

CAPTIVES REPORT

MARCH 2026

With foreword from Caroline Wagstaff, CEO
of the London Market Group: the driving
force behind the UK captives regime



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FOREWORD

The global captive insurance market has evolved significantly in recent years. What began as a specialised solution for major corporations has become integral to contemporary risk financing. Organisations that face increasing premiums – brought on by market hardening, evolving regulation, and complex risk profiles – have over time, moved captives from the margins to the heart of insurance programme design.

Across major jurisdictions, captives are increasingly recognised as key tools to improve resilience, enabling corporates to achieve stability, access reinsurance, and exert greater control over their insurance arrangements at a more accessible price.

Regulatory reforms in Europe, the United States (US), and elsewhere reflect a global recognition by regulators of a need for proportionate and tailored oversight, rather than captives being barred entirely or shoe-horned into disproportionate frameworks designed for consumer insurers. These changes have resulted in broader uptake, faster market expansion, and ultimately the integration of captives into the menu of standard strategies available to corporates for managing risk and capital.

The report's findings show demand is both rising and diversifying, with mid-market organisations, public sector entities, and businesses in emerging economies all increasingly considering the route of adopting captives. Established and emerging domiciles are modernising regulatory regimes and service ecosystems to attract captives to be domiciled locally, marking a real shift in the approach to global corporate risk management.

This report provides a thorough overview of these changes, capturing insights from GILC member firm lawyers around the world. The emerging themes: regulatory modernisation, increased participation, strategic applications, and heightened domicile competition all highlight the vital role captives will play in the future of global risk management.

As organisations navigate uncertainty and rapid change, captives offer corporate risk managers stability, strategic flexibility, and long-term control. We hope this report assists corporate leaders, regulators, and practitioners in seizing future opportunities and shaping the next era of captive insurance.



This document does not present a complete or comprehensive statement of the law, nor does it constitute legal advice. It is intended only to highlight issues that may be of interest to clients of Global Insurance Law Connect. Specialist legal advice should always be sought in any particular case.



CAROLINE WAGSTAFF,
CEO, LONDON MARKET GROUP

INTRODUCTION



The captive insurance market is experiencing an historic transformation. No longer a niche tool for large corporations, captives have become an accepted way of designing corporate resilience strategies, especially in areas where there is volatility and constrained insurance capacity. In spaces where commercial insurers are reducing their involvement in complex risks or adjusting their pricing, captives provide organisations with an alternative that can also enhance control, improve predictability, and support more effective long-term risk management.

Across different regions and sectors, mature markets such as the US, Luxembourg, Bermuda, and Switzerland remain stable and sophisticated users of captive solutions. But meanwhile, reforming jurisdictions such as France, the United Kingdom (UK) and Italy are updating

regulations to allow or attract captives, demonstrating a global trend toward proportionate oversight tailored to corporate risk portfolios. Policymakers now recognise that retail insurance supervision is not necessary or effective for captives.

THE GLOBAL SHIFT TOWARDS CAPTIVE INSURANCE

Global demand for captive insurance has increased significantly in the past decade due to changing market pressures affecting corporate insurance needs. Hard market conditions, capacity restrictions, and increased volatility in high severity lines have played a central role. As noted across multiple jurisdictions, organisations are turning to captives to gain stability, access reinsurance markets more efficiently, and create mechanisms for retaining and managing risks that commercial insurers are either retreating from or pricing prohibitively. These dynamics are consistent across the globe.

Captives have moved from optional instruments used primarily by the world's largest multinationals to strategic components embedded within more diverse corporate risk financing strategies. This shift is rooted in several global drivers.

HARD MARKET CONDITIONS AND RISING PREMIUMS

Across jurisdictions, insurers' tightening appetites and the sustained hardening of commercial markets since 2018–2020 have been cited as the most influential catalyst for captive formation. Rising premiums, increased retention requirements, restricted capacity, and the withdrawal of carriers from challenging lines, such as cyber, environmental liability, property catastrophe, and certain financial lines, have forced organisations to consider alternative structures.

Jurisdictions across Europe consistently report a marked increase in demand for captive insurance solutions, driven by evolving market pressures. In Germany, rising premiums, insurers' insistence on high deductibles, and limited capacity have led to a steady uptick in both traditional captives and protected cell captives. Spain estimates that demand has grown at approximately 50 percent in the past five years as organisations adapt to tightening insurance markets. Meanwhile, both Italy and the UK have witnessed significant growth in demand over the past decade, propelled by the hardening of global insurance markets. Alberto Batini, partner at BTG Legal in Italy, comments: *"Over the past five to ten years, demand for captive insurance solutions among Italian corporate groups has increased in line with international market developments. This increase has been driven primarily by the progressive hardening of the insurance market, rising premiums, reduced underwriting capacity for certain classes of risk and a growing focus on self-retention and structured risk financing."*

Collectively, these observations highlight a widespread shift towards captives as a strategic response to escalating costs and restricted commercial insurance options. This global pattern demonstrates a fundamental shift: commercial market volatility is now seen as a strategic risk in itself, prompting organisations to adopt captives as a means of stabilising long term insurance expenditures.

INCREASING COMPLEXITY OF CORPORATE RISK PROFILES

At the same time, corporations are facing increasingly complex and interconnected risks which commercial insurers often struggle to price predictably. As Matt Ellis, Partner at Sparke Helmore in Australia, notes, *"There has been increased interest in businesses seeking alternatives to traditional insurance to deal with emerging risks like cyber threats, natural disasters, supply chain issues, and rising reinsurance costs."* Captives are therefore increasingly viewed as essential tools for securing coverage for *"risks that are expensive or difficult to obtain in the commercial market."*

Across markets, organisations also emphasise the need for stability, budget certainty and long term control. Captives help smooth volatility, fund high frequency/low severity risks more efficiently and reduce reliance on unpredictable commercial markets. As summarised by Yngve Skogrand, partner at RIISA in Norway, *"Captives provide greater flexibility, they stabilise insurance spend, and they make it possible to write coverages that are expensive or difficult to obtain in the commercial market"* emphasising their expanding role in supporting more resilient, long-term insurance planning.



