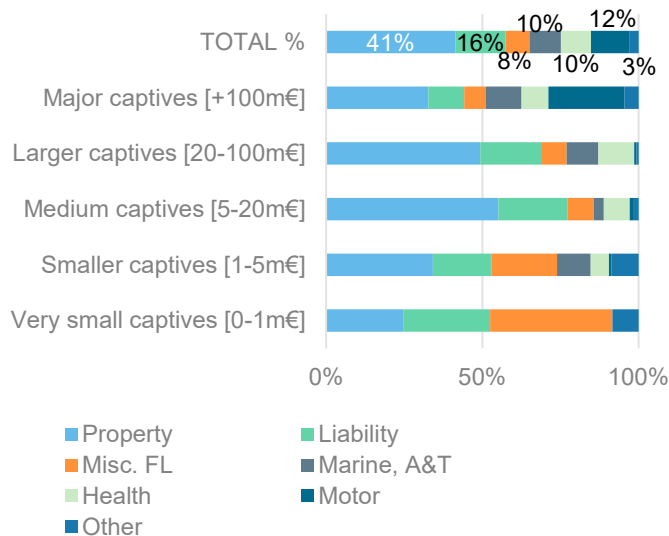
Property business is the most frequent, with 77% of the captives writing some, amounting to an average of 41% of the total Non-Life premium. Liability business is the second most frequent line, written by 69% of the captives, amounting to 16% of the premium on average. Many captives (58%) write both Property and Liability business. Very few captives write Legal expenses or Assistance business.

OCCURRENCE OF EACH LOB



For medium-sized captives, Property and Casualty makes 76% of the premium. Marine is material for the major captives. Misc. financial loss is a large part of the smallest captives.

GW PREMIUM PER SIZE OF CAPTIVE

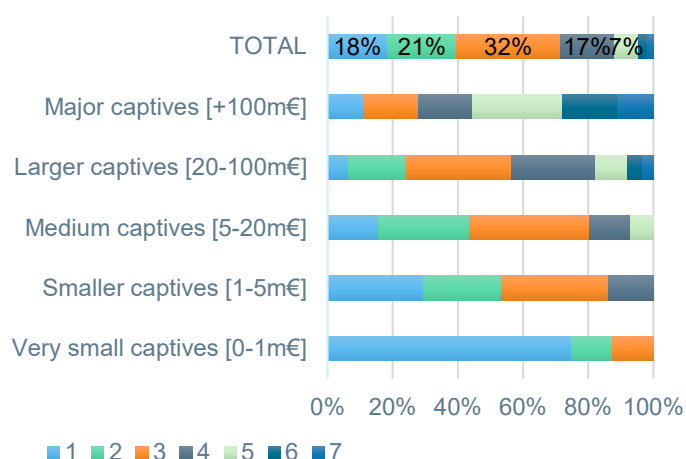


The median captive manages two or three different lines of business

The larger captives tend to be present on a wider range of risks.

Captives writing only one line of business (18%) also called “monoliners” are mostly dedicated to writing Property (6.0%), Liability (4.2%) or MFL business (2.3%). Their average size is EUR 15 million in gross written premium, the largest being EUR 144.4 million, and their cumulated share is 8% of the overall sample premium.

NUMBER OF DIFFERENT LOB WRITTEN BY CAPTIVE



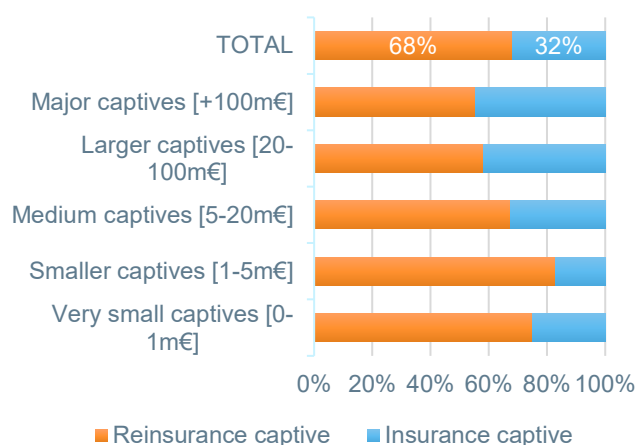
Number of different Non-Life Lines of Business written by a captive
Scope: 217 captives

Most of the captives are reinsurance captives (68%)

Gross written premium can be further differentiated between premium written directly and premium assumed via reinsurance.

A third of the captives in the sample write direct business, the proportion being lower for the smaller captives and larger for the bigger ones. This requires the captives to be granted an insurance license by their national authorities for each of the lines of business in which they operate. When they have an insurance license to operate in one line, captives can provide reinsurance services and take on any business from other insurance companies, provided their articles of incorporation permit it. Direct insurance premium makes 33% of the analyzed business.

NATURE OF THE CAPTIVE



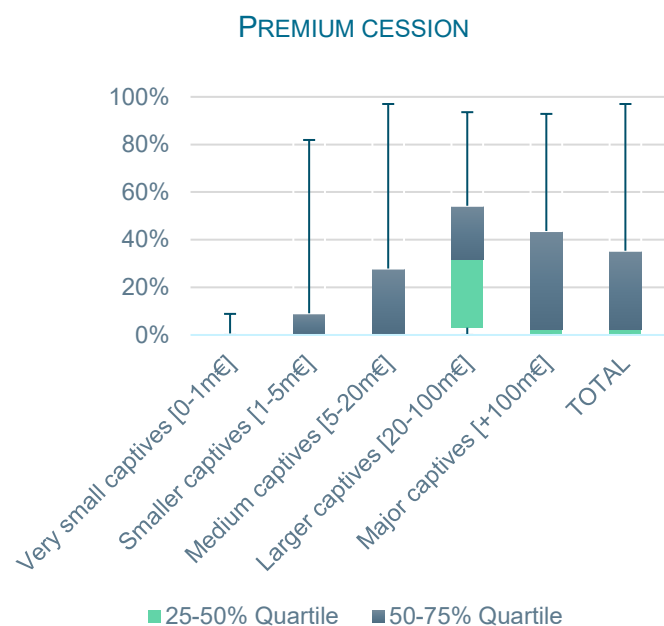
Number of captives reporting some “direct business” gross written premium Non-Life – Scope: 217 captives

The median captive retrocedes 2% of its premium, with a strong heterogeneity

Regarding the total premium, 26% of the total premium written by the captives is retroceded. In the sample, this amounts to EUR 1,885 million.

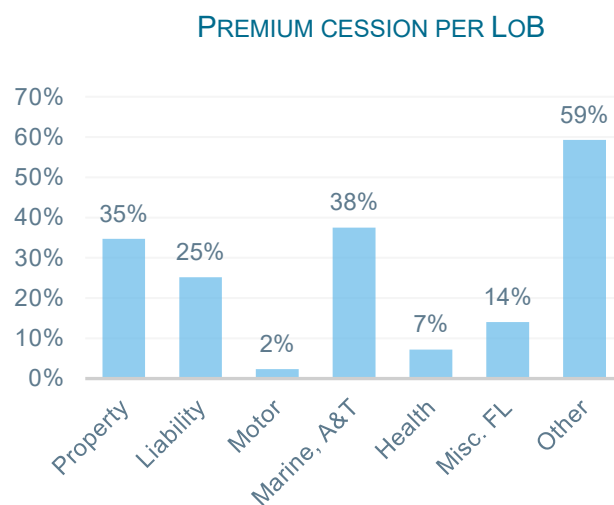
Behaviors are very different. Many captives retain all of their risk (45% of the captives don't retrocede any premium, and the median premium cession rate is 2.2%), while some retrocede most of it (10% of the captives retrocede more than 60% of their GWP).

As illustrated below, the bigger captives tend to retrocede a higher share of their premium.



*Distribution of cession rate for gross written premium
Scope: 217 captives*

The average cession rate is different for the different lines of business. Motor premium is almost fully retained, whereas half of Marine premium is ceded or retroceded.



*Average cession rate of Non-Life Gross written premium
Scope: 217 captives*

C. Assets

The median captive accounts for EUR 64 million

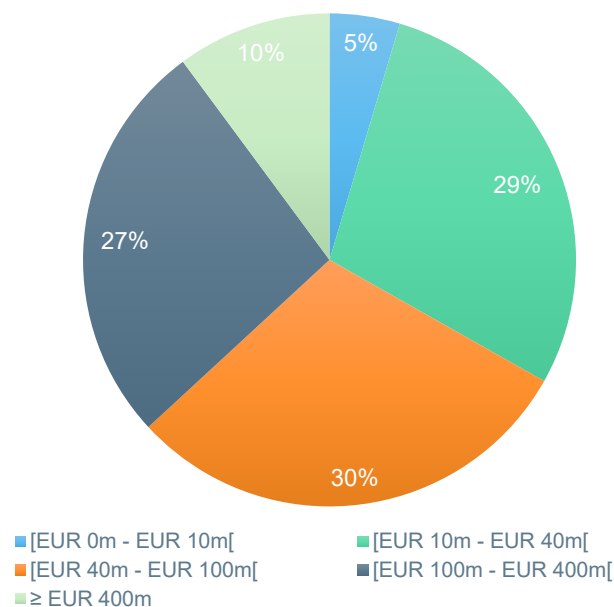
The total assets held by captives within our sample amount to EUR 35,418 million. The average balance sheet size is EUR 148 million, and the median EUR 64 million. Again, this is very heterogeneous, with certain captives exceeding EUR 2,868 million and others standing at less than EUR 2 million.

Half of the assets are made up of financial investments and cash

Almost all the captives (94%) report some cash or cash equivalent assets. Most (78%) also report some financial investments. Together, these two accounting items represent over half (59%) of the total assets on the balance sheet.

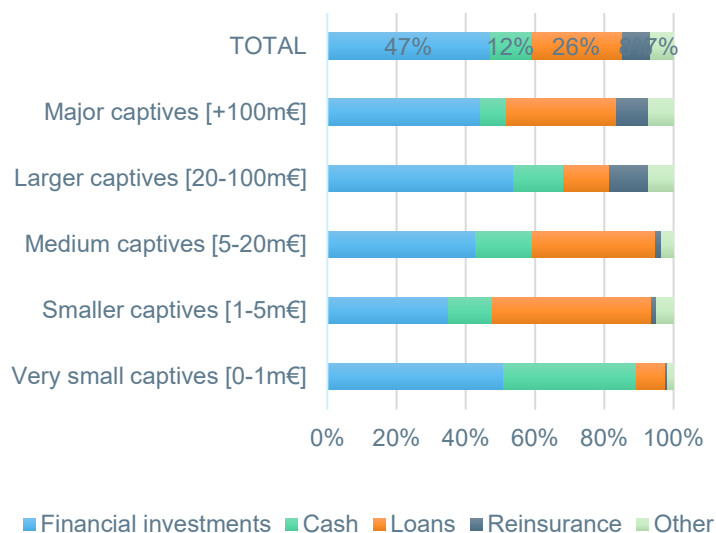
Half of the captives (53%) hold loans. Less than half of the captives (38%) hold reinsurance recoverable. Other assets are made up of deposits to cedants, insurance and reinsurance and other receivables.

SIZE OF THE BALANCE SHEET



Total size of the Solvency II balance sheet
Scope: 217 captives

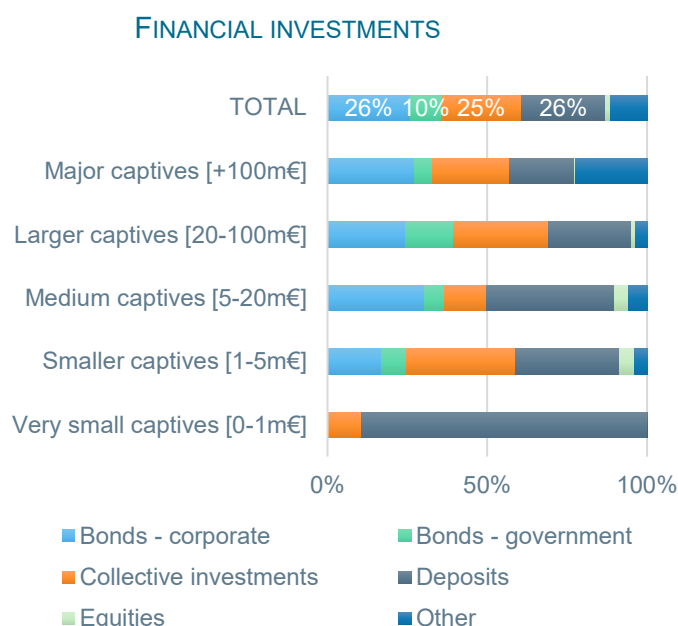
ASSET ALLOCATION



Average asset allocation, per captive size category
Scope: 217 captives

Investments are directed towards corporate and government bonds (34%)

Financial investments are made up of deposits, collective investment undertakings, corporate and sovereign bonds. Equities and participations account for a very limited share of the total, and there are hardly any investments in real estate, collateralized securities or derivatives.



