



Captive Report on QIS5

Solvency II

19th May 2011

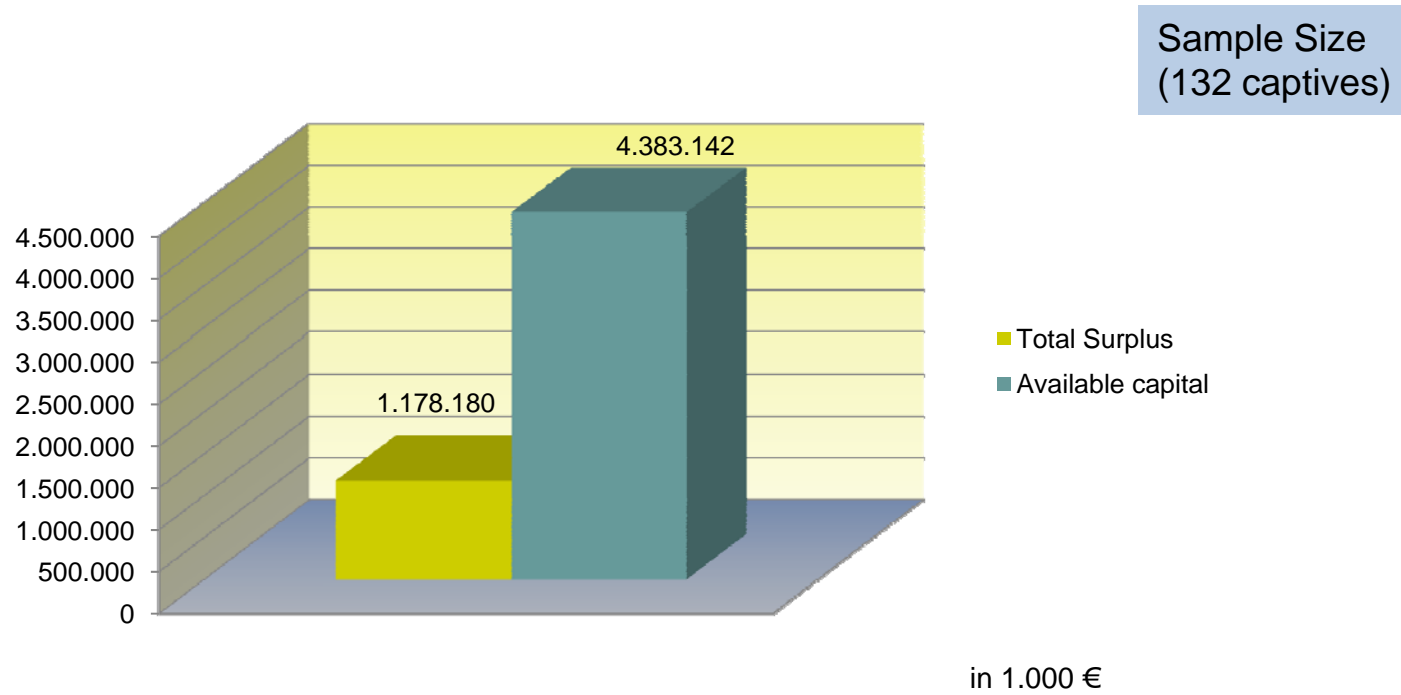


Captive Report on QIS5

Captives by country				
	Ins	RI	Both	Total
Denmark		3	1	4
Gibraltar		4		4
Ireland	25	12	2	39
Luxembourg	4	54		58
Malta	2	2		4
Netherlands	3	6		9
Sweden	10		1	11
UK			2	2
Germany			1	1
Total	51	78	3	132

For total number of captives worldwide, please see page 20

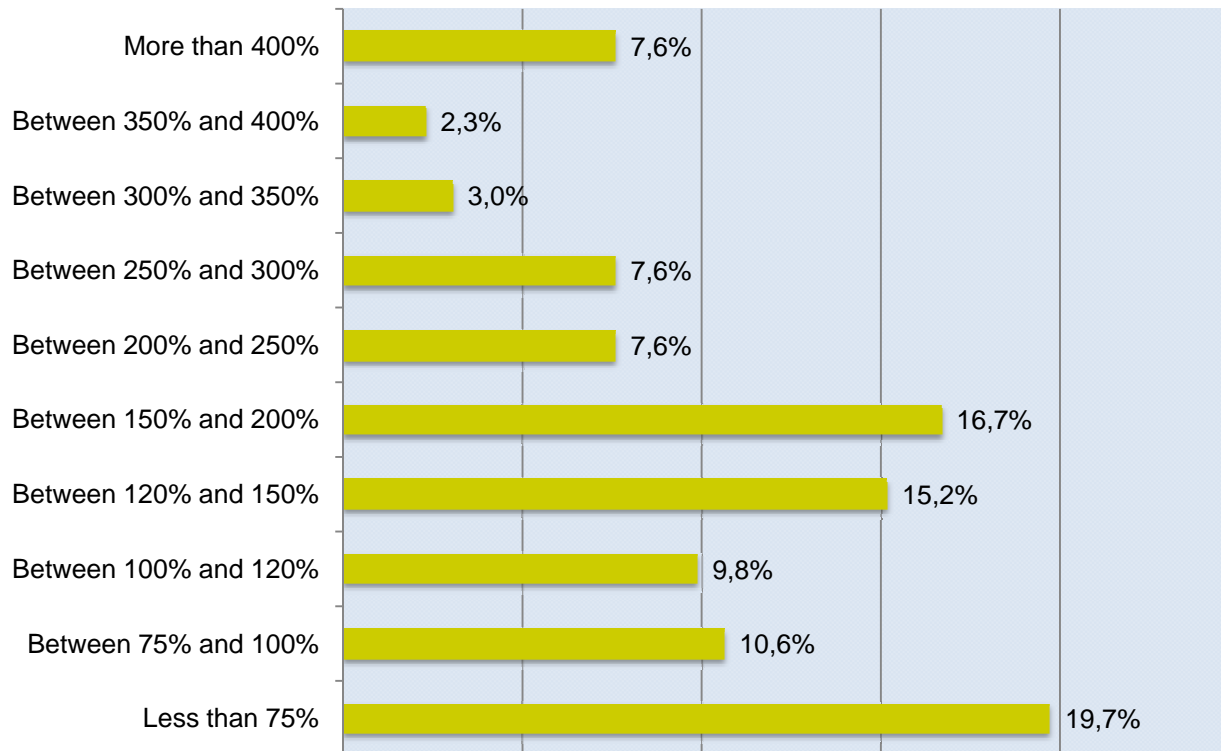
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Captive Report on QIS5