EXPANDED ACCESS TO REINSURANCE MARKETS

Captives give corporates direct access to global reinsurance markets, reducing intermediary costs and enabling terms aligned to their own risk profiles, an advantage that becomes particularly valuable in hard markets where reinsurers often remain more flexible than primary carriers.

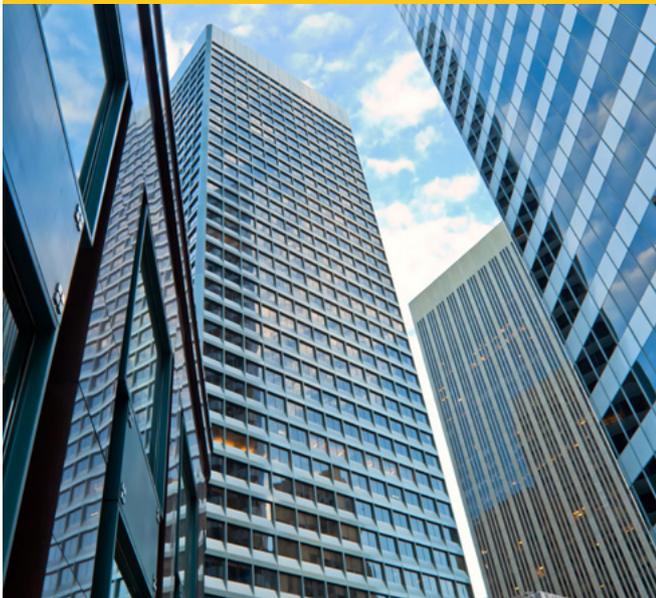
Luxembourg, a long-established captive market, strengthens this benefit through its well-regulated and predominantly reinsurance-led captive ecosystem. Hosting more than 200 captive entities and a reinsurance sector valued at EUR58 billion in 2024 (+6.0%), it is widely regarded as the EU's leading captive reinsurance centre. Most groups use a fronting insurer to issue the policy and then cede the risk to a Luxembourg captive reinsurer, a model supported by a dedicated reinsurance framework dating back to the 1984 law.

Across markets, from New Zealand to Mexico to the US, access to reinsurance capacity is one of the most frequently cited benefits of captives. Konstantinos Issaias, Partner at KG Law in Greece, comments: *"The choice of jurisdiction is generally driven by regulatory maturity, tax considerations, access to reinsurance markets, and familiarity of international insurers and advisors with the relevant domicile."*

Global alignment on this issue is driving organisations to make captives a core part of their overall risk-financing strategies, rather than viewing them as secondary tools.

"THE CHOICE OF JURISDICTION IS GENERALLY DRIVEN BY REGULATORY MATURITY, TAX CONSIDERATIONS, ACCESS TO REINSURANCE MARKETS, AND FAMILIARITY OF INTERNATIONAL INSURERS AND ADVISORS WITH THE RELEVANT DOMICILE."

KONSTANTINOS ISSAIAS, PARTNER, KG LAW



"CAPTIVE NUMBERS HAVE MORE THAN DOUBLED TO OVER 200, DRIVEN SIGNIFICANTLY BY BRAZILIAN GROUPS. HOWEVER, DESPITE GROWING INTEREST IN MORE SUPPORTIVE REGULATION, BRAZIL'S SUPERVISORY AGENDA REMAINS FOCUSED ON BROADER INSURANCE REFORMS, MAKING MEANINGFUL CAPTIVE-SPECIFIC CHANGES UNLIKELY IN THE NEAR TERM."

JOÃO MARCELO DOS SANTOS, PARTNER, SANTOS BEVILAQUA

OFFSHORE SOLUTIONS IN NON DOMICILE MARKETS

In countries without established domestic captive regimes, corporates overwhelmingly turn to offshore solutions, leveraging a variety of international domiciles and arrangements to access reinsurance capacity. For example, Patricio Prieto Larrain, Partner at Prieto Abogados in Chile, comments: *"Currently, establishing a captive in Chile is impractical as the country lacks specific captive legislation, requiring companies to form full insurance entity subject to high capital, regulatory and corporate governance. It is possible to establish these companies abroad and insure directly with them. However, due to tax considerations and other legal constraints, it is generally more efficient to operate through a fronting arrangement with local insurers, with the captive acting as a reinsurer or even as a reinsurer of the reinsurer for such risks."*

As a result, in Chile, companies commonly incorporate captives in US states, favouring locations such as Vermont and the Carolinas due to their mature regulatory environments and specialist expertise.

Brazil highlights the widespread use of Bermuda, the Cayman Islands, and Luxembourg for captive formations, reflecting these jurisdictions' reputations for robust financial services and supportive frameworks. João Marcelo Dos Santos, Partner at Santos Bevilaqua comments: *"In Brazil, established offshore jurisdictions remain popular captive domiciles due to their expertise, service infrastructure, and strong treaty networks, with fronting often required because of protectionist local insurance and reinsurance frameworks."*

"Captive numbers have more than doubled to over 200, driven significantly by Brazilian groups. However, despite growing interest in more supportive regulation, Brazil's supervisory agenda remains focused on broader insurance reforms, making meaningful captive-specific changes unlikely in the near term."

Meanwhile, Argentina typically utilises indirect arrangements, working through local fronting insurers to facilitate access to offshore captive structures. These varied approaches underscore the globalisation of captive insurance and the enduring appeal of well-established domiciles for corporates operating in regions where onshore captive options are unavailable.



REGULATORY MODERNISATION, CONVERGENCE, AND THE EVOLVING COMPETITIVENESS OF CAPTIVE DOMICILES

CONVERGING APPROACHES TO CAPTIVE REGULATION

A global shift is transforming the captive insurance market as regulators converge on proportionality, a tailored oversight model recognising captives as corporate risk tools rather than consumer insurers. Consequently, countries such as the UK, Italy, Switzerland, and New Zealand have spent the past decade recalibrating rules to offer lighter capital requirements, streamlined reporting, and simpler governance for these entities.