*Average financial investments allocation (non-cash),
per captive size category
Scope: 169 captives*

Loans are material (26% of total assets)

The second largest item on the asset side of the balance sheet is loans and mortgages (26% of the sample amount, reported by 53% of the captives in the sample). There is limited information available here: “loans on policies” account for 0%, “loans and mortgages to individuals” make up 2% and the remaining 24% is reported as “other”. This category is expected to include loans to related companies.

D. Technical provisions

The median captive holds EUR 12 million of reserves

Technical provisions (gross of reinsurance and net of recoveries) amount to EUR 10,025 million in the sample. On average this is EUR 43 million per captive, ranging from – EUR 3 million to + EUR 736 million.

Under Solvency II rules, technical provisions are split between Life and Non-Life, then further split between Health and Other.

No captive in the sample reports any technical provision related to unit-linked liabilities. Overall, technical provisions related to Life guarantees are below 6% of the total. Non-life technical provisions account for 95% of the total technical provisions in our sample.

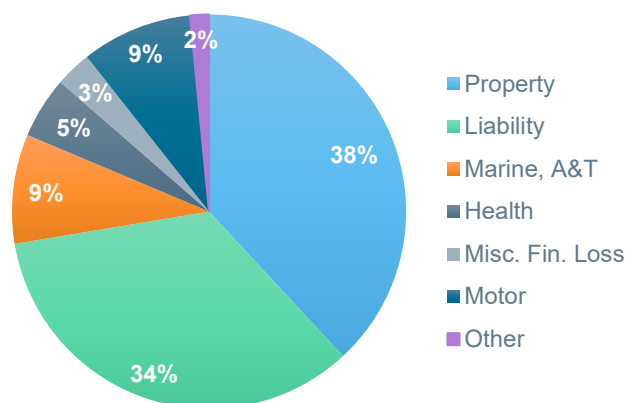
	Non-Life technical provisions		Life technical provisions		
	Health Non-Life	P&C	Health Life	Other	Unit Linked
Occurrence	24%	90%	6%	9%	0%
Share	4.8%	89.6%	1.6%	4%	0%

*Gross total technical provisions on the balance sheet
Scope 231 captives*

Property business makes up 38% of the P&C technical provisions

When focusing on the Solvency II “Best estimate of Claims reserves”, it appears that Property and Liability business generates the largest share of the provisions.

NON-LIFE CLAIMS RESERVES



*Average split of the best estimate for claims reserve,
gross of reinsurance
Scope: 215 captives*

Other financial liabilities are not material in the balance sheet

On the liabilities side of the balance sheet, own funds and technical provisions are the main components, making up respectively 57% and 29% of the total.

Most captives (75%) also report some deferred tax liabilities, amounting to 8% of the balance sheet size. Payables account for 3%. Financial debts, subordinated debt and other debts are not material.

E. Own funds and solvency

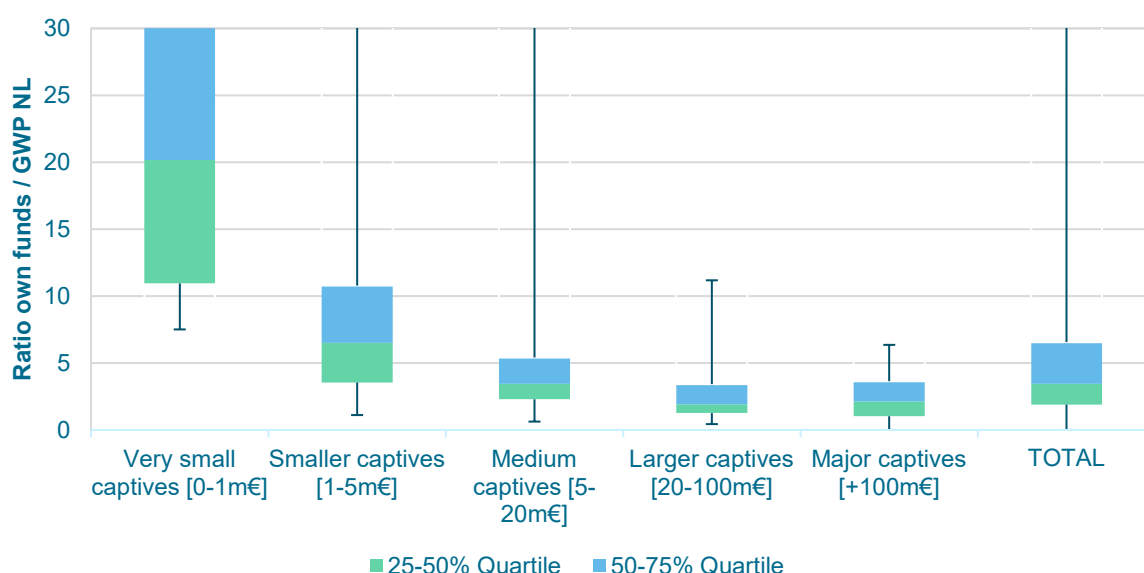
The median captive holds EUR 35 million of own funds

In the sample, total available own funds (OF, i.e., the net value of the captives on the economic balance sheet) amount to EUR 20,900 million, i.e., EUR 87 million per captive on average. Own funds range from EUR 1.4 million for the smallest captives up to EUR 1,982 million for the largest.

Own funds are about twice the premium plus EUR 25 million

There is some obvious correlation between own funds and gross written premium. Statistical analysis of the sample shows that the own funds are about twice the gross written premium plus EUR 25 million. Yet the amount of own funds also depends on the risk written, the diversification between risks, the reinsurance in place, the growth perspectives, the risk appetite of the captive, etc.

LINK BETWEEN OWN FUNDS AND PREMIUM



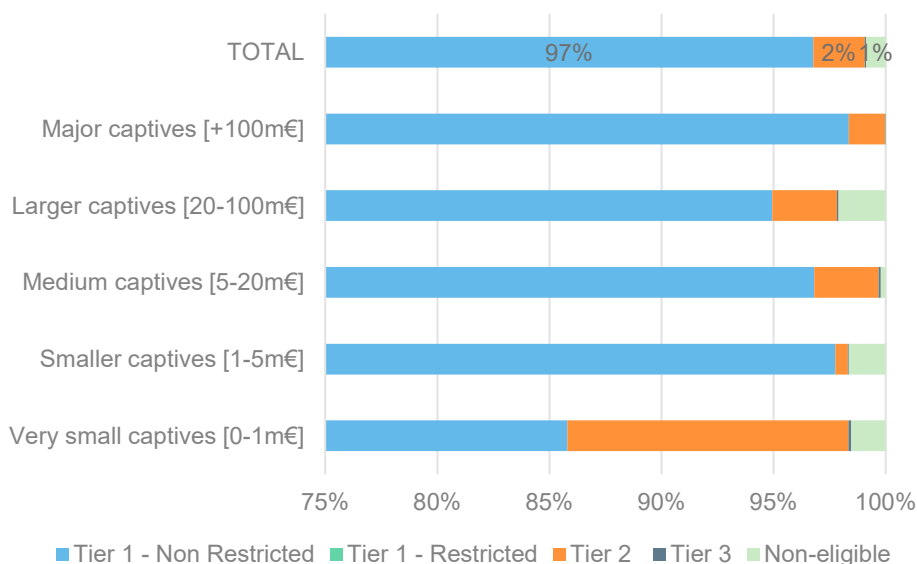
*Distribution of the Own funds divided by Non-Life Gross written premium, per captive size category
Scope: 217 captives*

For larger captives, this own-funds ratio tends to be lower. This can be explained by the “diversification benefits” that materialize for the larger companies.

The own funds are predominantly composed of “non-restricted Tier 1” items (97%)

The subordinated debt, classified as “Tier2” own funds, are not common amongst the captives.

COMPOSITION OF SOLVENCY II “OWN FUNDS” OF THE CAPTIVES



*Average tiering of available own funds into the Solvency II regulatory categories.
Scope: 217 captives*

Only 1% of the captives subtract some “non-eligible” items from their “available” own funds, either by removing some non-admitted funding items or capping the share of lower-Tier items, as per Solvency II rules.

Eligible own funds (EOF) include 96.8% of “Tier 1 non-restricted” amounts (shares and accumulated profit).

No captive reports any “Tier 1 restricted” amounts (subordinated debt issued before Solvency II went live in 2016).

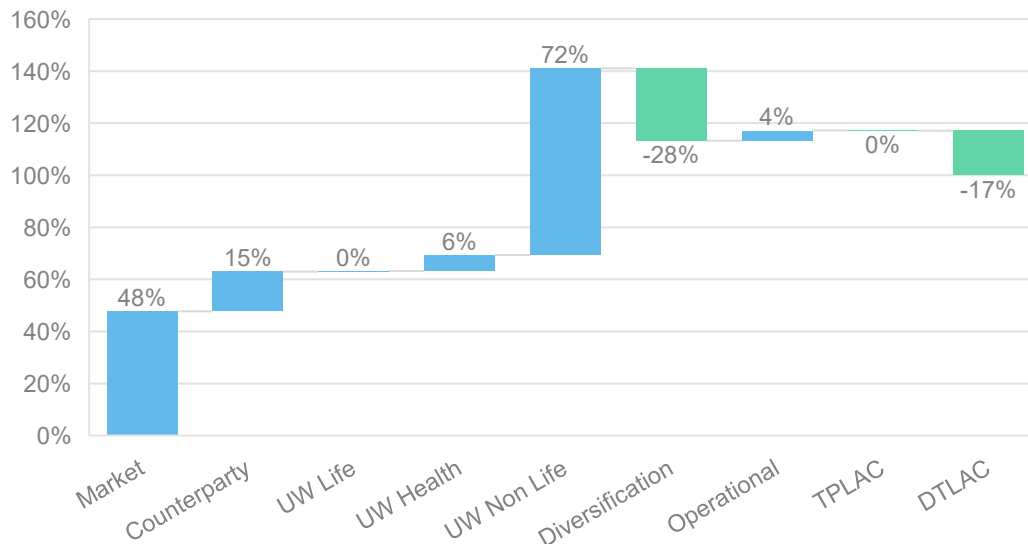
Few captives (13%) report some “Tier 2” amounts. This most often includes subordinated loans but can also include some ancillary own funds such as letter of credit.

Even less captives (10%) report some “Tier 3” own funds, which are made up of the net deferred tax assets on their balance sheet. The amount is usually small.

Non-Life underwriting risk generates 72% of the capital requirement

Non-Life underwriting risk is the main risk for the captives. It encompasses premium risk (if the premiums charged are not sufficient to face future attritional claims, due to adverse frequency or severity), reserve risk (if the booked reserves are not sufficient to face the settlement of past claims, due to adverse deviation) and CAT risk (exposure to the most severe natural or man-made catastrophes), as well as the diversification between those risks. Non-Life underwriting risk is measured based on net premium and reserve amounts and net exposures and thus can be reduced by reinsurance.

SOLVENCY CAPITAL REQUIREMENT – SPLIT PER RISK MODULE



*Average split of the capital requirement between the contributing risks, Solvency II Standard Formula
 UW = underwriting; Op. risk = operational risk; DTLAC = loss absorbing capacity of deferred tax.
 Scope: 188 captives*

All the captives in the sample report a capital requirement for market risk. As a general rule, market risk is driven by the more volatile investments (equities), a mismatch between assets and liabilities, or a concentration on a single counterparty.

Counterparty risk reflects the defaults risk of a counterparty (bond issuer, creditor, account keeper reinsurer), based on its credit rating. The level of counterparty risk appears to be higher than is seen with commercial (re)insurance companies. This might be a consequence of intra-group loans and cash pooling schemes.

Diversification between the five main risks is recognized for an average of 28%. The more balanced the risk profile, the higher the diversification benefit.

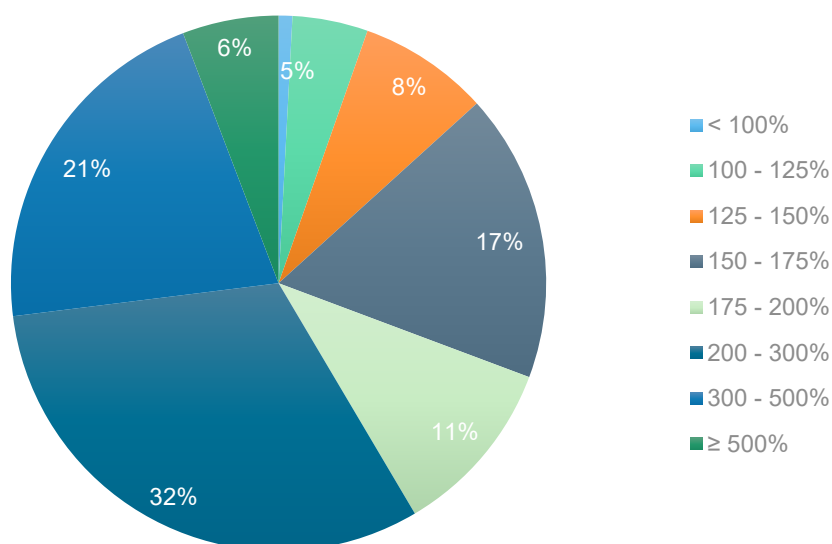
Operational risk is usually not material.