Distribution of SCR coverage



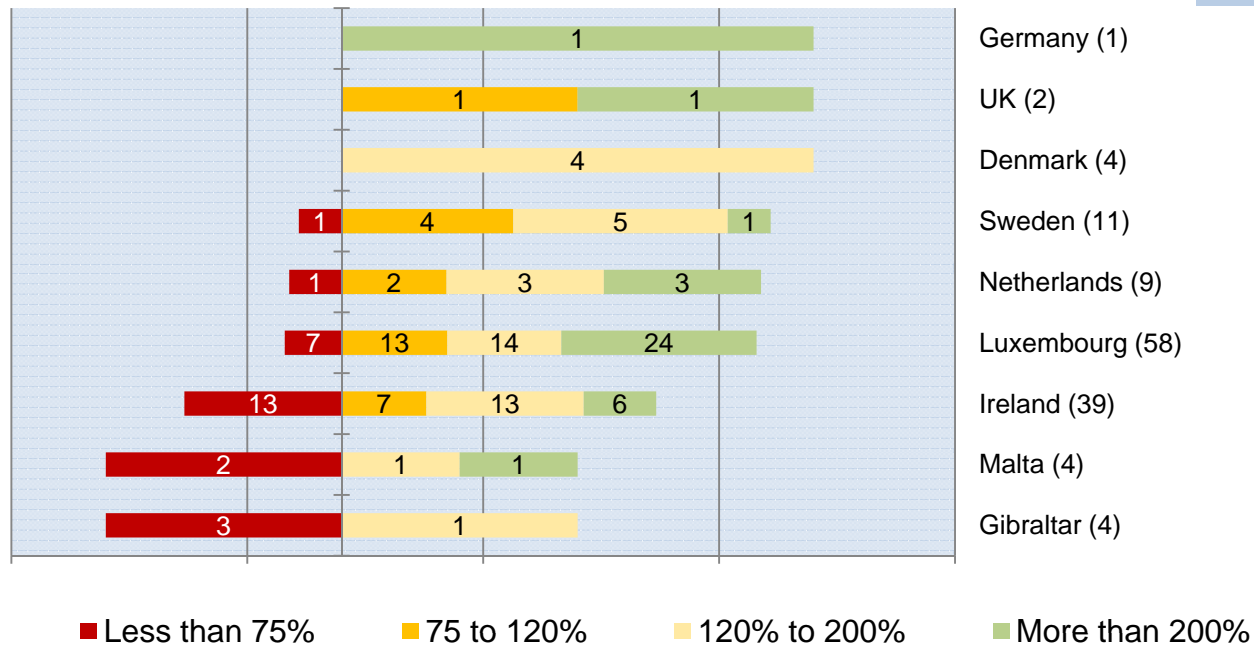
Key message: 30% are below 100% SCR (market-wide @15%)



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Distribution of SCR coverage by country

Total 132 captives



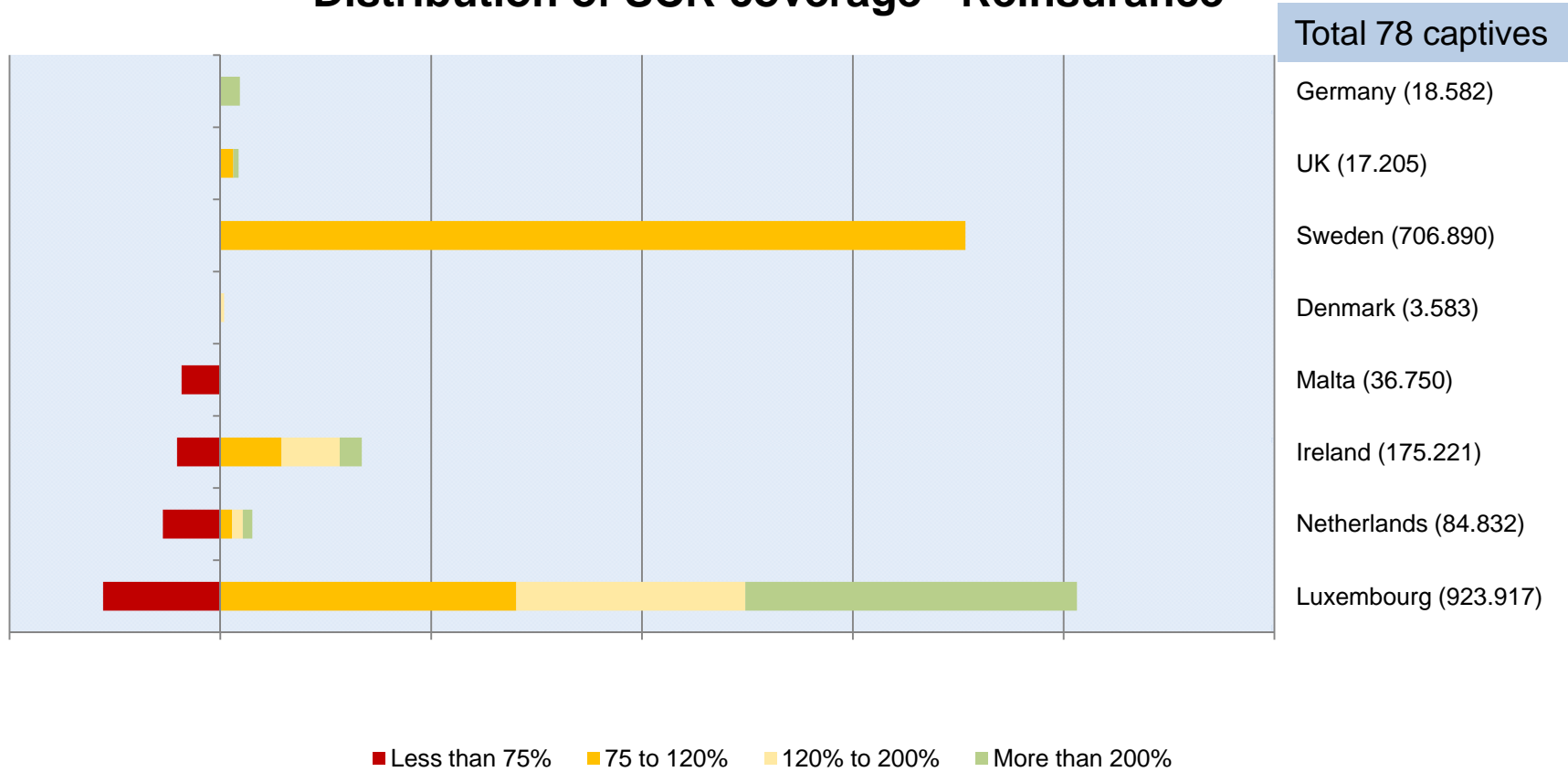
Key message: most issues for Ireland, Malta and Gibraltar (20% of 132 captives below 75% SCR).

