The captive model is still very alive

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More than 1000 delegates gathered this week at Centre des Conférences in Kirchberg for the European Captive Forum 2012. Luxembourg is before Dublin and Malta the largest reinsurance captive domicile in the European Union with more than 200 licensed captives. Captives are (re)-insurance companies which only cover the risks of the industrial, commercial or financial groups they belong to. They are a kind of self-insurance for the large multinational groups and as such play an important part in the operations of their groups.

Organised by the European Captive Insurance and Reinsurance Owners Association (ECIROA), the European Captive Forum is a leading event in the captive scene, bringing together captive owners and managers, reinsurers, risk managers, service providers and regulators. Featuring an extensive two day conference programme, including panel debates and case studies, the Forum offers the unique opportunity to gain industry insights from risk managers and captive insurance experts, network with other captive insurance professionals and meet leading advisors and service providers at the accompanying exhibition.

In his opening speech Victor Rod, Head of the Luxembourg insurance supervisory authority, highlighted that the first law on reinsurance supervision in Luxembourg was adopted in 1984 far before reinsurance was regulated in any other European Union country. “Despite this lasting financial and economic crisis the captive model is still very alive. The industry avoided scandals, what is for me the best sign that the captives are run in a very professional and technical way. They are an integral part of the risk management process of their owners and thus are run in a responsible way”, he underlined.

Solvency 2 and its recent postponement were the major topics of this year’s Forum. The new regulatory framework is a challenge for the European captive scene. The industry welcomed the inclusion of the overall proportionality principle in the Framework Directive but expressed major concerns about its practical application in the executing texts not taking account of the specific nature of the captive model. It also highlighted the uncertainties created by the postponement of the implementation of the Solvency 2 framework until 2016.