The Solvency II framework remains a primary driver of this trend across the EU and EEA, implemented through national laws in Austria, Italy, France, Germany, Luxembourg, Malta, Spain, and Greece. This influence extends further, with Norway aligning its framework closely to these standards and Mexico modelling its 2015 LISF regime on them. The ongoing European debate on proportionality has accelerated these reforms, leading to significant regulatory relief. Specifically, Switzerland solidified this trend with its 2024 Insurance Supervision Act, granting extensive exemptions to intra-group captive insurers, while nations like Austria, Malta, and Germany are actively applying similar measures to create a more efficient environment for corporate risk-financing. In Greece, proportionality applies within the broader Solvency II framework rather than through a dedicated captive regime.

DEVELOPMENTS IN MATURE DOMICILES

Mature domiciles provide some of the most consistent examples of regulatory refinement. Luxembourg is one of Europe's most established and well-regulated domiciles for captive (re)insurance. It offers a stable, clearly defined framework with regulated solvency expectations and a mature ecosystem of specialist service providers, making it consistently attractive to European multinationals.

Switzerland has taken a more decisive step with its 2024 reforms to the Insurance Supervision Act. Dominik Skrobala, Partner at gbf Attorneys-at-law in Switzerland, explains: *"By exempting captives underwriting intragroup or professional policyholder risks from tied asset requirements and simplifying reporting obligations, Switzerland has significantly lowered the regulatory burden on captives. These changes mark a shift toward greater efficiency without compromising supervisory credibility."*

Malta has established one of the EU's more advanced captive insurance markets, supported by a regulatory framework tailored to different captive structures while remaining fully aligned with EU requirements. It is the only EU domicile offering Protected Cell Companies (PCCs) with direct passporting rights into the European Economic Area, enabling significant reductions in fronting, capital, and reporting costs. As of 2024, Malta hosts around 25 captive

structures out of 68 licensed insurers, writing approximately EUR350 million in premiums. Growth has been fuelled by post-Brexit relocations and the increasing use of PCC structures, which deliver operational efficiencies and resource-sharing benefits.

Edmond Zammit Laferla, Partner at Mamo TCV Advocates in Malta, comments: *"The market is driven largely by multinational and privately owned groups seeking EU-wide risk coverage, particularly in sectors such as manufacturing, energy, shipping, logistics, and construction. Most parent companies originate from outside the EU, especially, the US and Asia, using Malta as a strategic entry point into the EEA. Both single-parent captives and protected cell arrangements are common, with the latter preferred for smaller or more diversified risk portfolios. Looking ahead, Maltese captives are expected to adopt more innovative risk-transfer mechanisms, including parametric solutions to address emerging risks such as climate and sustainability challenges."*

In the US, the most diverse captive market globally, regulatory evolution continues at the state level. Jurisdictions such as Vermont, Hawaii, North Carolina, South Carolina, Delaware, and Nevada refine their statutes incrementally, balancing robust oversight with the practical needs of captive owners. State-level competition has long ensured a responsive environment, supported in these states by deep actuarial, legal, and reinsurance expertise.

Interestingly, a number of countries that have domestic captive markets still consider offshore jurisdictions more attractive due to lighter regulations and lower costs. For example, New Zealand although not as well-known as some of the more mature captive markets, has a domestic captives regime. New Zealand corporates are showing increased interest in captive insurance, both domestically and through nearby offshore jurisdictions such as the Cook Islands. Captives are permitted under New Zealand's prudential regime and supervised by the Reserve Bank of New Zealand, with certain regulatory exemptions compared to traditional insurers. However, public visibility of the sector remains limited due to the private nature of captive arrangements. While New Zealand is not considered a major captive domicile, offshore options remain appealing to some corporates because of perceptions of lighter regulation, lower capital requirements, and reduced operating costs, though these jurisdictions may be viewed less favourably by reinsurers that prefer stronger compliance frameworks.

"DESPITE THE STILL HIGH REGULATORY REQUIREMENTS AND STRICTER ACCOUNTING AND TAX REGULATIONS, COMPARED TO OTHER EUROPEAN COUNTRIES SUCH AS FRANCE, LUXEMBOURG OR MALTA – AS WELL AS A NON-IDEAL CAPTIVE INFRASTRUCTURE – THESE ARE BECOMING INCREASINGLY IMPORTANT IN THE GERMAN MARKET, NOT ONLY FOR LARGE AND ALSO INCREASINGLY FOR MID-SIZED COMPANIES."

DR. CAROLIN SCHILLING-SCHULZ, PARTNER,
ARNECKE SIBETH LABELSTEIN

Rob Coltman, Partner at Duncan Cotterill in New Zealand, comments: *"Interest in captives is largely driven by rising premiums, placement challenges, market volatility, and a desire for greater control over risk management programmes. Global brokers active in New Zealand are increasingly providing captive advisory services to meet this demand. As the insurance market hardens and climate-related pressures intensify, particularly around property risk, more companies may reassess conventional insurance strategies in favour of captive solutions. Future regulatory reform is anticipated, with New Zealand likely to monitor developments in other jurisdictions, including England and Wales, as it considers how to evolve its own captive supervision framework."*