More than two thirds of the captives (69%) take into account the loss-absorbing capacity of deferred tax (LAC DT), when a large loss scenario would give rise to tax credit or offset an existing tax liability.

The median captive holds twice the capital required by law

The solvency ratio is calculated as the eligible own funds amount divided by the solvency capital requirement⁴. The captives in the sample show a solvency ratio between 80% and +1,385%. The median ratio is 227%.

SOLVENCY POSITION (ELIGIBLE OWN FUNDS OVER SOLVENCY CAPITAL REQUIREMENT RATIO)



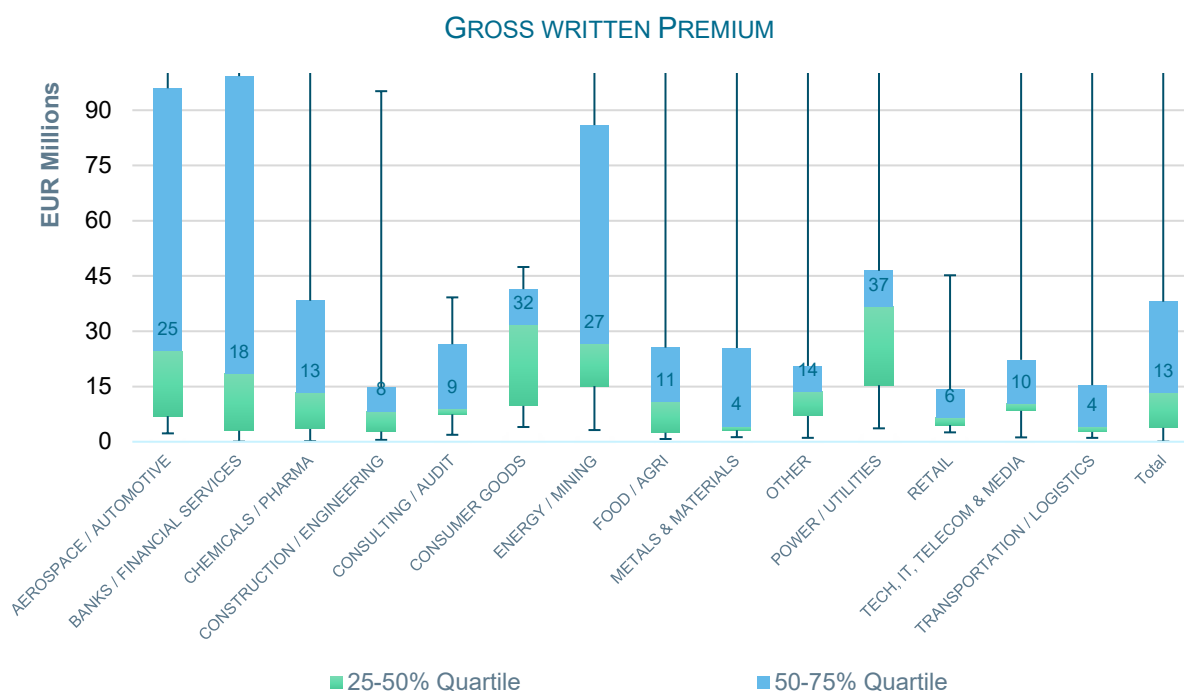
*Distribution of the solvency ratios
Scope: 241 captives*

⁴ The minimum capital requirement MCR position has not been studied here.

III. Focus on industrial sectors

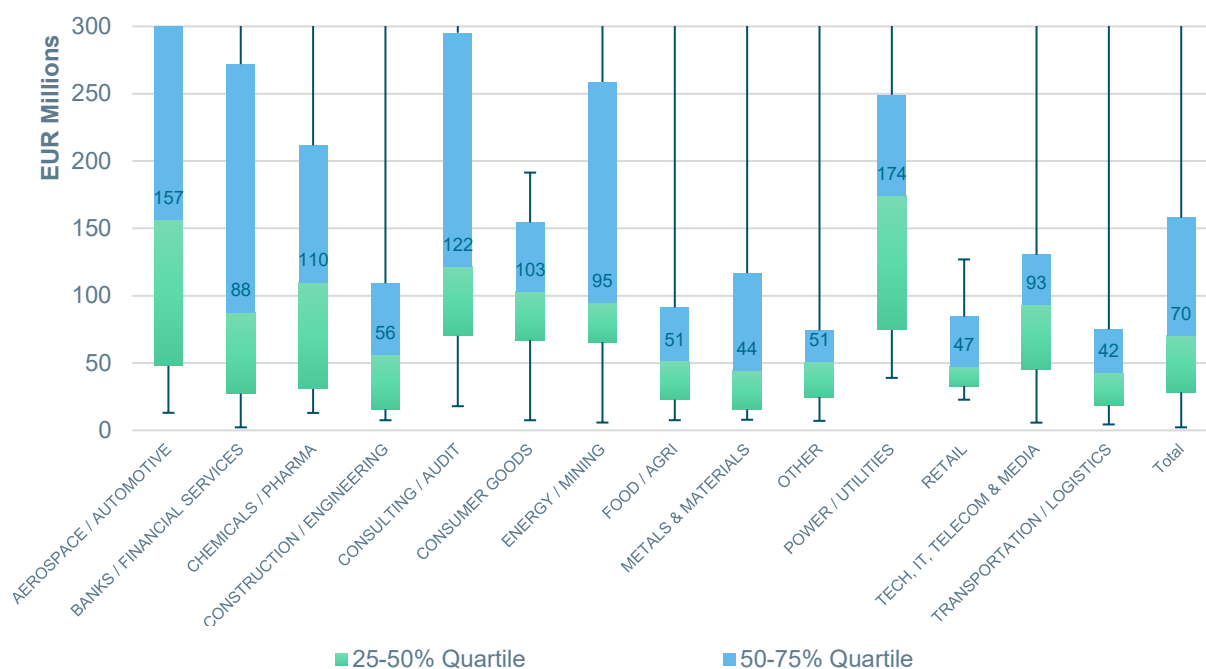
To provide some benchmarks by peer groups, the captives in the study have been further categorized by industrial sector. The 14 considered sectors each contain between 8 and 25 captives.

This first chart shows the median gross premium written by the captives for each industrial sector, as well as the distribution per quartile.

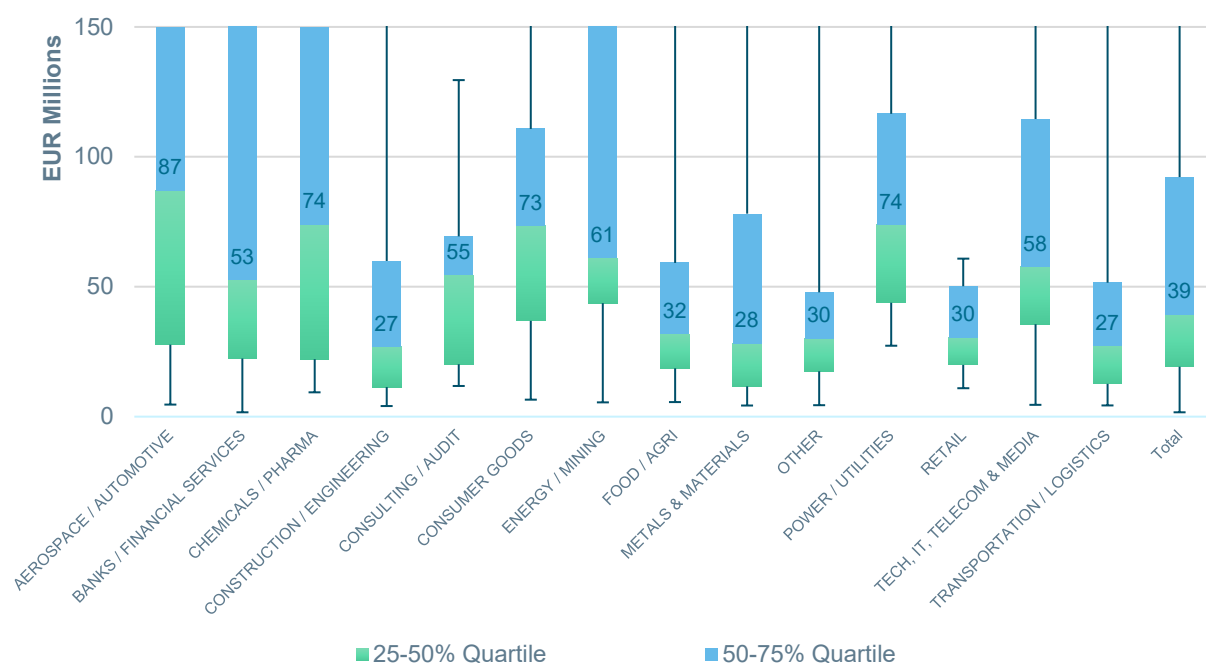


Read: for the captives of groups in the fields of Aerospace and Automobile, the median annual gross written premium is EUR 25 million. The smallest captive writes EUR 2 million; the smallest 25% of the captives write between EUR 2 million and EUR 7 million; the second quartile between 7 and 25, etc. The largest captive in this group writes premium of EUR 273 million.

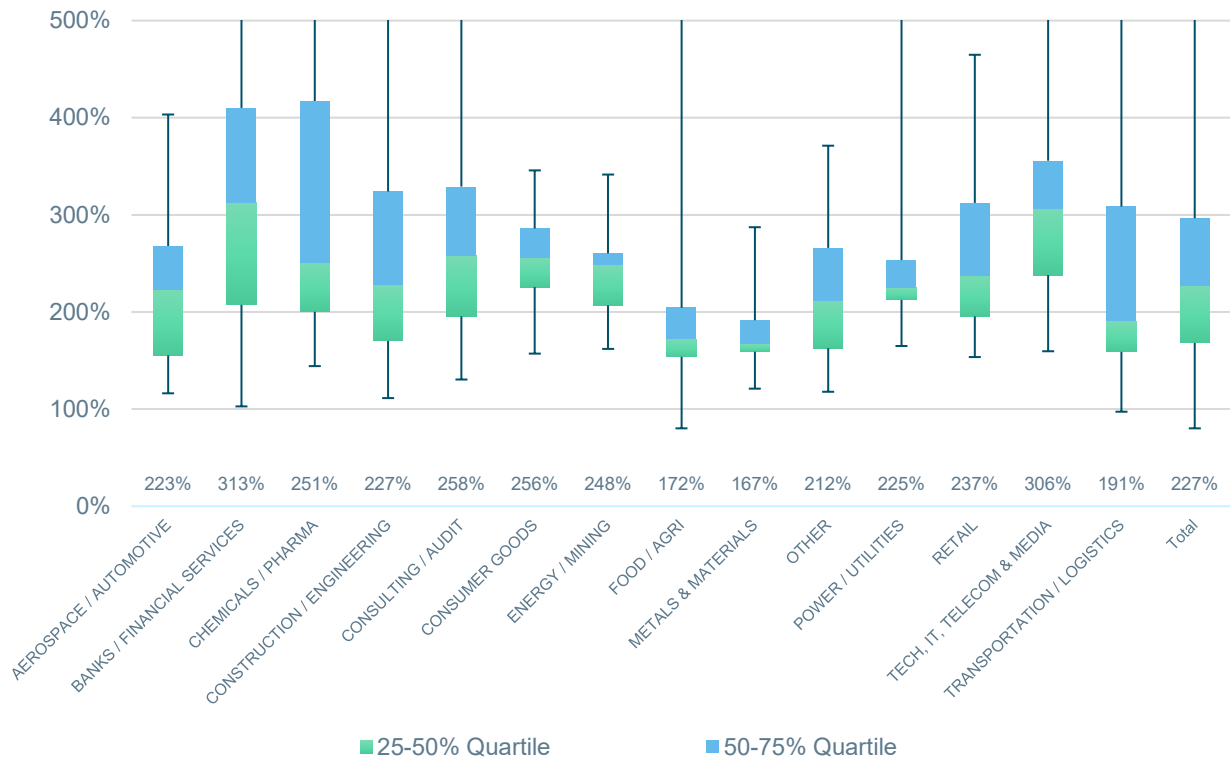
ASSETS (SIZE OF THE BALANCE SHEET)