Please, consider pages 5 – 9 together



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Distribution of SCR coverage - Reinsurance



Please, consider pages 5 – 9 together

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Distribution of SCR coverage - Reinsurance

Country	Less than 75%	75 to 120%	120% to 200%	More than 200%
Luxembourg (923.917)	111.289	280.712	217.273	314.643
Netherlands (84.832)	54.494	10.992	10.260	9.086
Ireland (175.221)	41.128	58.027	55.257	20.809
Malta (36.750)	36.750	0	0	0
Denmark (3.583)	0	0	3.583	0
Sweden (706.890)	0	706.890	0	0
UK (17.205)	0	12.244	0	4.961
Germany (18.582)	0	0	0	18.582
Total	243.661	1.068.865	286.373	368.080

in 1.000 €

Please, consider pages 5 – 9 together

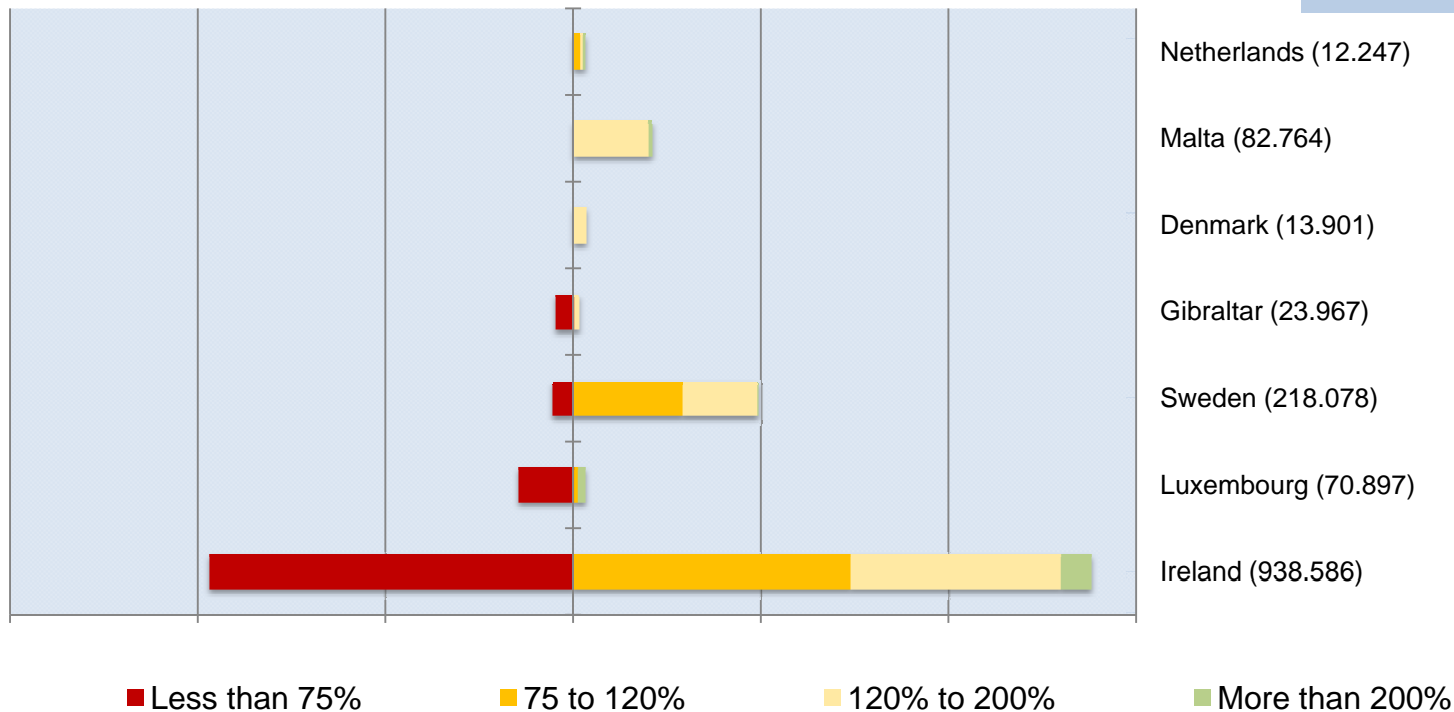


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in 1.000 €

Distribution of SCR coverage - Insurance

Total 54 captives



Key Message: Direct writing captives are in a worse position than reinsurers captives.