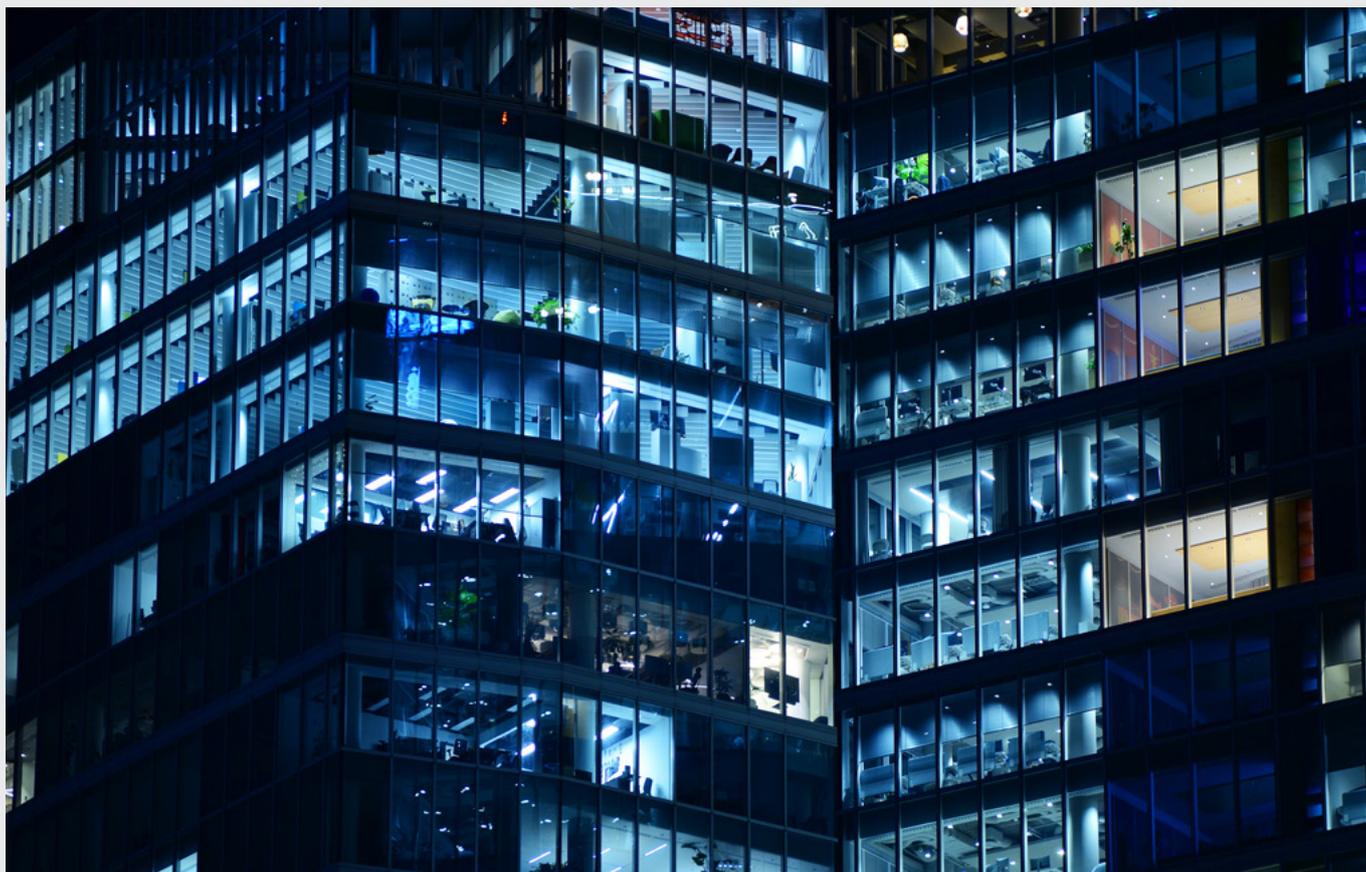
Australia has a mature market for captive insurance, supported by major international brokers, but most Australian organisations choose to establish their captives offshore. This is mainly influenced by more favourable tax and regulatory conditions in jurisdictions such as Bermuda, Singapore, Vermont, and Guernsey, with only a small number of captives authorised locally. Those that operate from abroad typically rely on the 'unauthorised foreign insurer' exemptions to participate in the Australian market. Over time, Singapore has become increasingly preferred over traditional European domiciles, particularly as specialised industries, such as mining, energy, and infrastructure, turn to captives in response to the growing impact of weather-related risks.

Marianne Robinson, Special Counsel at Sparke Helmore in Australia, comments: *"Although Australia is a stable and highly regulated insurance environment, the financial and administrative burden of establishing a captive domestically remains a major deterrent. Higher capital requirements, lengthy authorisation processes and the need to engage multiple financial and legal experts contribute to substantial upfront costs. While there has been some effort to reduce regulatory complexity, barriers persist. However, regulators such as the APRA are becoming more open to alternative capital structures, including insurance-linked securities and the Federal Government is exploring climate-related risk pools and captive-style mechanisms similar to the existing Terrorism Insurance Pool."*

In Germany, there are no concessions for captives and captive formations. Dr Carolin Schilling-Schulz, Partner at Arnecke Sibeth Dabelstein in Germany, comments: *"Despite the still high regulatory requirements and stricter accounting and tax regulations, compared to other European countries such as France, Luxembourg or Malta – as well as a non-ideal captive infrastructure – these are becoming increasingly important in the German market, not only for large and also increasingly for mid-sized companies."*

There are currently nine captives based in Germany, three primary insurers and six reinsurers, most of them established for many years. But the number will increase: Volkswagen has started the process of re-domesticating its captive to Germany from Ireland (start January 2027) and Telekom has established a reinsurance captive in Germany, which is planned to start mid-2026.

At the moment, Luxembourg in particular is the preferred location for German companies to establish their captive insurance companies, followed by Dublin, Malta, Bermuda, and the US.



REFORMING AND EMERGING JURISDICTIONS

Alongside these long-established domiciles, several countries have embarked on ambitious programmes to establish or revitalise their captive regimes. France's 2023 reforms have transformed it from a non domicile into one of Europe's fastest-growing emerging markets, supported by clearer supervisory guidance, streamlined administration, and the introduction of a resilience reserve that allows captives to accumulate underwriting profits on a tax advantaged basis. Robert Byrd, Partner at Byrd & Associates in France, comments: "While France remains a very small player in the captive market, its regulatory initiatives in 2023 are clearly having some impact. Since the reform in 2023, the number of captives has increased from fewer than 10 to 23 by the end of 2025, and the aim of the authorities is to have around 30 by the end of 2026. While this increase is modest, it does show the increasing interest of French companies to set up captives in France rather than in the more traditional jurisdictions. The increasing interest in captives, in particular by French companies, shows a vote of confidence for the French captive insurance regime."