CAPITAL / OWN FUNDS

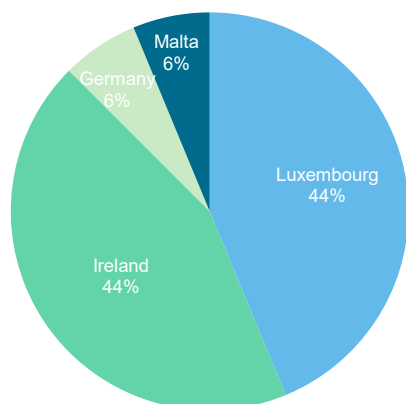


SOLVENCY

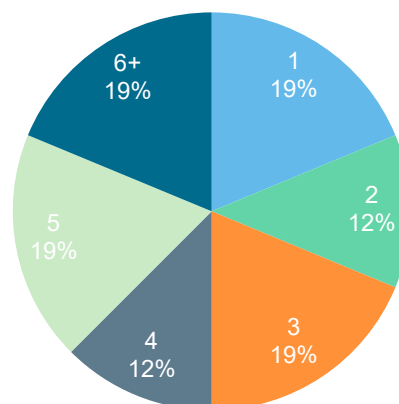


A. AEROSPACE / AUTOMOTIVE (16 CAPTIVES)

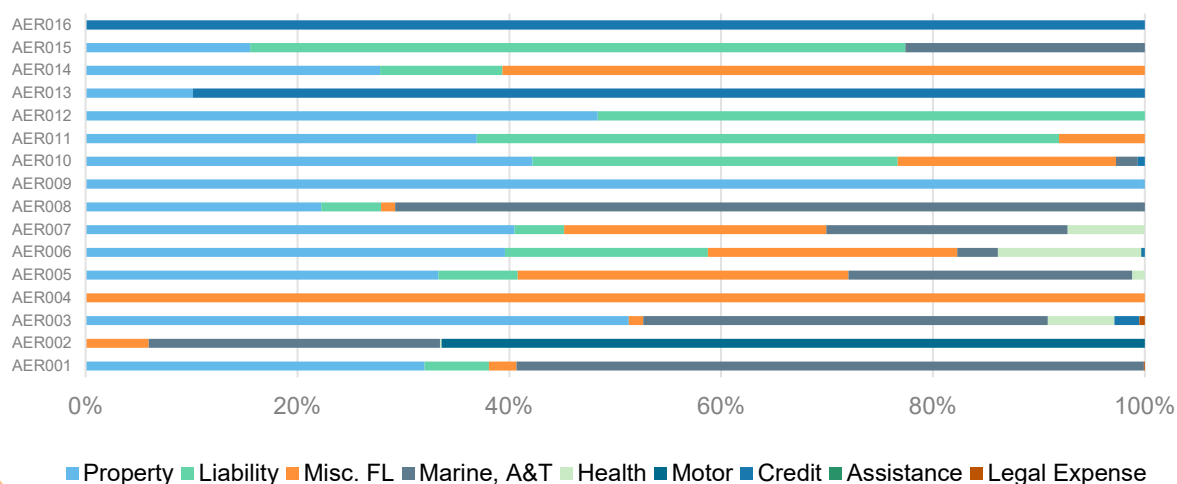
Domicile of the captive



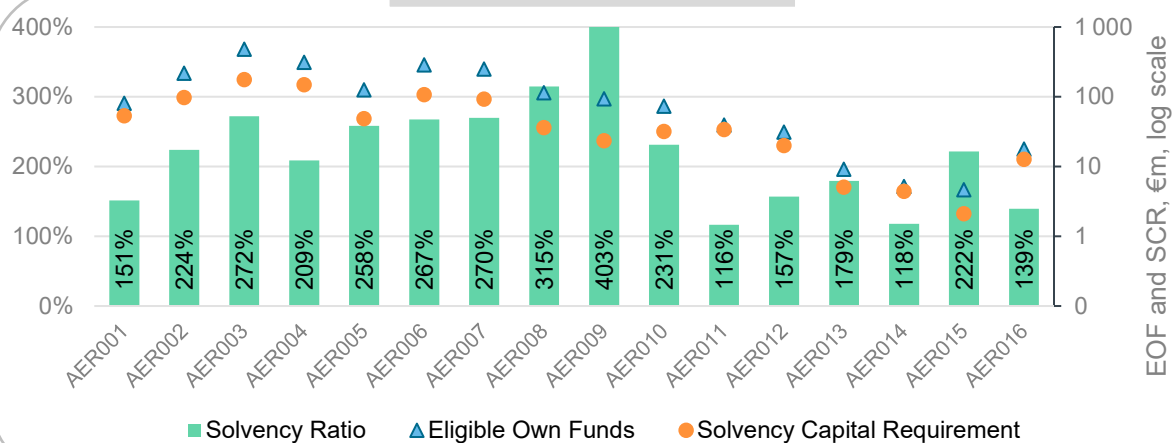
Number of LOB



Composition of the GW Premium

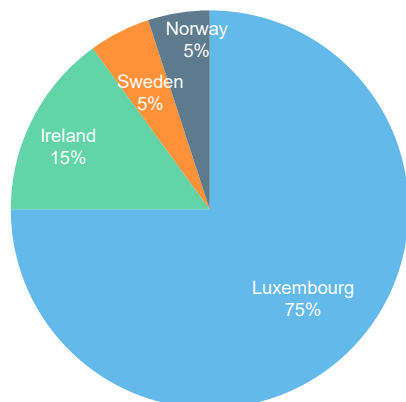


Solvency Position

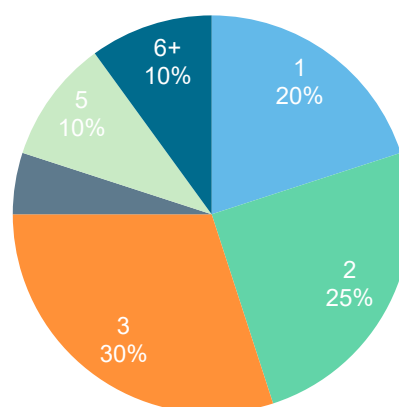


B. BANKS / FINANCIAL (20 CAPTIVES)

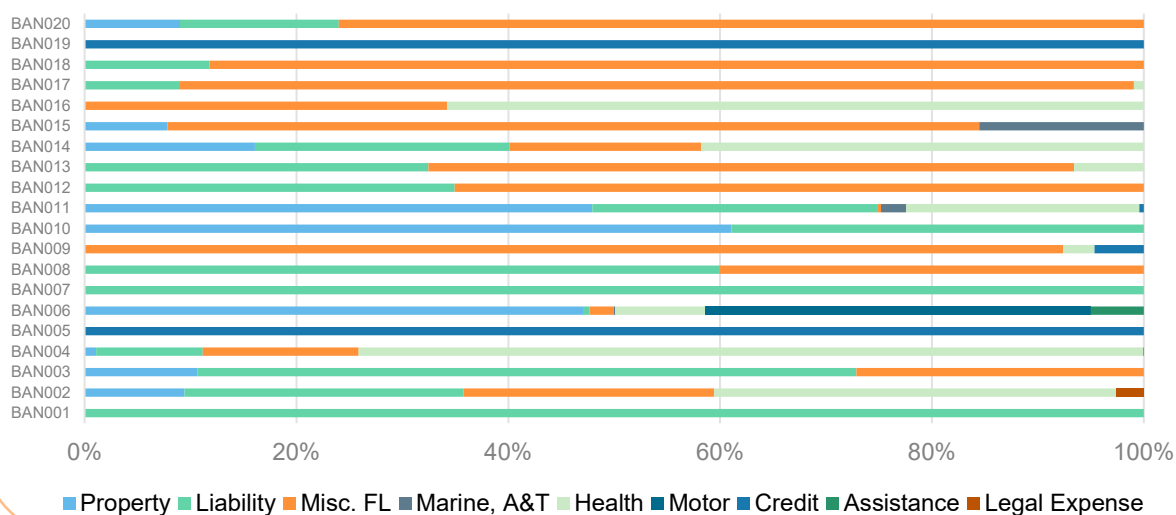
Domicile of the captive



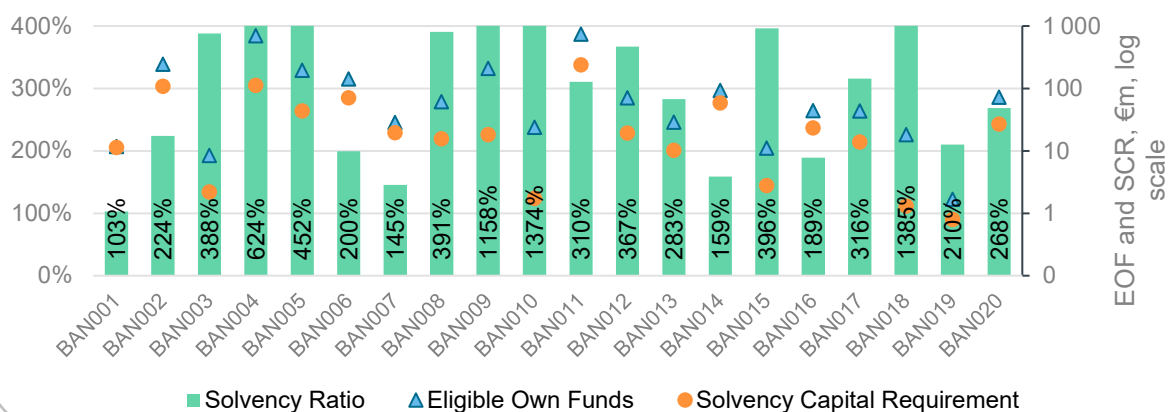
Number of LOB



Composition of the GW Premium

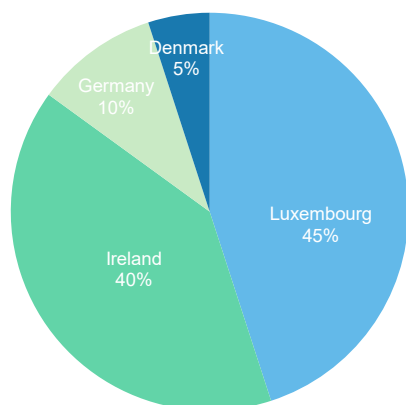


Solvency Position

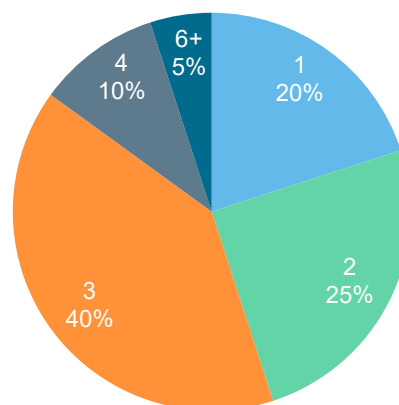


C. CHEMICALS/PHARMA (20 CAPTIVES)

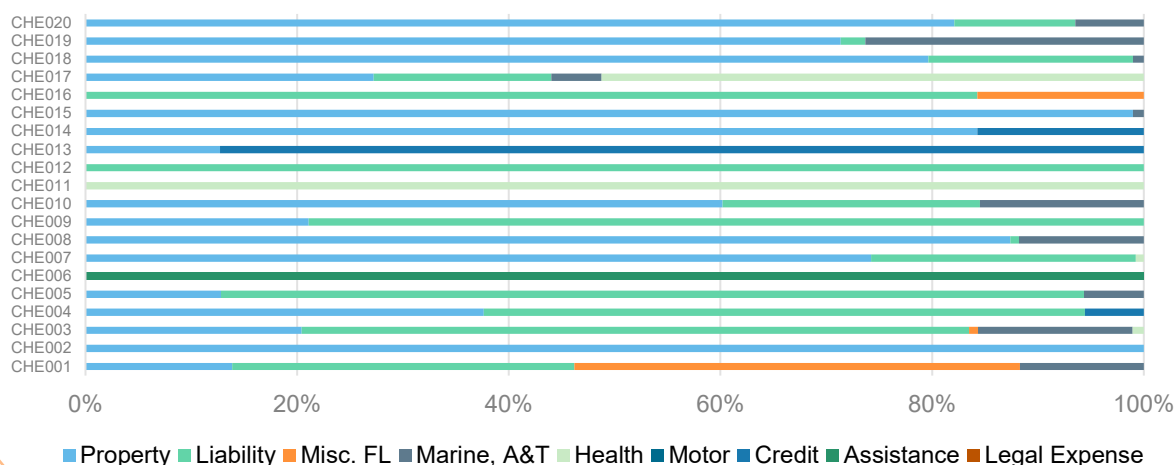