Please, consider pages 5 – 9 together

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Distribution of SCR coverage - Insurance

Country	Less than 75%	75 to 120%	120% to 200%	More than 200%
Ireland (938.586)	387.302	294.775	224.063	32.446
Luxembourg (70.897)	59.261	3.584	0	8.051
Sweden (218.078)	21.879	115.686	79.277	1.235
Gibraltar (23.967)	18.647	0	5.320	0
Denmark (13.901)	0	0	13.901	0
Malta (82.764)	0	0	79.704	3.060
Netherlands (12.247)	0	6.382	2.511	3.354
Total	487.090	420.427	404.775	48.147

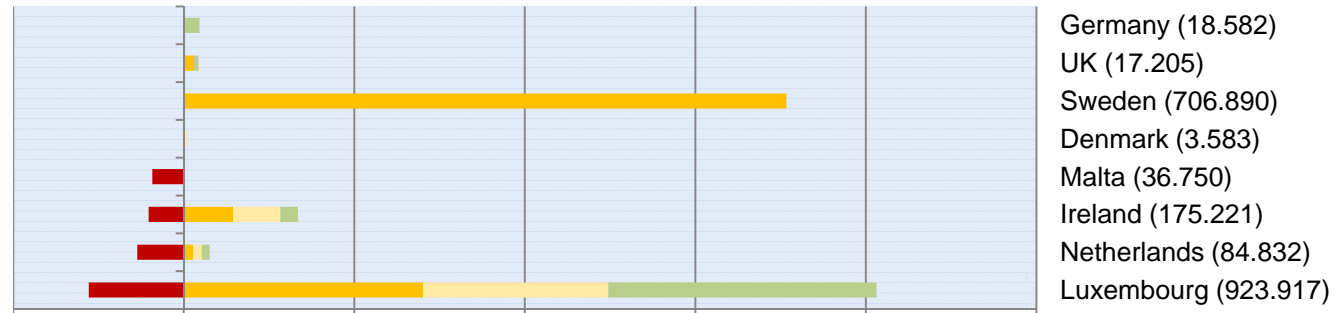
in 1.000 €

Please, consider pages 5 – 9 together

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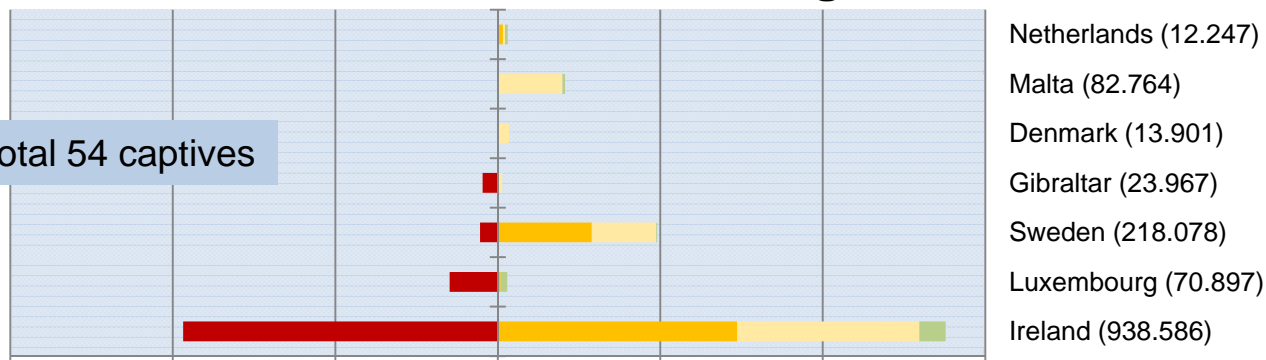
Distribution of SCR coverage - Reinsurance

Total 78 captives



Distribution of SCR coverage - Insurance

Total 54 captives

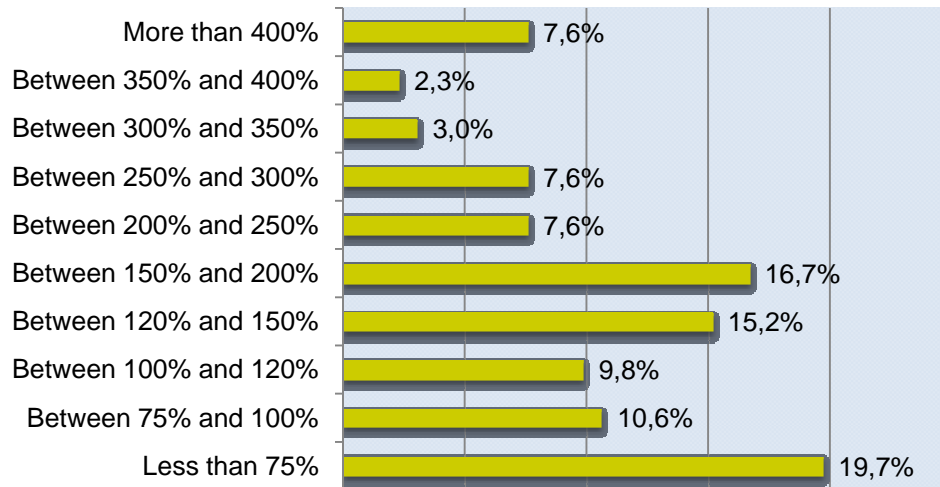


■ Less than 75%
 ■ 75 to 120%
 ■ 120% to 200%
 ■ More than 200%

Results mainly driven by direct writing captives

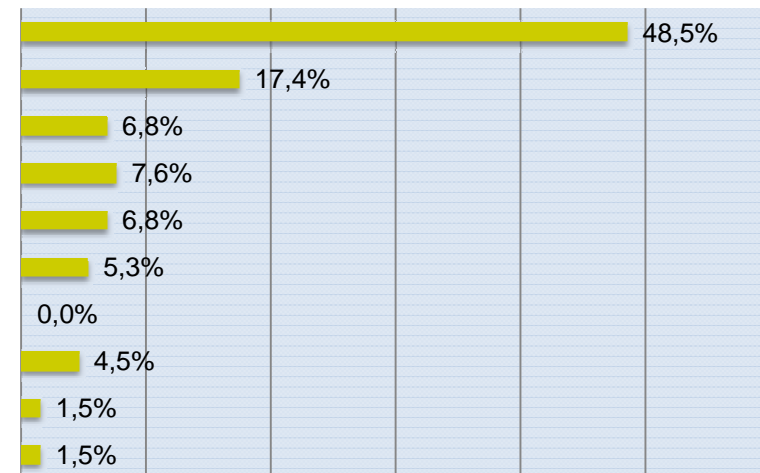
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Distribution of SCR coverage



30% are below 100% SCR
(double of market-wide @ 15%)