After a long campaign by the insurance industry's own London Market Group, the UK is also poised for a significant shift, with government and regulator-approved plans to have a dedicated captive regime operational by summer 2027. The forthcoming framework, which includes proportionate solvency rules, simplified authorisation processes, and PCCs, is likely to reshape domicile strategies for UK corporates historically reliant on offshore centres. This reflects a realisation by the UK regulator that not having a captive regime in place simply shifts capital offshore and out of local financial markets,

disadvantaging the globally leading UK insurance centre for corporates. Ross Baker, Partner at Beale & Co in the UK, comments: *"Regulators and government bodies are actively working on these changes. Consultations have already taken place, and further engagement with industry is planned before implementation. The aim is to create a regime that attracts re-domiciliation of UK-linked captives from offshore jurisdictions and positions the UK as a leading European domicile alongside Luxembourg and Ireland."*

Elsewhere in Europe, Italy is exploring ways to embed proportionality more effectively within their supervisory models for captives. Although less mature, these reforms reflect a growing recognition across the EU that captives require specialised treatment in order to compete globally.

"REGULATORS AND GOVERNMENT BODIES ARE ACTIVELY WORKING ON THESE CHANGES. CONSULTATIONS HAVE ALREADY TAKEN PLACE. AND FURTHER ENGAGEMENT WITH INDUSTRY IS PLANNED BEFORE IMPLEMENTATION. THE AIM IS TO CREATE A REGIME THAT ATTRACTS RE-DOMICILIATION OF UK-LINKED CAPTIVES FROM OFFSHORE JURISDICTIONS AND POSITIONS THE UK AS A LEADING EUROPEAN DOMICILE ALONGSIDE LUXEMBOURG AND IRELAND."

ROSS BAKER, PARTNER, BEALE & CO



OFFSHORE SOLUTIONS IN MARKETS WITHOUT DOMESTIC REGIMES

At the opposite end of the regulatory spectrum are countries that do not currently permit domestic captive formation, including Brazil, Chile, India, and Argentina. Corporates in these markets have responded by turning to offshore centres, typically US states, Bermuda, Cayman Islands, and Luxembourg, often via fronting arrangements. These cases highlight a central truth: the absence of domestic regulation does not reduce demand for captive solutions; it simply shifts activity to jurisdictions with established frameworks and operational depth. Matias Ponferrada, Partner at Abeledo Gottheil, comments: *“Given that Argentina does not have a specific regime applicable to captive insurers, there are no official statistics regarding the number of captives or the evolution of premiums or assets linked to these structures. Nevertheless, over the past five to ten years there has been a sustained increase in interest in captives as a risk financing and risk management tool at a global level, a trend that also extends to Latin American companies with operations in Argentina.*

“In practice, this increased interest has not translated into the creation of local captives, but rather into the assessment and implementation of captive structures through specialised offshore jurisdictions, integrated into regional or global insurance programs.”

However, in India, Shivangi Sharma Talwar at JSA Law, comments: *“India has seen growing interest in captive insurance, with brokers increasingly advocating for these models and regulators exploring frameworks to enable them. While reforms have not yet introduced a formal captive regime, recent legislative changes effectively empower the Central Government to notify additional classes of insurance business in the future including a possible captive insurance class, as a tool for more tailored and efficient risk management.”*

Similarly, Aldo Ocampo, Partner at Ocampo 1890 in Mexico, comments: *“Demand for captive solutions in Mexico continues to grow, particularly among large domestic corporates and multinational subsidiaries, supported by increasingly sophisticated risk management practices. Major industrial groups and the Mexican Risk Management Association have shown interest in a domestic captive licensing framework, but current regulatory capital and administrative requirements make locally domiciled pure captives impractical.”*

Mexican market participants are also seeking a more efficient process for registering foreign captives given the rigour of existing requirements.

“THERE IS NO LARGE MARKET FOR CAPTIVE INSURERS IN AUSTRIA. IN SOME CASES, INSURANCE COMPANIES ‘FRONT’ CAPTIVE SOLUTIONS FOR LARGE INTERNATIONAL AUSTRIAN GROUPS OF COMPANIES THAT CANNOT FIND COVERAGE ELSEWHERE.”

DR. CLEMENS VÖLKL, PARTNER, VÖLKL RECHTSANWÄLTE

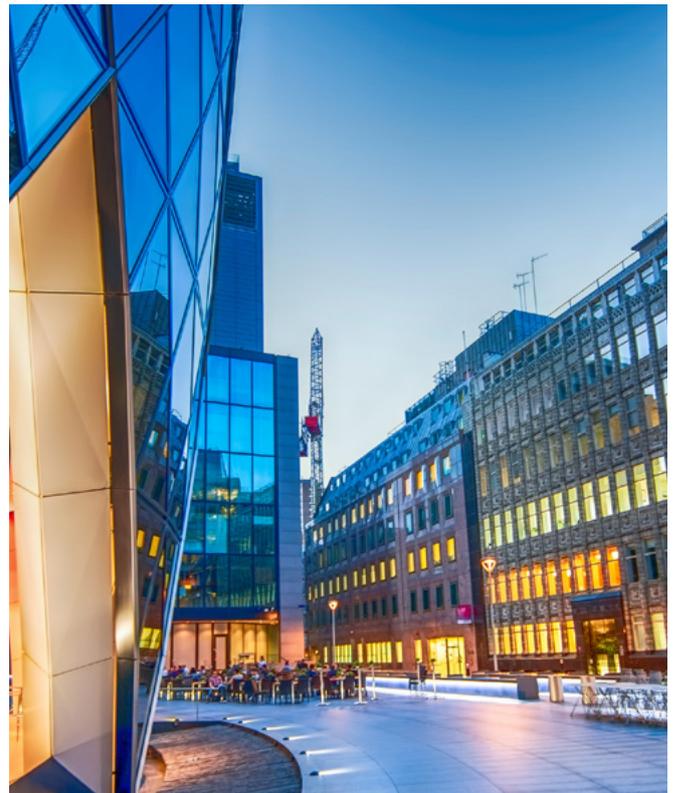
For now, the CNSF (National Insurance and Bonding Commission) remains focused on stability and solvency, and has no plans to introduce a captive specific regulatory tier, prioritising strong capitalisation for any offshore ceded risk. Regulatory scrutiny around BEPS (base erosion and profit shifting) also continues, with the SAT (Mexican Tax Administration) ensuring captives demonstrate genuine economic substance rather than tax driven intent.