Domicile of the captive



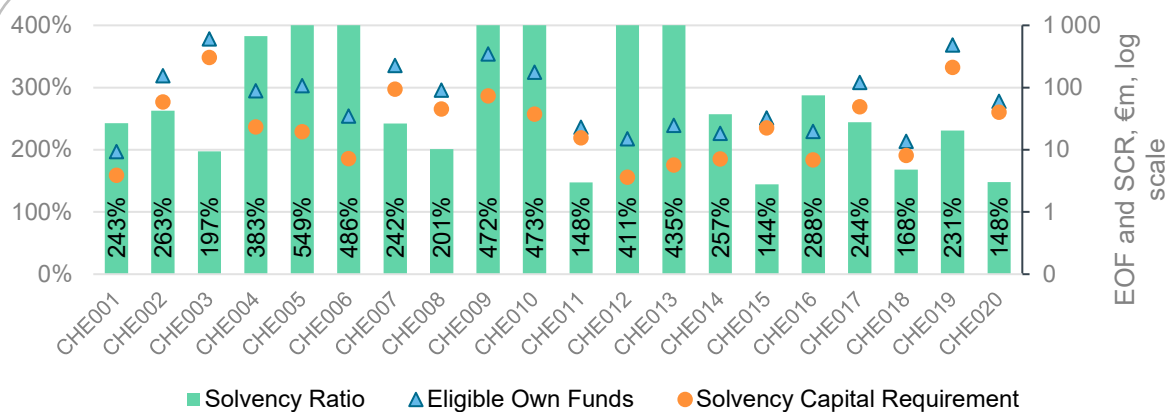
Number of LOB



Composition of the GW Premium

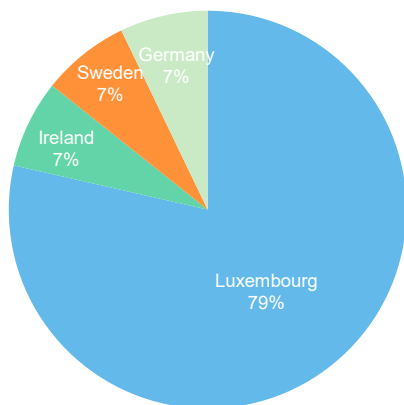


Solvency position

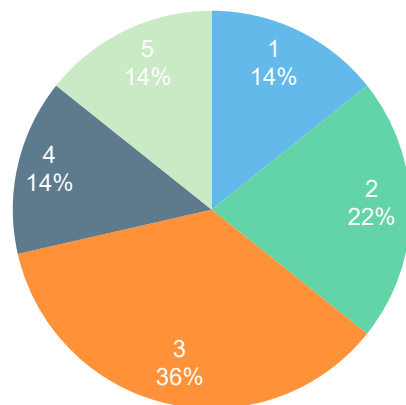


D. CONSTRUCTION / ENGINEERING (14 CAPTIVES)

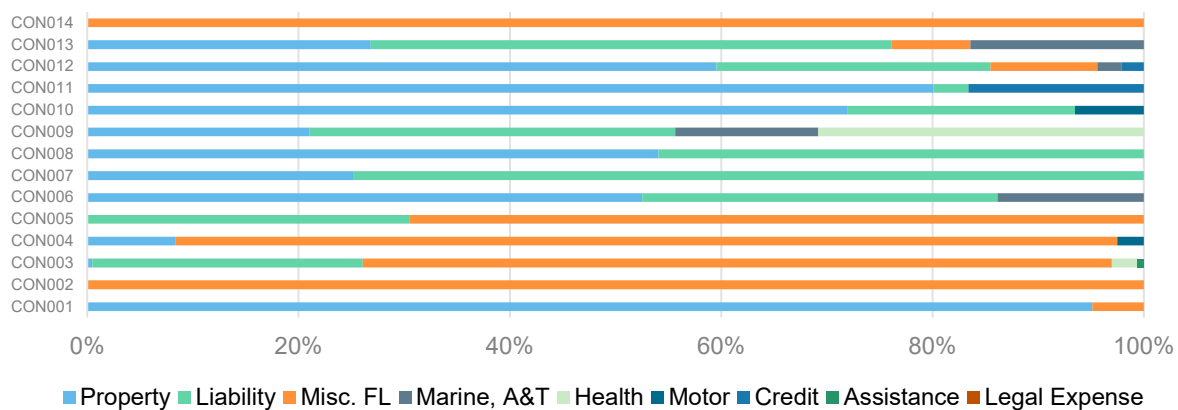
Domicile of the captive



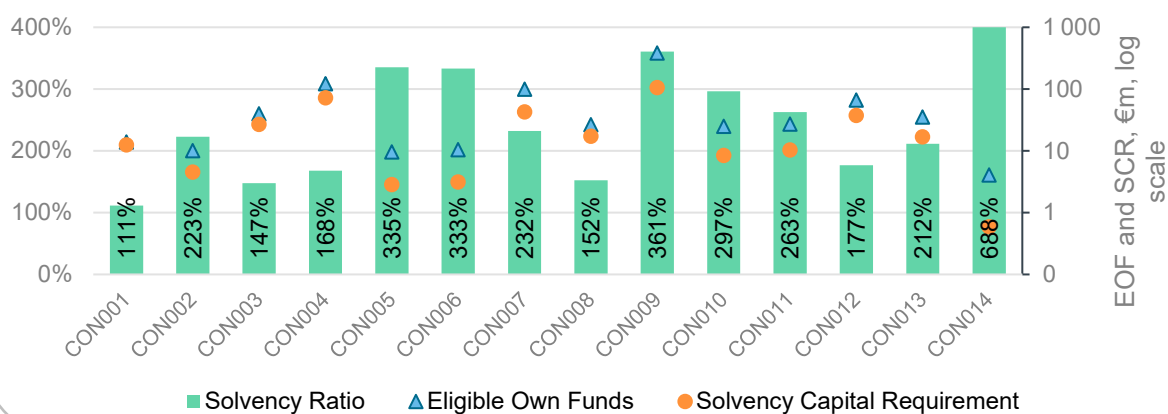
Number of LOB



Composition of the GW Premium

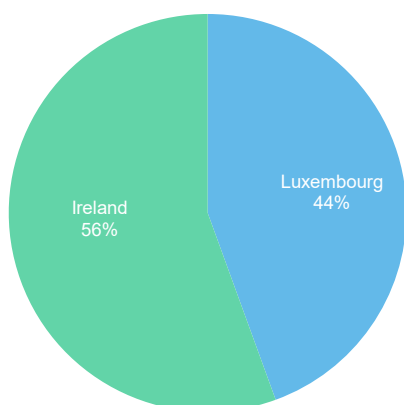


Solvency Position

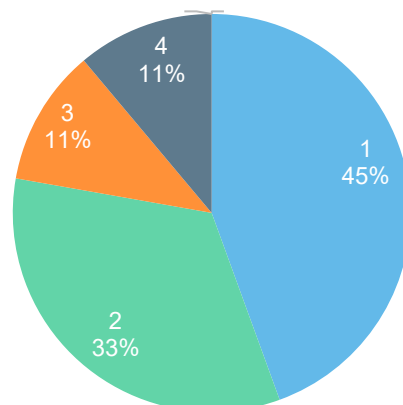


E. CONSULTING/ AUDIT (9 CAPTIVES)

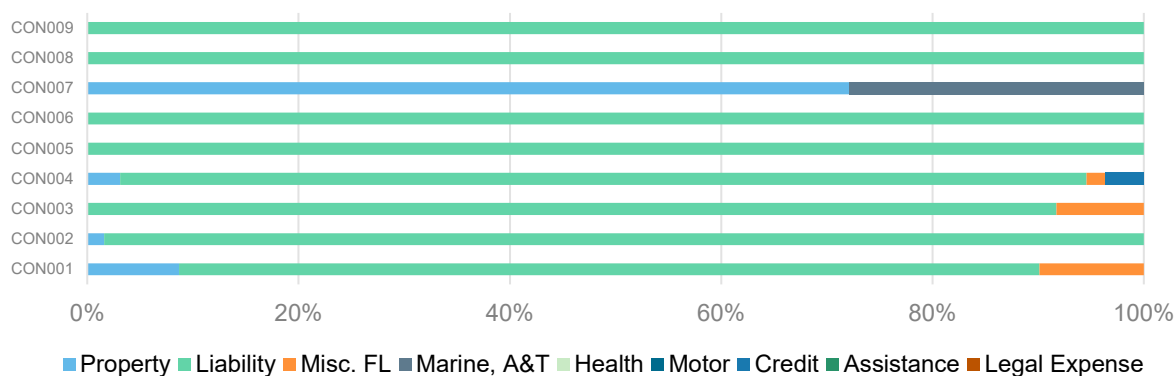
Domicile of the captive



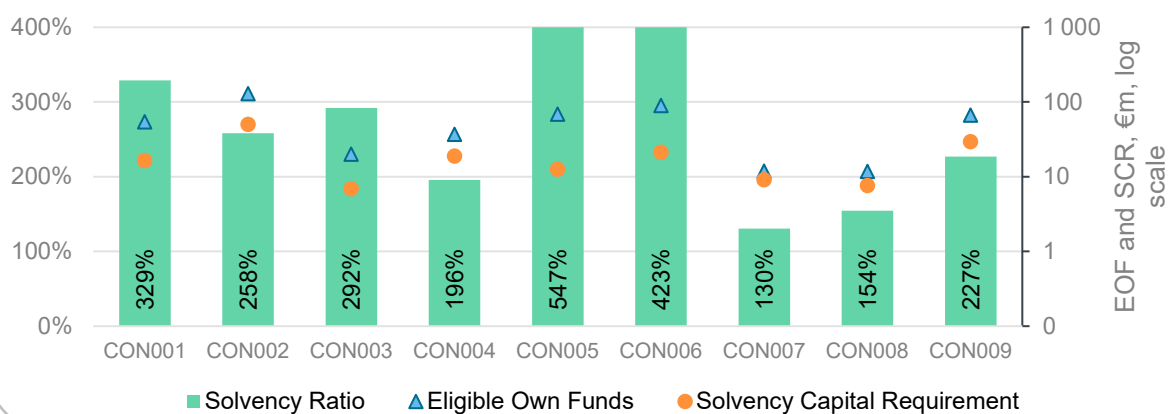
Number of LOB



Composition of the GW Premium

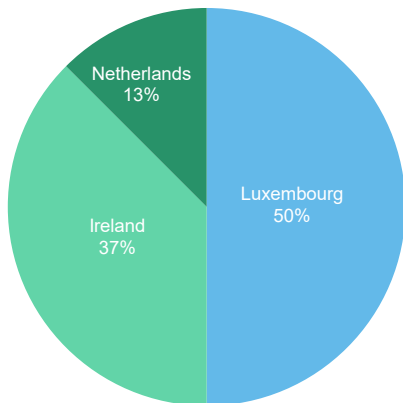


Solvency Position