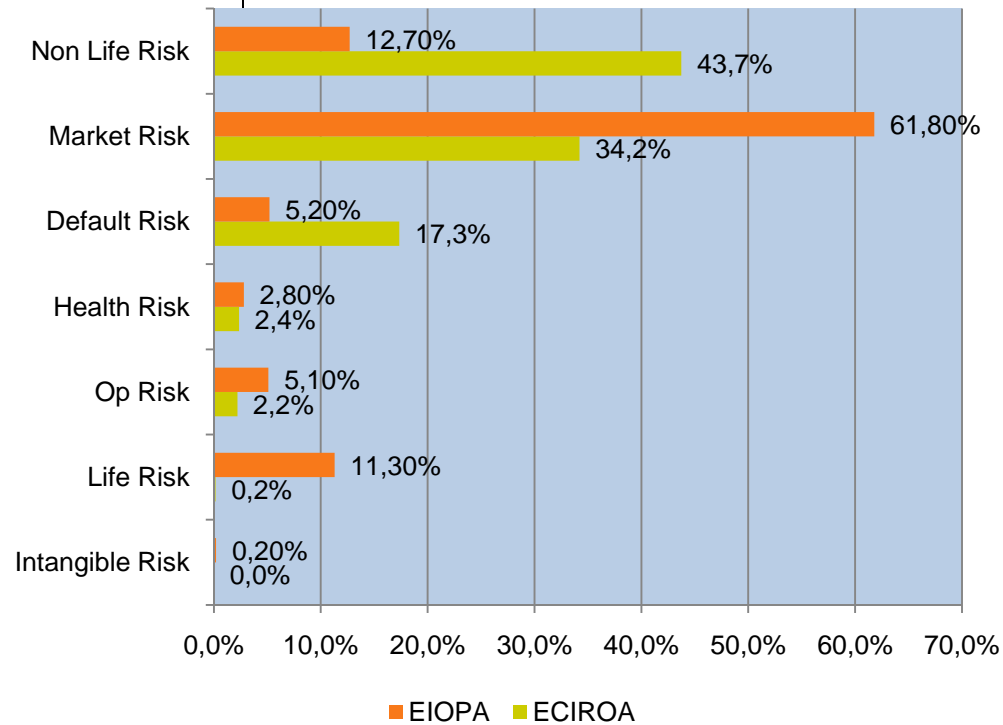
Distribution of MCR coverage



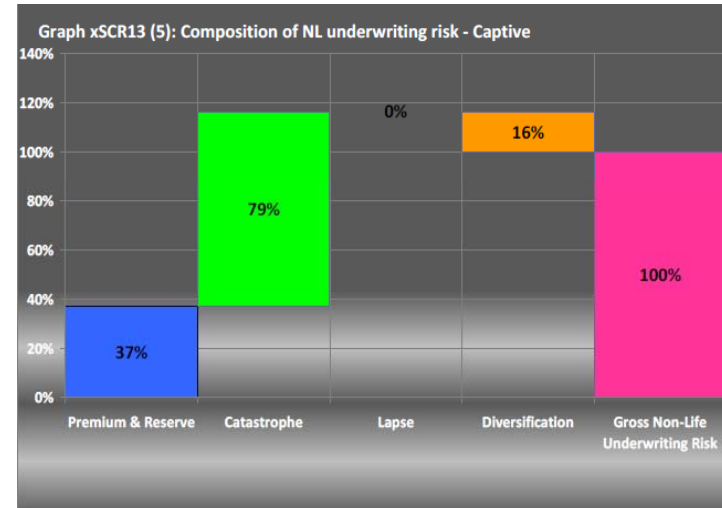
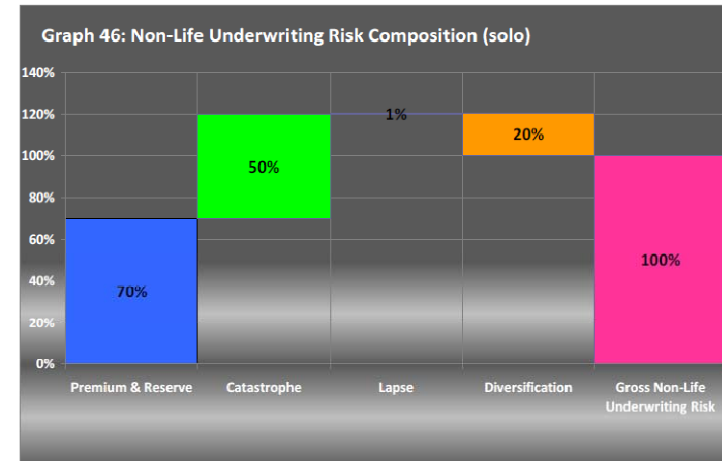
3% are below 100% MCR
(market-wide @ 4.6%)