By contrast, in Poland, there are no specific captive regulations and there is limited interest from Polish businesses to create captives. Jakub Pokrzywniak, Partner at WKB Lawyers, comments: *“Currently in Poland, there are not any efforts to change the regulatory environment in the near future. There is, however, a visible trend among Polish companies to set up insurance brokers, whose role is to obtain adequate insurance coverage for companies within the capital group.”* In the absence of a legal captive regime, some Polish companies have decided to set up their own mutual insurers.

Similarly, Austria does not operate a dedicated captive insurance regime. Captives are simply treated as standard insurance or reinsurance undertakings under the Versicherungsaufsichtsgesetz 2016 (VAG 2016), which implements Solvency II. Dr Clemens Völkl, Partner at Völkl Rechtsanwälte in Austria, comments: *“There is no large market for captive insurers in Austria. In some cases, insurance companies ‘front’ captive solutions for large international Austrian groups of companies that cannot find coverage elsewhere.”* The widespread use of offshore structures in these markets demonstrates that corporate motivation to adopt captives is strong enough to overcome regulatory barriers when domestic options are unavailable.

“CURRENTLY IN POLAND, THERE ARE NOT ANY EFFORTS TO CHANGE THE REGULATORY ENVIRONMENT IN THE NEAR FUTURE. THERE IS, HOWEVER, A VISIBLE TREND AMONG POLISH COMPANIES TO SET UP INSURANCE BROKERS, WHOSE ROLE IS TO OBTAIN ADEQUATE INSURANCE COVERAGE FOR COMPANIES WITHIN THE CAPITAL GROUP.”

JAKUB POKRZYWNIAK, PARTNER, WKB LAWYERS



GLOBAL OUTLOOK AND STRATEGIC IMPLICATIONS

Taken together, these developments reveal a regulatory environment that is diverse in structure yet increasingly aligned in direction. Mature markets continue to refine longstanding approaches, reforming jurisdictions are reshaping their competitive identities, and emerging economies are recognising the strategic value of proportionate oversight. As regulatory burdens fall and supervisory clarity increases, organisations are not only more willing to establish captives but are also more open to reconsidering domicile selection. This is accelerating competitive dynamism across jurisdictions and enabling a more geographically dispersed distribution of captive activity.

Even as new domiciles become available, the inertia created by longstanding offshore structures should not be underestimated. Organisations that have operated captives in Bermuda, Cayman Islands, Luxembourg, or various US states for decades often maintain those relationships even when domestic regimes become available.

As regulatory modernisation reduces barriers to entry and clarifies supervisory expectations, domiciles must compete not only on cost and reputation but also on the quality and proportionality of their frameworks. Corporate decision making is increasingly shaped by long term strategic fit, regulatory predictability, and access to skilled professional ecosystems. The result is a captive market characterised by both continuity and innovation, with intensifying competition driving improvements in regulatory design and operational support. This evolution strengthens the global captive ecosystem and positions captives as ever more integral components of corporate risk financing strategies in the decade ahead.

CORPORATE BEHAVIOUR, CAPTIVE PROFILES, AND EVOLVING USES

Corporate behaviour around captives has become increasingly consistent across jurisdictions, reflecting a global realignment in how organisations approach risk financing, resilience, and long term insurance strategy. Despite the wide range of regulatory maturity, geographic differences, and sectoral characteristics seen in global markets, the motivations driving organisations toward captive solutions follow remarkably similar logic from all respondents. This coherence in behaviour underscores the maturation of the captive insurance model and its growing recognition as a mainstream financial tool.

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Across both mature and emerging markets, the organisations most likely to establish captives remain large, multinational corporations with complex balance sheets and exposure profiles. Historically, these entities have operated in sectors where high-severity, high-complexity risks are integral to the business model. Industries such as energy, chemicals, pharmaceuticals, logistics, industrial manufacturing, engineering, and major infrastructure consistently feature among the most prominent captive users. These companies typically possess sophisticated risk management functions and a deep understanding of the volatility inherent in their operations. Captives allow them to retain and manage risks that commercial carriers either avoid or price at prohibitive levels, offering flexibility, transparency, and strategic control that align with their internal capabilities.

The consistency of profiles is evident across jurisdictions. In Switzerland, for example, the captive landscape is dominated by internationally active corporate groups with exposures linked to chemical production, life sciences, logistics networks, and complex industrial processes. The US, home to the world's largest captive ecosystem, reflects a similar pattern: large multinationals, financial institutions, and industrial groups make up the core user base, though the profile has expanded considerably in recent years. Germany's landscape echoes this as well, with captives typically operated by very large, often publicly traded companies with wide-ranging international activities and exposure portfolios that extend beyond traditional property and casualty lines to include cyber, D&O, environmental liability, reputational risk, and even employee-benefit programmes.