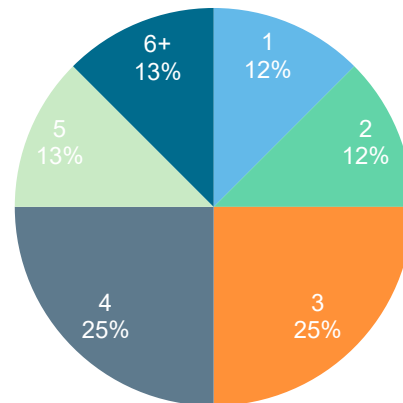


F. CONSUMER / GOODS (8 CAPTIVES)

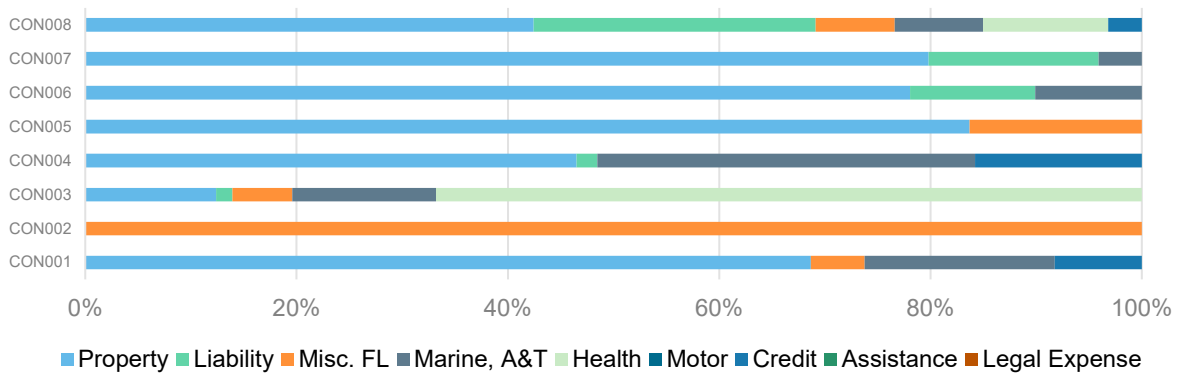
Domicile of the captive



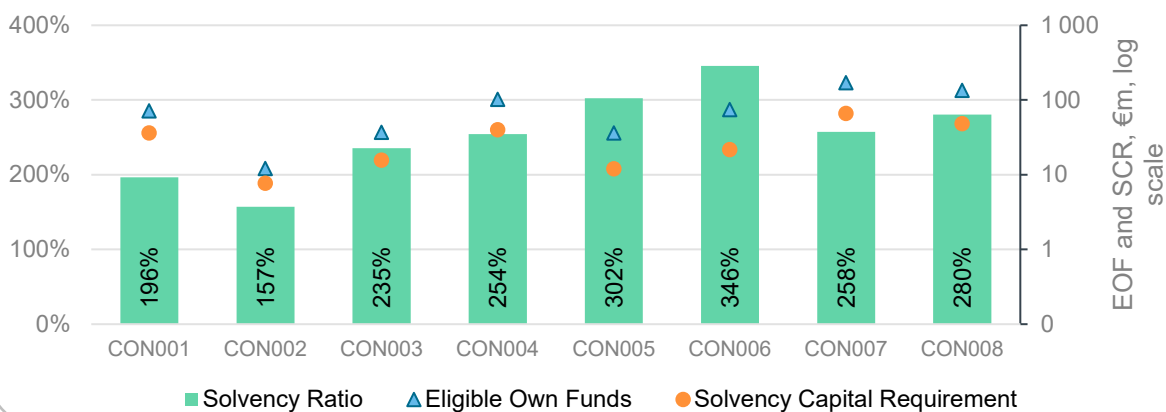
Number of LOB



Composition of the GW Premium

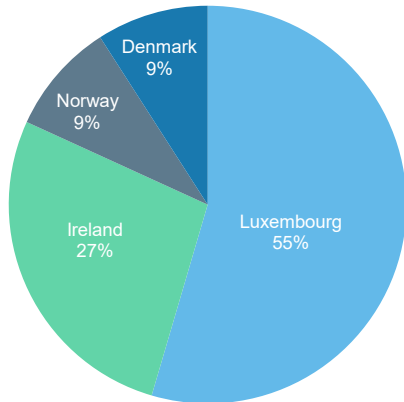


Solvency Position

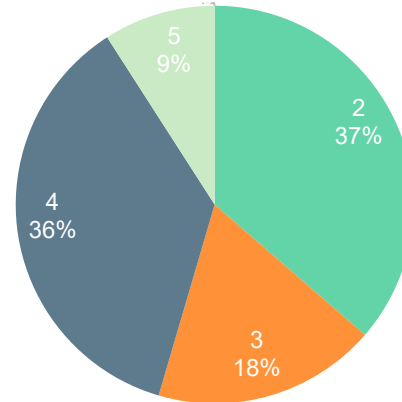


G. ENERGY / MINING (11 CAPTIVES)

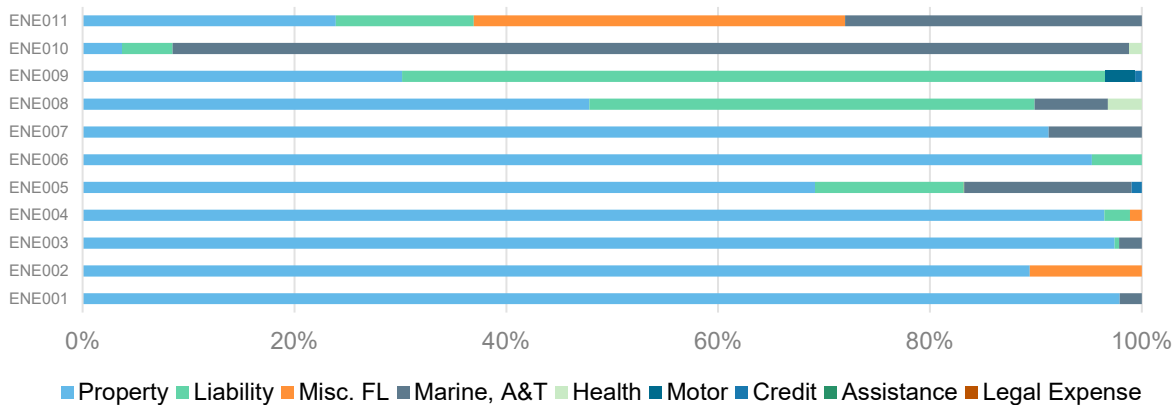
Domicile of the captive



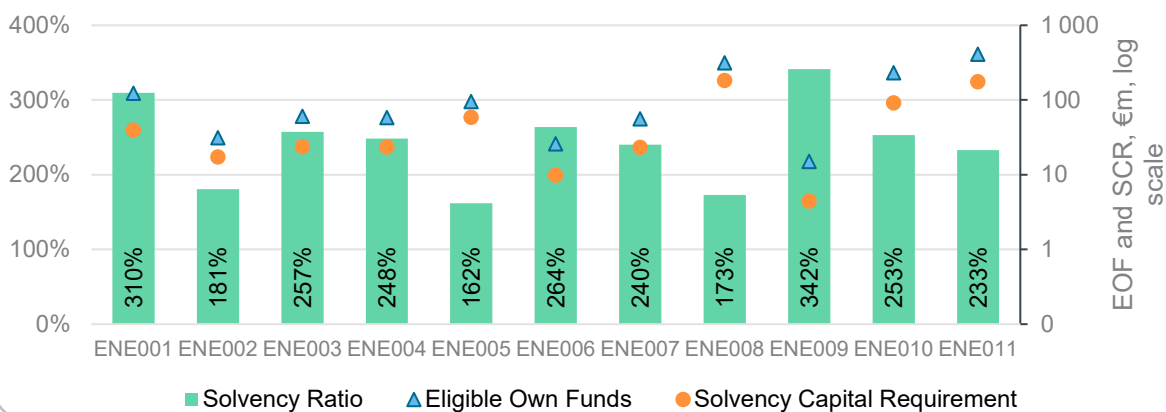
Number of LOB



Composition of the GW Premium

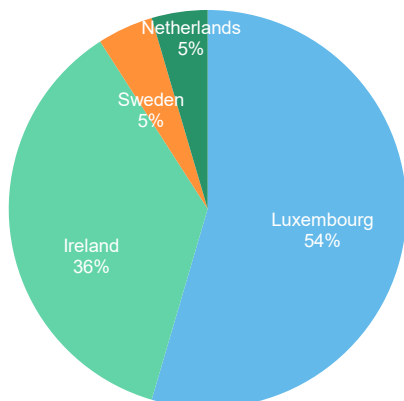


Solvency Position

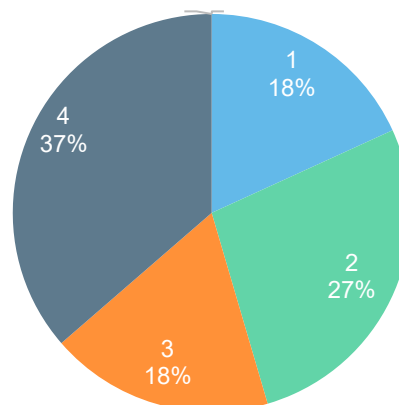


H. FOOD / AGRI (22 CAPTIVES)

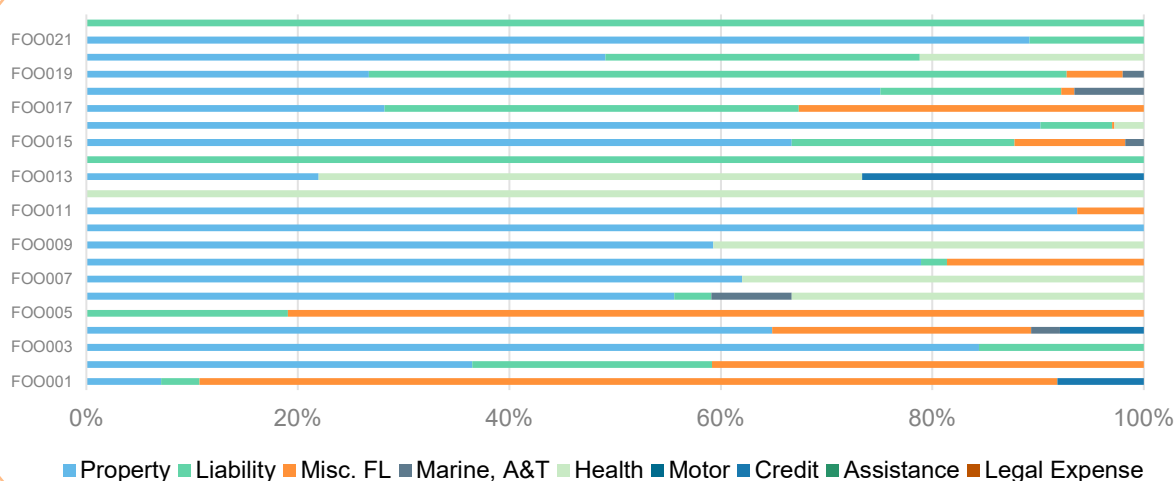
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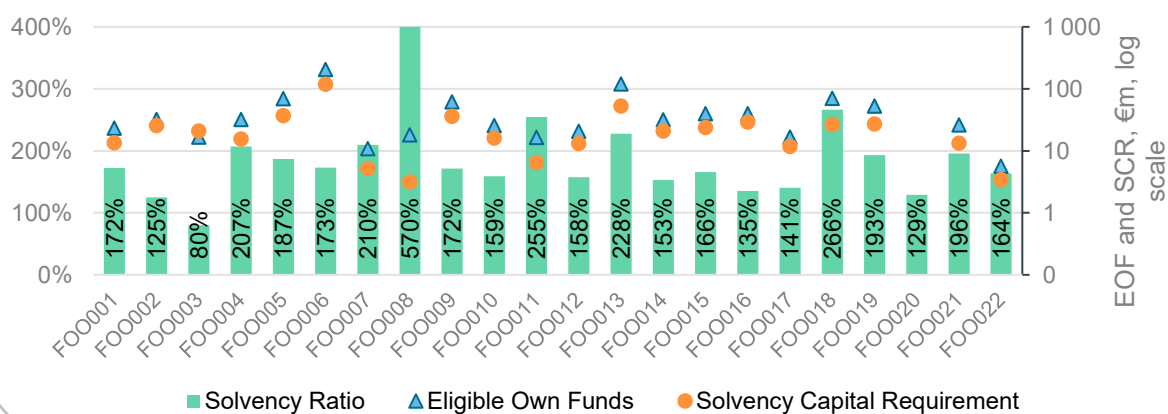
Number of LOB