CALIBRATION & TRANSITION

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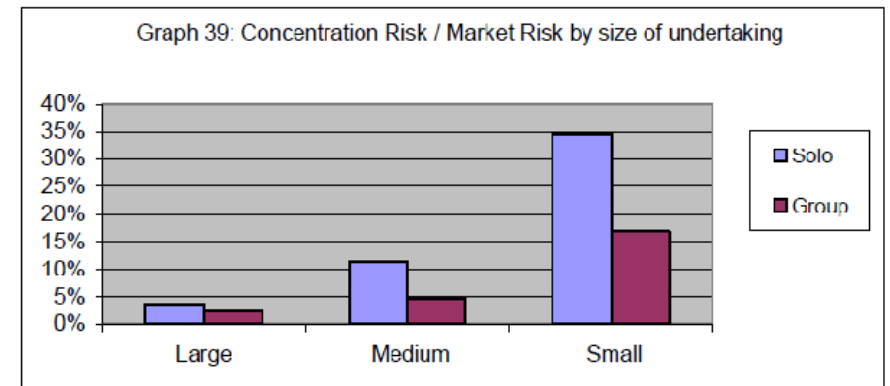
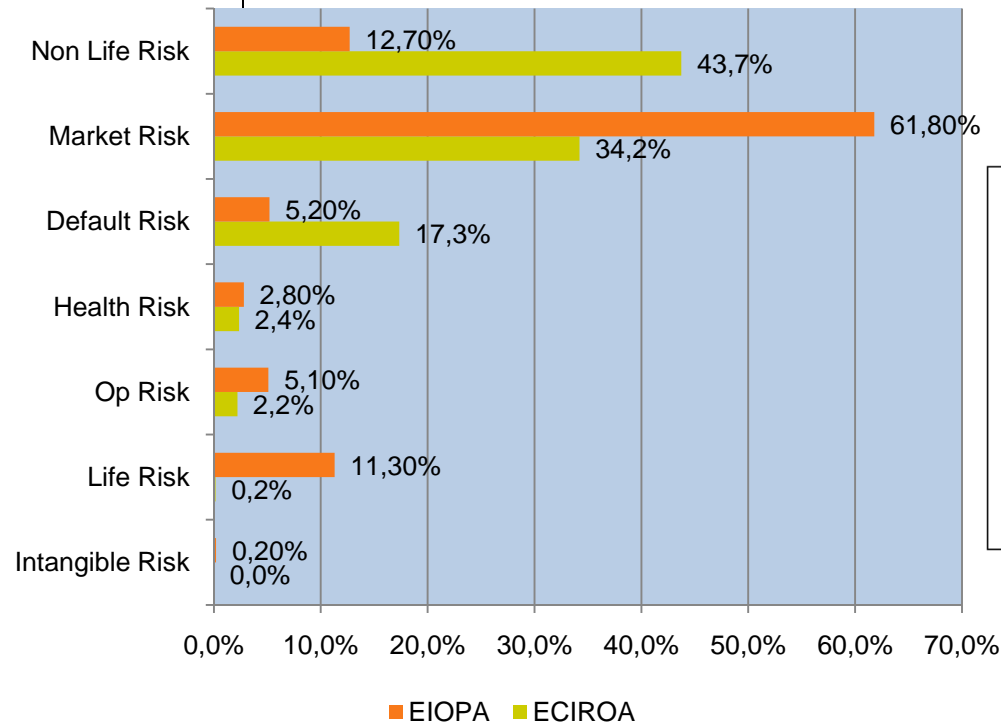


Cat Risk is too complex and over-estimated
 ⇒ (1) Re-calibration task force
 ⇒ (2) Proper aggregation with Premium Risk



Source: EIOPA Report on QIS5

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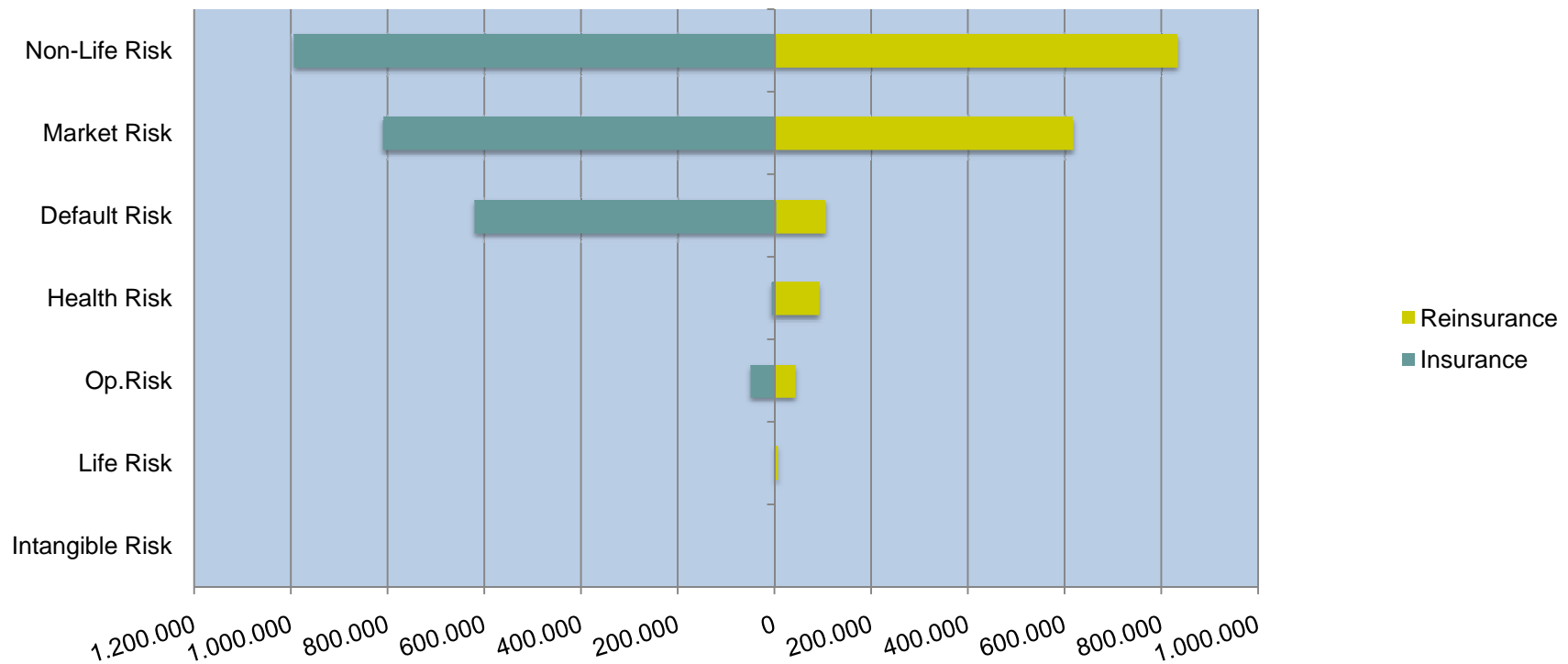
Source: EIOPA Report on QIS5

Concentration Risk is not appropriate for Captives and over-sized for small cpies
 ⇒ (1) Re-calibration of thresholds (2) Re-calibrate loading for unrated
 (3) Differentiated approach “external” investments vs “group” deposits/loans