While large corporates have continued to dominate the captive insurance landscape, there has, in recent years, been a clear and notable increase in participation from mid-market companies. Hardening market conditions, marked by higher deductibles and constrained capacity in key insurance lines, have prompted mid-sized firms to explore captive structures, which were previously the domain of multinationals. This trend is especially visible in the US, where upper middle market organisations are forming captives more frequently as their risk management capabilities mature. Sean Ravenel, Partner at Foran Glennon, comments: *"Sponsors have used captives more actively to address rising pricing, shrinking capacity, and tighter terms in lines such as property catastrophe, cyber, D&O, and certain liability classes, and captives are now used not only by very large multinationals but also by a growing number of upper middle market and sector-specific groups. As a result, US onshore domiciles collectively represent a significant share of the global captive market and are viewed as a core component of many sophisticated risk financing programs."*

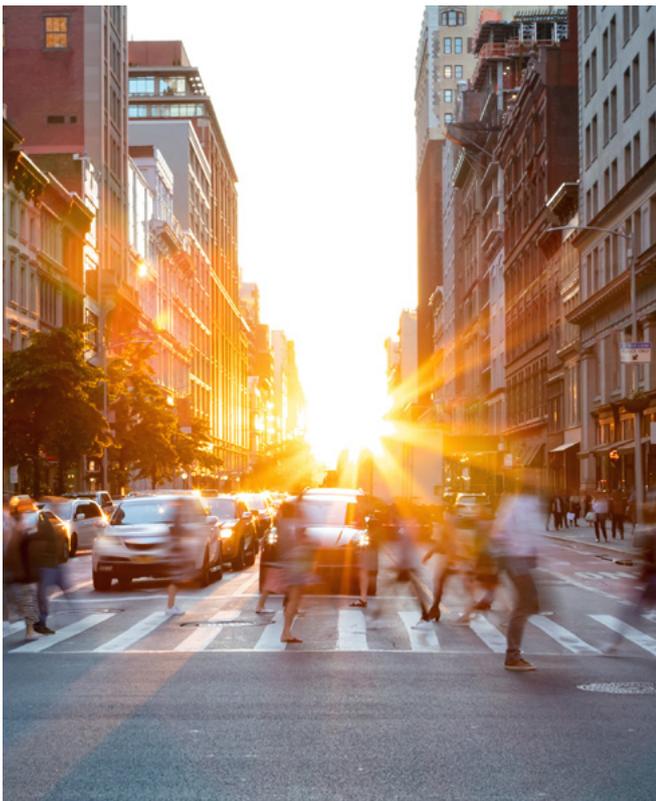
Similar patterns are emerging in Germany, Switzerland, and other European markets, with brokers and advisory firms expanding their captive offerings to address this growing demand. Despite challenges related to capital requirements and governance, regulatory reforms that emphasise proportionality are gradually lowering barriers and making captives more accessible to a wider range of companies. These companies are seeking alternative risk-financing strategies that offer greater flexibility and control. The professionalisation of brokers has played a key role, with feasibility studies and tailored advice now readily available to firms that previously considered captives out of reach. Regulatory reforms, particularly those focused on proportionality, have further eased access, enabling mid-sized companies to establish and manage captives that suit their specific needs. Central to this trend is a desire for solutions that can be customised, improving financial control and risk management effectiveness.

Savvy mid-market companies are adopting captive solutions to strengthen their financial resilience and gain greater control over their risk management strategies. This shift represents a new chapter in the global captive insurance landscape, characterised by broader inclusion and enhanced strategic innovation.

CAPTIVES IN THE PUBLIC SECTOR: THE NORWEGIAN EXAMPLE

Corporate behaviour in public sector entities provides an additional dimension to this global pattern. In addition to a well-established private captive market, Norway offers one of the clearest examples of how captives have become effective tools for managing the extensive asset bases and high-severity exposures inherent in government and municipal operations. The City of Oslo, for example, operates two captives: one covering substantial property and liability risks associated with more than 3,000 buildings, valued at 17 billion EUR, and another managing employee benefits. National infrastructure players, such as those involved in energy production, transmission, and railways, also deploy captives as part of long-term risk and budget-stabilisation strategies.

Magnus Guderud, Senior Associate at RIISA in Norway, comments: *"These cases demonstrate that captives are not limited to private sector sophistication but have become integral to public sector resilience planning where asset concentration and exposure volatility demand tailored financial responses."*



"THESE CASES DEMONSTRATE THAT CAPTIVES ARE NOT LIMITED TO PRIVATE SECTOR SOPHISTICATION BUT HAVE BECOME INTEGRAL TO PUBLIC SECTOR RESILIENCE PLANNING WHERE ASSET CONCENTRATION AND EXPOSURE VOLATILITY DEMAND TAILORED FINANCIAL RESPONSES."

MAGNUS GUDERUD, SENIOR ASSOCIATE, RIISA

CASE STUDIES FROM FRANCE AND SPAIN

The French market provides an interesting sectoral mix that reflects both traditional industrial strengths and emerging risk categories. Current captives in France include large industrial groups involved in shipbuilding, defence, construction, and agriculture, alongside more specialised operators such as a major winemaker and a professional sports entity. The breadth of these examples highlights the versatility of captive structures and their capacity to serve diverse organisational needs, from managing physical asset exposures to stabilising risks associated with event-driven industries or specialised manufacturing.

Spain's experience further illustrates the long term institutionalisation of captives within corporate strategy. Fernando Blanco Gamella, Partner at Blanco y Asociados, comments: *"The preferred domicile in Spain is Luxembourg due to its excellent regulation of the Stabilisation Provision and professional administrators. Many large Spanish companies have been using them for more than 25 years with great success, which has encouraged other multinationals to consider implementing them. There are currently more than 20 captive insurance companies operating for Spanish clients, 90% of which are in Luxembourg."*

This longevity underscores a crucial point: for organisations operating in markets without suitable domestic frameworks, offshore domiciles provide stable and familiar environments that allow corporate risk strategies to evolve unhindered by domestic regulatory constraints. Long term relationships with international domiciles often persist even when local reforms emerge, demonstrating the inertia created by established governance structures, capital strategies, and reinsurance relationships.

CONTROL. FLEXIBILITY. AND FINANCIAL STABILITY

Despite regional differences, corporations across all markets express remarkably consistent motivations for using captives. Captives enable companies to build internal credibility for emerging lines, gather experience, and shape risk-financing strategies before seeking external market participation.