Composition of the GW Premium

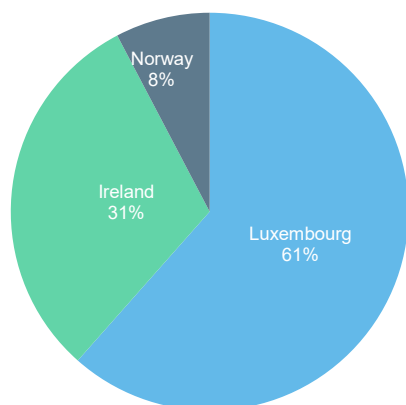


Solvency Position

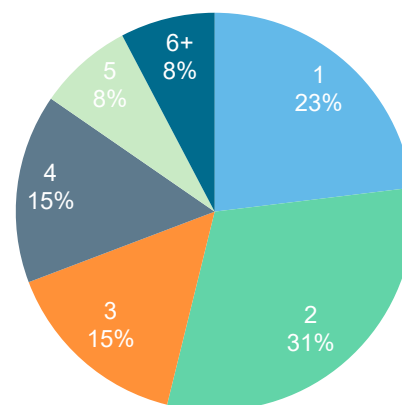


I. METALS & MATERIALS (13 CAPTIVES)

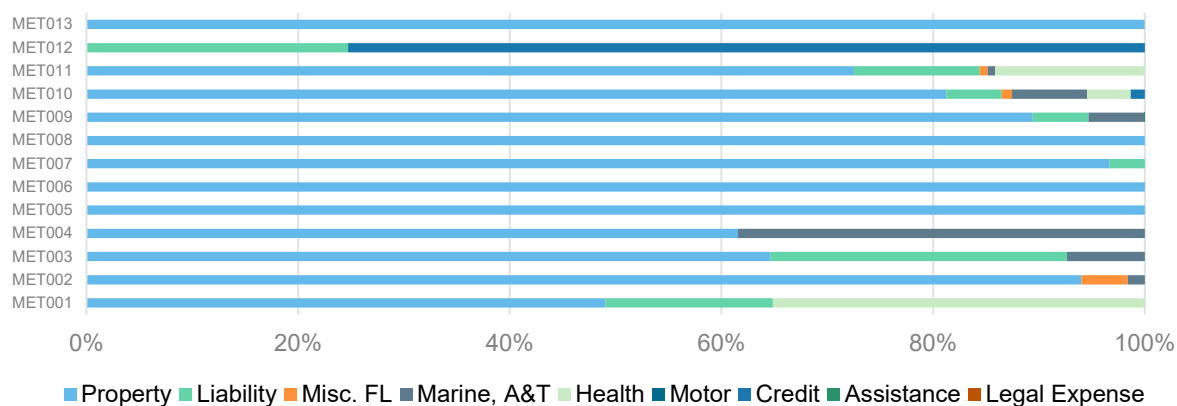
Domicile of the captive



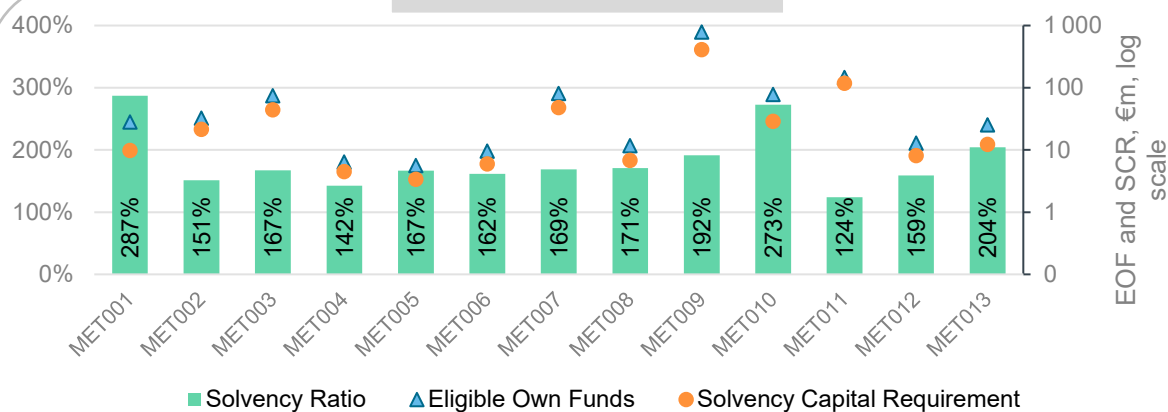
Number of LOB



Composition of the GW Premium

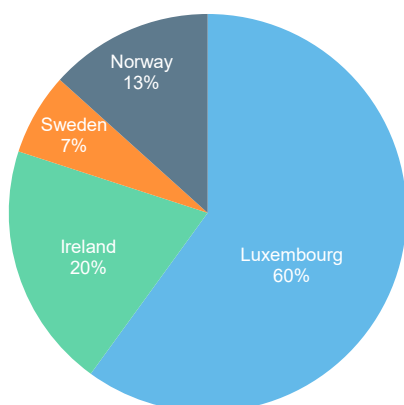


Solvency Position

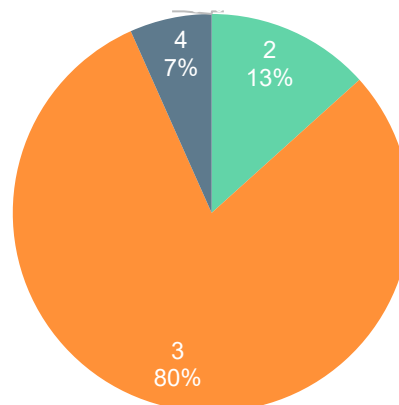


J. POWER /UTILITIES (15 CAPTIVES)

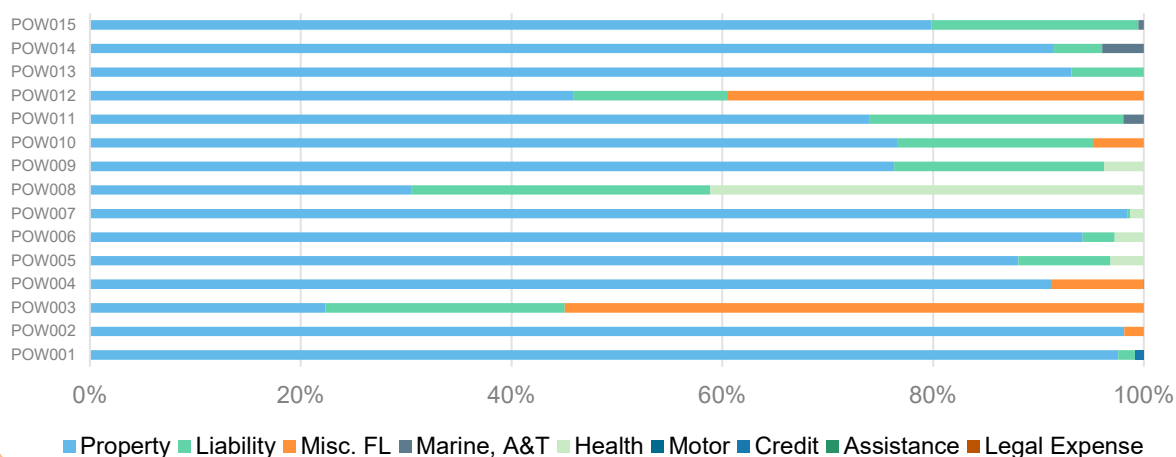
Domicile of the captive



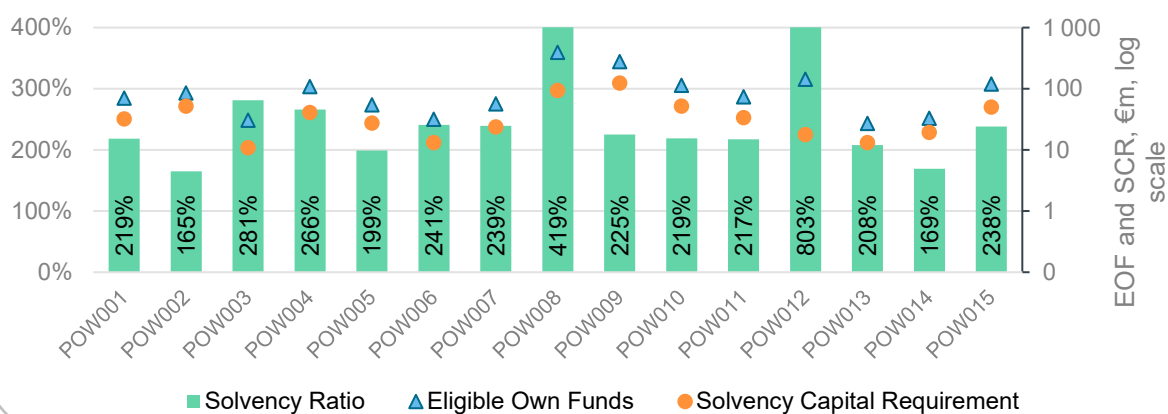
Number of LOB



Composition of the GW Premium

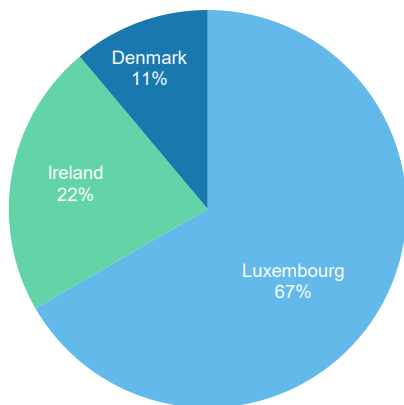


Solvency Position

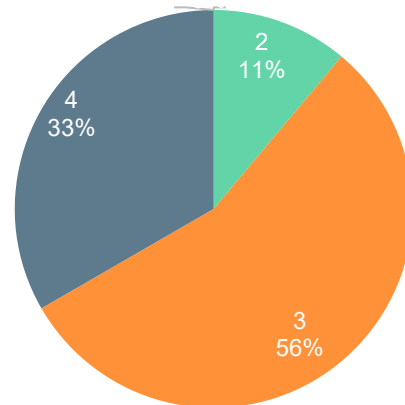


K. RETAILS (9 CAPTIVES)

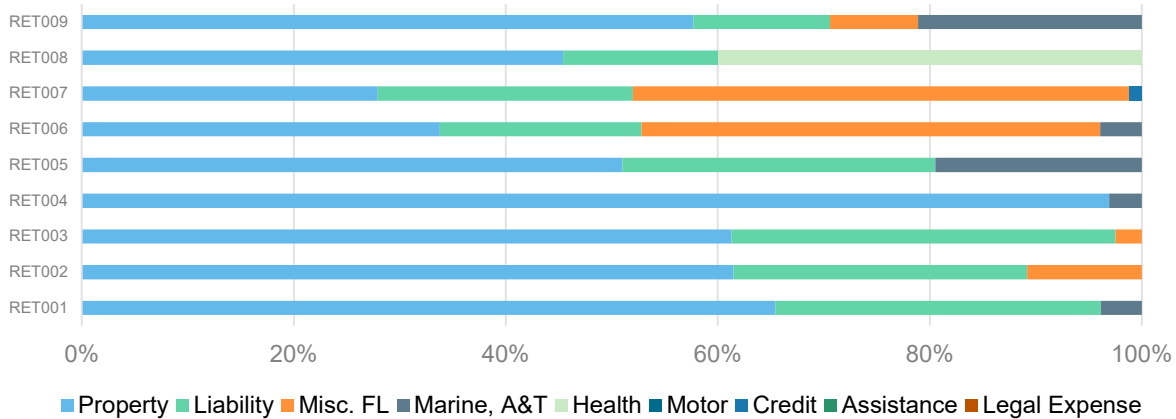
Domicile of the captive



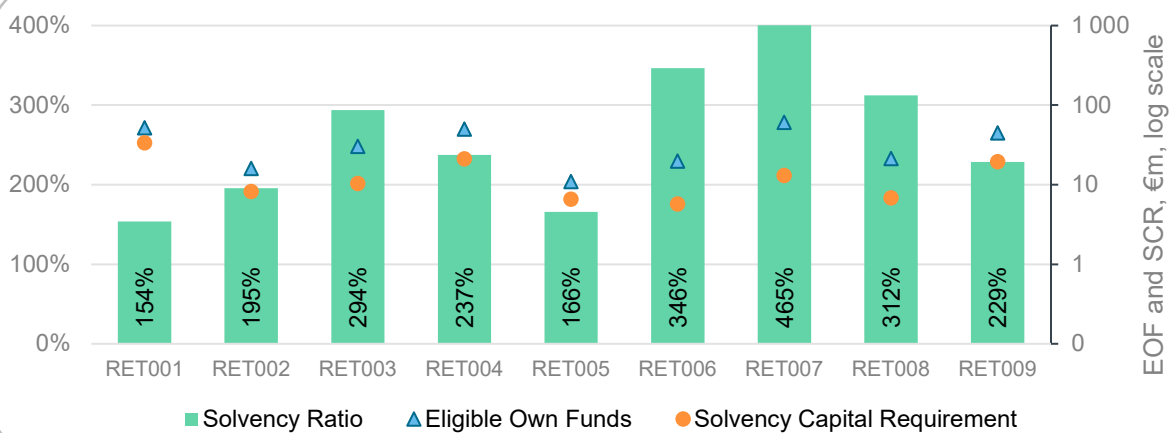
Number of LOB



Composition of the GW Premium

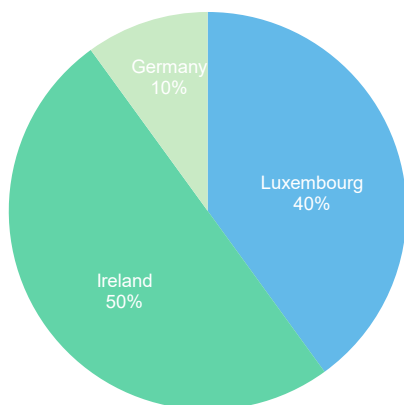