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Main Risks by Insurance/Ri

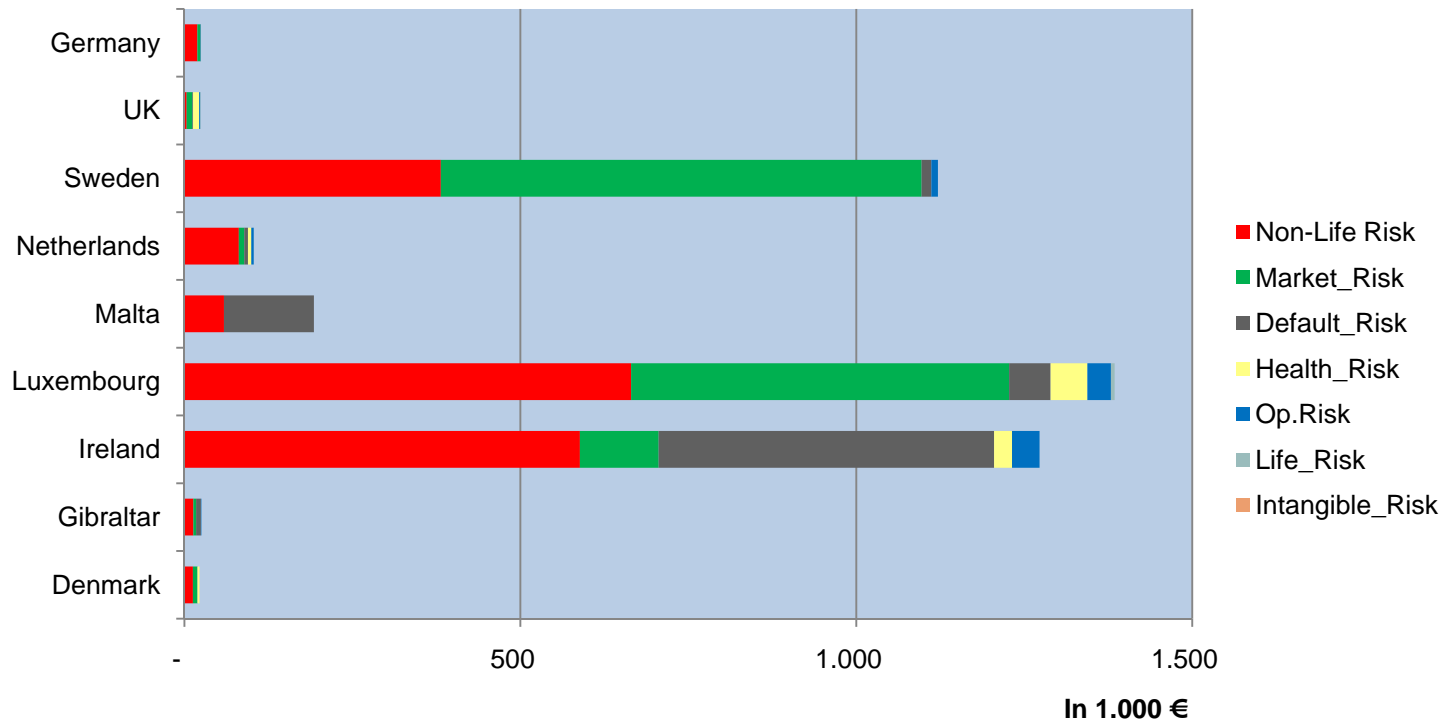
in 1.000 €



Key message: Default risk issue for insurance captives

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Main risks by country



Key message: Market risk is an issue for Luxembourg & Sweden; Default risk is an issue for Ireland and Malta



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Main Risk by Risk Type

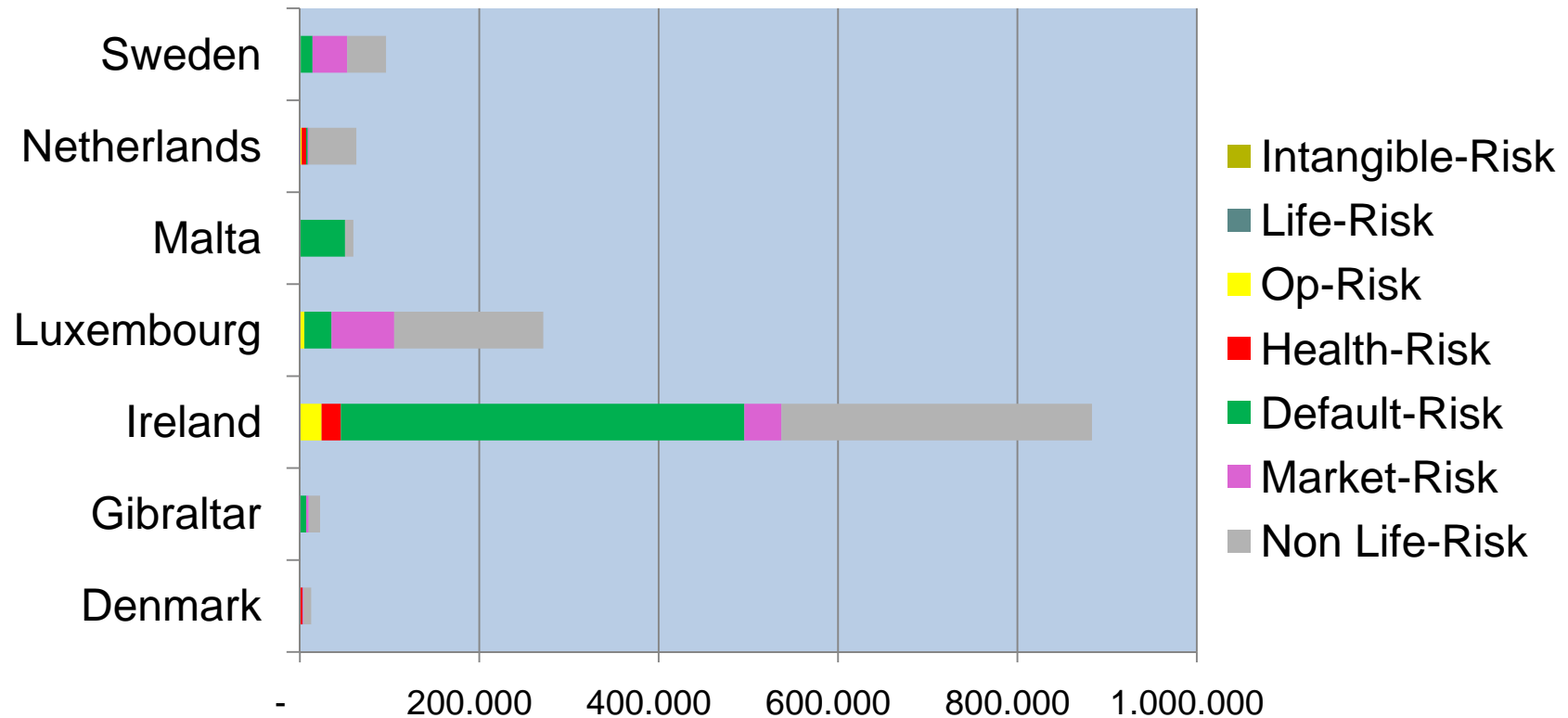
Country	Intangible-Risk	Life-Risk	Op-Risk	Health-Risk	Default-Risk	Market-Risk	Non Life-Risk
Denmark	0	0	0	2.799	350	6.633	12.740
Gibraltar	0	0	687	0	7.227	4.027	13.489
Ireland	0	0	40.808	26.840	499.108	117.177	588.773
Luxembourg	0	5.522	35.114	54.639	61.787	562.596	664.953
Malta	0	0	0	0	133.930	0	58.954
Netherlands	0	0	3.757	4.980	5.527	7.927	81.155
Sweden	0	0	9.600	0	14.711	715.560	381.619
UK	0	777	1.712	8.908	961	8.566	3.479
Germany	0	0	434	0	78	4.560	19.392
Total	0	6.299	92.112	98.166	723.679	1.427.046	1.824.554