Captives also allow corporates to stabilise insurance spending over the long term, an increasingly important consideration in volatile markets. Norwegian contributors summarise these motivations effectively, emphasising the desire for flexibility, budget predictability, access to global reinsurance, and the ability to expedite claims handling, benefits echoed across every major jurisdiction.

Over time, many organisations also expand the role of their captives beyond initial intentions. What begins as a solution for a single difficult to place risk often evolves into a multi line, multi jurisdictional risk-financing hub integrated into broader enterprise risk and financial planning frameworks. Michel Molitor, Partner at Molitor comments: *"In Luxembourg, captives are positioned as an enterprise risk management tool for large industrial and commercial groups, with an expanding risk agenda spanning technological exposures, ESG, climate and cyber-related considerations."*



CONCLUSION

The global captive insurance market is rapidly growing as demand rises, regulations modernise, and organisations recognise captives as essential tools for resilience and risk management. Companies worldwide are responding to market volatility, higher premiums, and regulatory pressures by integrating captives into their risk-financing strategies. The gap between mature and developing markets is narrowing, with captives now viewed as mainstream rather than niche solutions.

Regulatory changes play a significant role in shaping captives' environments. Established domiciles like Luxembourg, the US, and Switzerland offer stable frameworks, while reforming jurisdictions such as France, the UK, and Italy are simplifying oversight and authorisation processes. These shifts make selecting a domicile increasingly about strategic fit and expertise, not just cost.

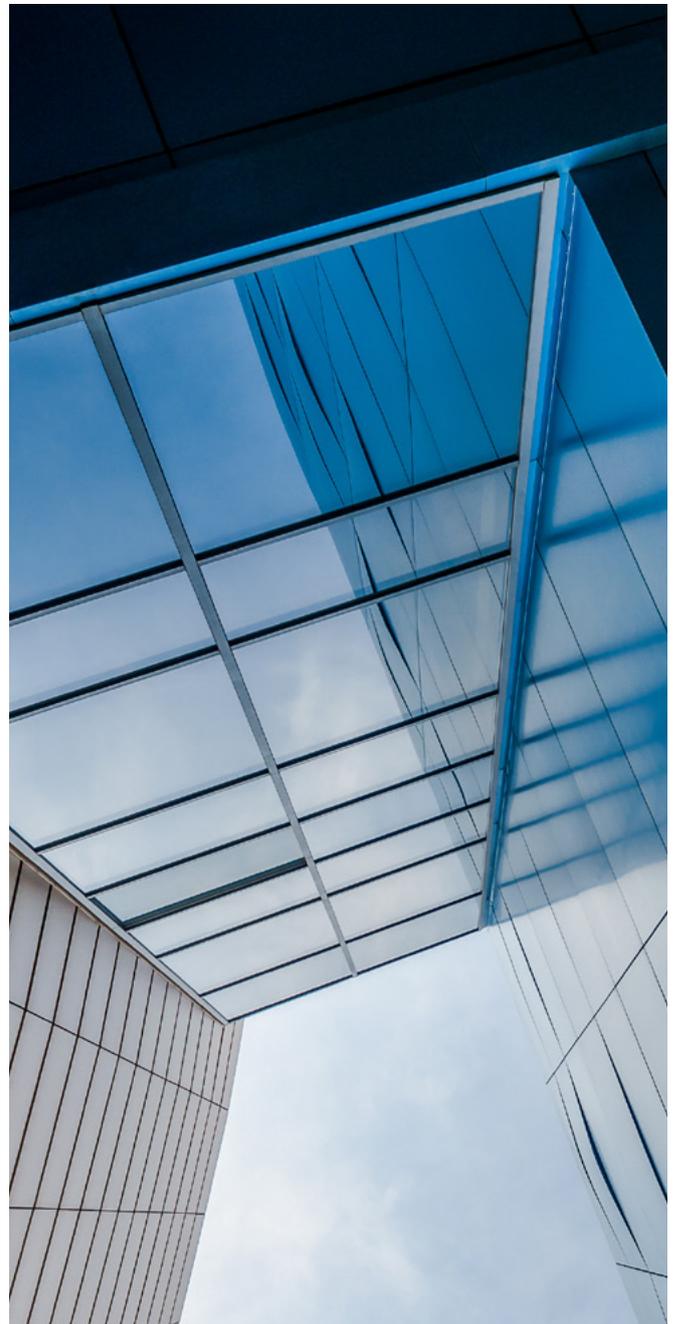
Interest in captives continues to surge, driven by rising premiums and volatility. Spain, Switzerland, and the UK have all reported marked increases in activity, while the US remains the largest market. Emerging economies like Brazil, Mexico, Chile, and Argentina see growing offshore usage despite lacking domestic regulations.

Regulatory clarity, proportionality, and predictable supervision are core factors in choosing a captive domicile. Reforming markets present new opportunities for re-domiciliation, especially with upcoming regime changes such as the UK's 2027 framework. Captives are increasingly being used to address complex risks and experiment with coverage, offering more flexibility than commercial insurers.

Budget stability is another driver, as captives help firms manage fluctuating premium cycles and financial uncertainty, particularly in sectors like property and catastrophe insurance. Effective governance is crucial, with heightened emphasis on risk analytics, capital planning, and group oversight to ensure sustainable operations.

In countries without local frameworks, corporates maintain offshore captives and develop internal expertise, which may encourage future regulatory reform. Overall, the captive insurance sector is evolving into a vital, sophisticated part of corporate strategy, with continued regulatory convergence, increased competition among domiciles, and expanding use cases anticipated over the next decade.

In summary, the corporate use of captives is shaped by a blend of strategic foresight, market necessity, regulatory evolution, and organisational maturity. Despite variations across jurisdictions, corporate behaviour exhibits a coherent global pattern. As risk environments grow more complex and regulatory frameworks more accommodating, the role of captives is likely to expand further, not only among large multinational firms but increasingly within the mid market and public sector domains where resilience and control have become organisational priorities.



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