Solvency Position

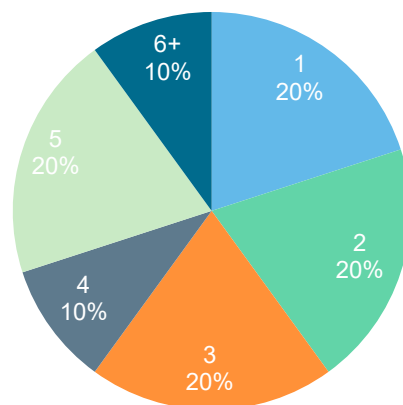


L. TECH, IT, TELECOM & MEDIA (10 CAPTIVES)

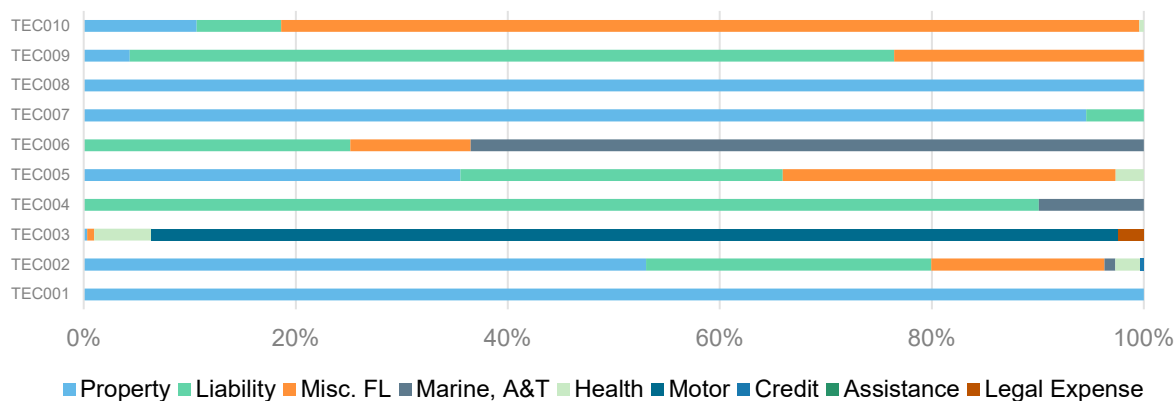
Domicile of the captive



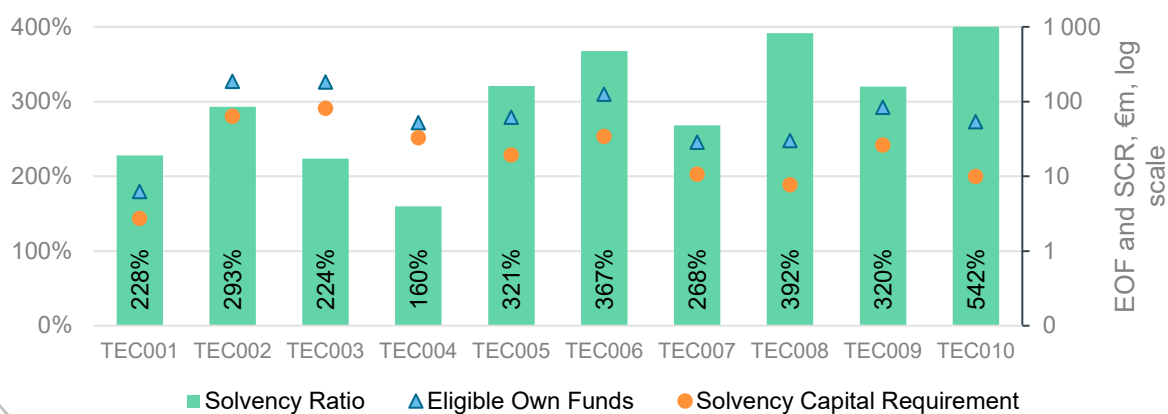
Number of LOB



Composition of the GW Premium

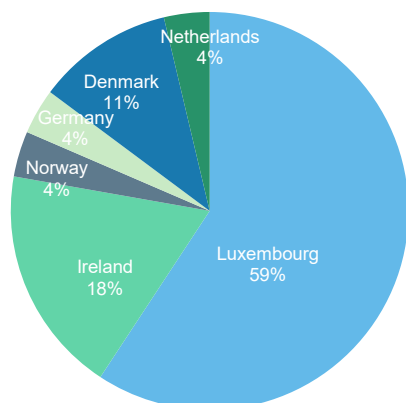


Solvency Position

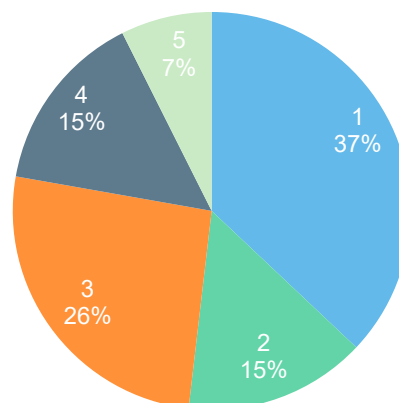


M. TRANSPORTATION / LOGISTICS (27 CAPTIVES)

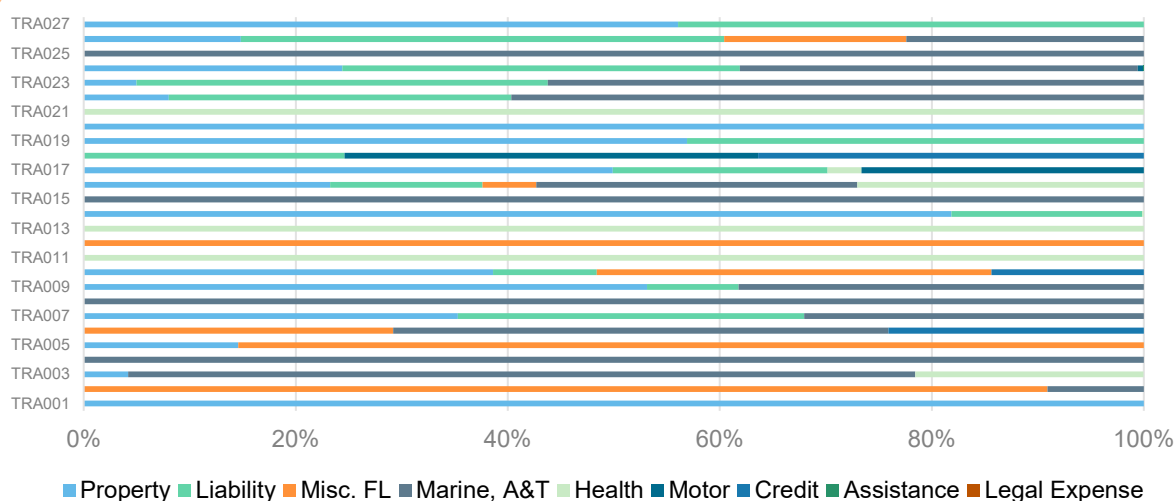
Domicile of the captive



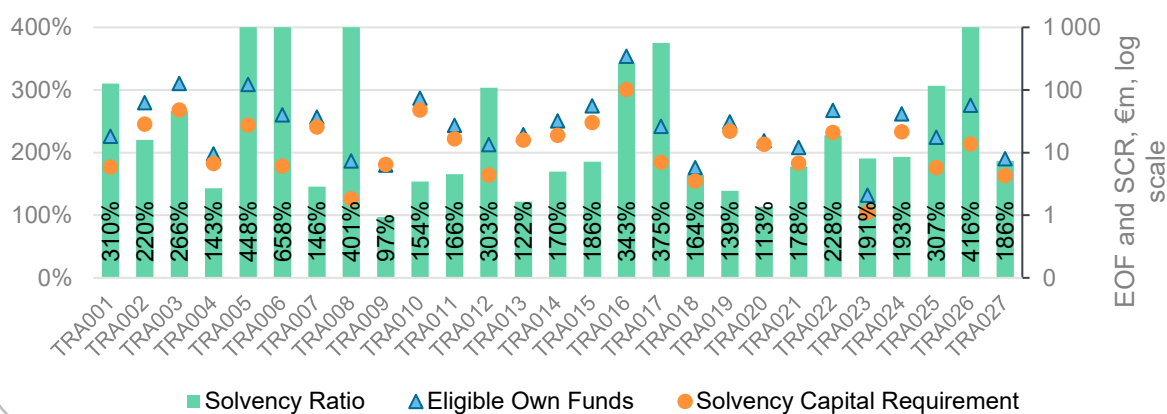
Number of LOB



Composition of the GW Premium

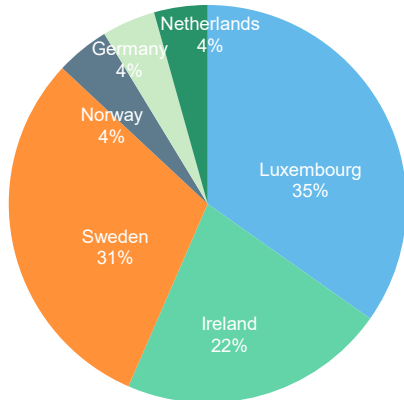


Solvency position

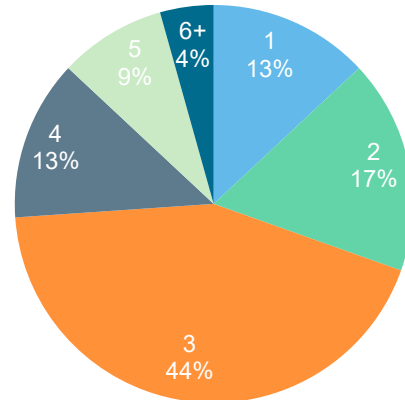


N. OTHER (23 CAPTIVES)

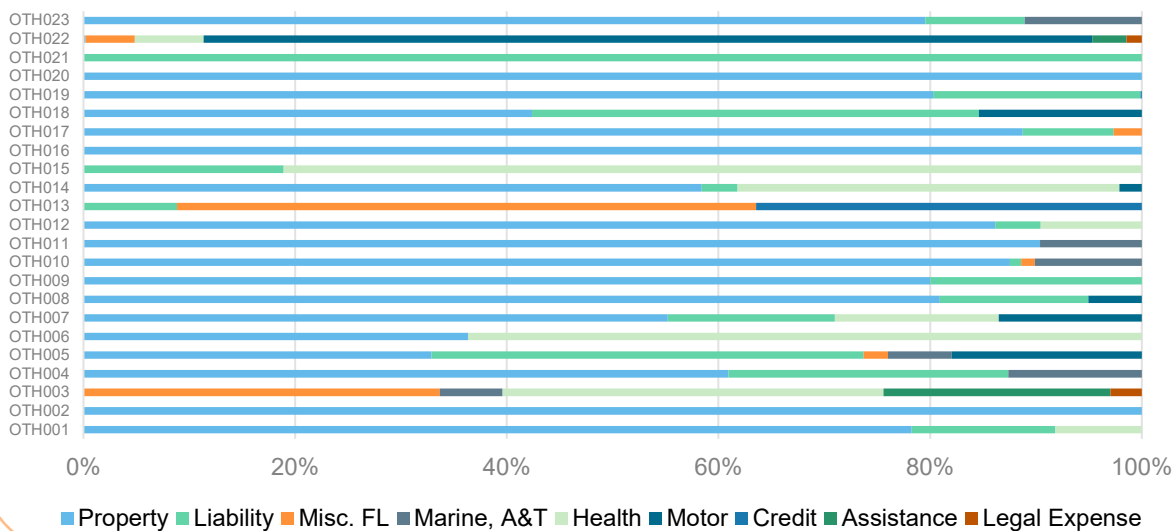
Domicile of the captive



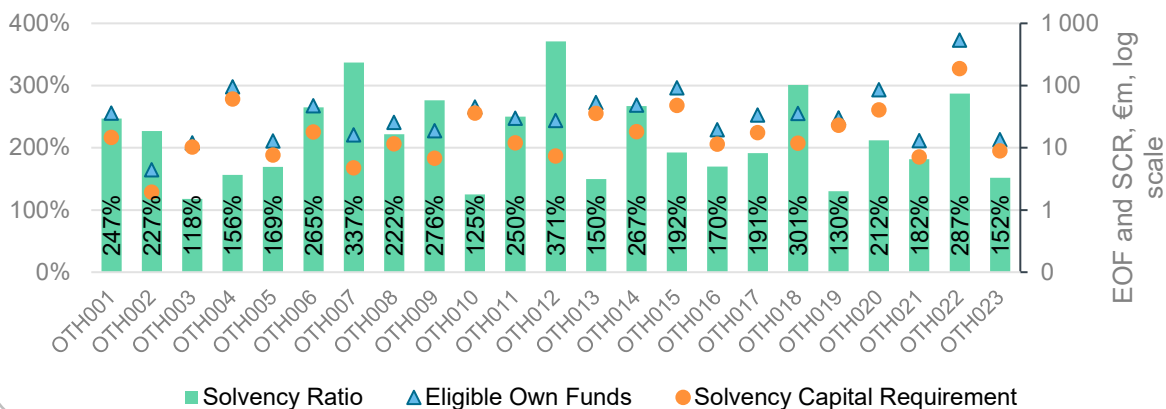
Number of LOB



Composition of the GW Premium



Solvency position





CAPTIVE INSURANCE

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