in 1.000 €

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SCR < 100% by Risk Type

in 1.000 €



Key message: Key drivers are Market risk for Sweden & Luxembourg; Default risk for Ireland & Malta

Please, consider page 17 + 18 together



Captive Report on QIS5

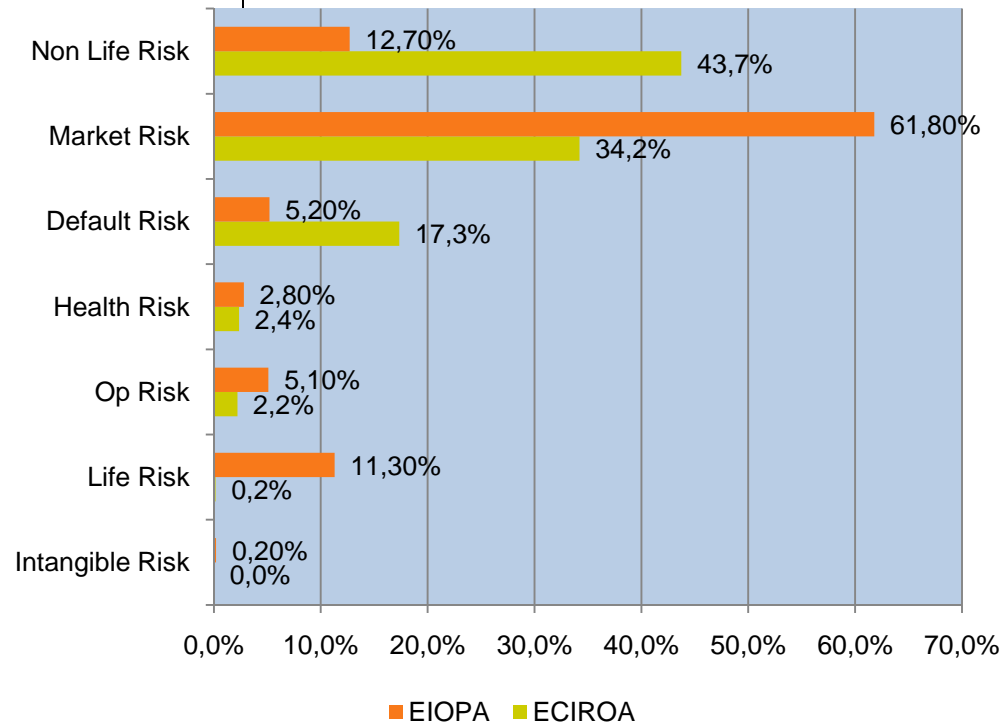
SCR < 100% by Risk Type

Country	Intangible-Risk	Life-Risk	Op-Risk	Health-Risk	Default-Risk	Market-Risk	Non Life-Risk
Denmark	0	0	0	2.799	350	774	8.638
Gibraltar	0	0	575	0	6.428	2.652	12.806
Ireland	0	0	24.040	21.579	449.913	41.336	346.325
Luxembourg	0	0	4.848	0	30.381	69.805	166.310
Malta	0	0	0	0	50.249	0	9.225
Netherlands	0	0	1.915	4.980	1.789	1.202	52.936
Sweden	0	0	993	0	13.073	38.651	43.318
Total	0	0	32.372	29.358	552.182	154.420	639.556

in 1.000 €

Please, consider page 17 + 18 together

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Default Risk is over-estimated

⇒ (1) Re-calibrate Cat Risk

(2) Re-calibrate loading for unrated

(3) Differentiated approach
 “external” vs “group” reinsurance
 including unrated captives and non
 EEA captives



Snapshot worldwide

Total Captives worldwide

Domiciles by captive numbers

Bermuda	845	Sweden	50
Cayman Islands	738	Switzerland	35
Vermont	576	Gibraltar	17
Guernsey	333	Malta	11
Anguilla	252	Norway	11
Luxembourg	249	Denmark	8
Isle of Man	143	Finland	8
Ireland	82	... other countries	2,259
Total			5,617

Source: Captive Review, March 2011

Key message: This is a global issue due to (a) equivalence; (b) ability of captives to move domiciles



Snapshot worldwide

Total Captives worldwide

Domiciles by premium (\$bn)

Vermont	73,800
Bermuda	19,642
Luxembourg	11,510
Cayman Islands	8,664
Guernsey	5,477
South Carolina	3,751
Isle of Man	2,560
Ireland	2,200
:	:
125 bn \$ worldwide	

Source: Captive Review, March 2011



Snapshot worldwide

Total Captives worldwide

Domiciles by assets under management (\$bn)

Vermont	134,400
Bermuda	118,000
Luxembourg	67,891
Cayman Islands	57,983
Guernsey	37,271
Isle of Man	9,000
Ireland	7,500
Hawaii	7,273
:	:
-- 450-500 bn \$ worldwide	

Source: Captive Review, March 2011



Thank you!

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