



● Q3 2026 WEBINAR

VERMONT CAPTIVE INSURANCE ASSOCIATION

By the Numbers

Using Vermont's Captive Data to Benchmark and
Strengthen Your Program

DATE

September 24, 2026

TIME

2:00 PM ET

PRESENTED BY

Crawford®

Captive Claims Solutions Built for Better Outcomes

What We Deliver for Captive Programs



**Captive Specific
Customization**

**100+ Single Parent
Captives**



**Better Claim
Outcomes**

20+ Group Captives



**Greater Visibility
and Control**

**Dedicated Account
Executives**



**Actionable
Insights**

**Dedicated Claims
Teams**

**Captive-specific
Power BI
Dashboards**

Combining global claims expertise with dedicated captive resources and reporting.

Dedicated Alternative Markets Team

Meet our Team



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BUILT FOR THE FUTURE

Presenters



Becky Aitchison

Captive Insurance Data Analyst III,
Dept. of Financial Regulation



Maigh Wright

Vice President — Actuarial
Consultant



Jim DeVoe-Talluto

Asst. Director of Captive Insurance,
Dept. of Financial Regulation



1 CPE CREDIT

Learning Objectives

- 01 Describe the DFR annual captive aggregate report — its contents, how it is compiled, and what is public
- 02 Identify the key financial ratios DFR uses to monitor captive health, and locate your captive against them
- 03 Apply actuarial benchmarking tools — development patterns, reserve adequacy, peer-group comparisons
- 04 Explain how ranking and ratio data are used in applications, business plan changes, and analysis
- 05 Implement at least one benchmarking practice within your own captive program

60 MINUTES

Agenda

2:00 PM	Welcome, housekeeping, and introductions	5 min
2:05 PM	The Vermont DFR Aggregate Data	20 min · Becky Aitchison
2:25 PM	The Actuarial View: Benchmarking for Program Performance	15 min · Maigh Wright
2:40 PM	The Regulatory Perspective: Benchmarking as a Supervisory Tool	10 min · Jim DeVoe-Talluto
2:50 PM	Q&A, key takeaways, and closing	10 min · Full panel

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PART ONE

The Vermont DFR Aggregate Data

Becky Aitchison

Vermont Department of Financial Regulation



PART I

DFR's Captive Reporting Framework

Every licensed Vermont captive files a fiscal year-end annual statement, with the information supporting three key areas.

DFR Captive Database

FYE annual filings imported into the captive proprietary database – source of data for annual analysis and ongoing business plan changes

Financial Solvency Analysis

Perform NAIC and VCAR filing analysis – solvency and key ratio analysis

Annual Aggregate Report

Annual compilation of assets under management, surplus, written premium, and ratios, segmented by captive type and industry

PART I

Public vs. Confidential Data

PUBLIC INFORMATION

RRG NAIC-based financial filings

Vermont Secretary of State corporate information, ie. Articles of incorporation

Captive name, license #, date of licensure, manager

Aggregate data – financial totals, ratios, counts, and trends

STATUTORILY PROTECTED INFORMATION

Non-RRG financial information

Application materials, business plans, non-RRG examination reports, analyst correspondence

Parent ownership, captive type, status

Individual captive data

PART I

The Ratios DFR Watches

Loss ratio

Incurred losses and LAE as a percentage of earned premium — measures underwriting loss experience

Combined ratio

Losses and underwriting expenses as a percentage of earned premium — above 100% indicates an underwriting loss

Premiums to surplus

Net premium written relative to surplus — indicates the level of underwriting leverage relative to available surplus

Reserves to surplus

Measures reserves relative to surplus – indicates the level of surplus supporting outstanding obligations

Change in premium

Measures significant changes in premium volume that may indicate changes in operations, business strategy, or management stability

Change in surplus

Measures change in surplus that may indicate improvement or deterioration in the company's financial condition

PART I

The 2025 Aggregate Report at a Glance - Index

Captive data is available on our website:

dfr.vermont.gov/captive-insurance/vermont-captive-data



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[Securities] 877-550-3907
www.dfr.vermont.gov

VERMONT DEPARTMENT OF FINANCIAL REGULATION
CAPTIVE INSURANCE DIVISION
2025 AGGREGATE REPORT
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boxed and linked.

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PART I

The 2025 Aggregate Report at a Glance

Highlights

	2025	2024
Captives Licensed*	51	41
Total Licensed Captives*	707	683
Total Licenses*	1,413	1,362
Assets Under Management	\$243.6B	\$236.3B
Total Capital & Surplus	\$88.7B	\$82.4B
Total Gross Premium Written	\$36.3B	\$33.1B

**reported quarterly*

PART I

The 2025 Aggregate Report at a Glance – Balance Sheet

 VERMONT DEPARTMENT OF FINANCIAL REGULATION 2025 Annual Statement Totals All Captive Insurance Companies			
Total licensed captives		707	683
Balance Sheet (in thousands)*		2025	2024
Cash & Investments	\$	73,965,195	\$ 68,892,300
Loans to Affiliates		66,503,763	63,499,101
Reinsurance Recoverable		4,586,444	4,958,160
Accounts Receivable & Other Assets		95,162,478	88,626,332
Letters of Credit		3,346,122	10,296,245
Total Assets	\$	243,564,002	\$ 236,272,138
Unpaid Losses & Loss Adjustment Expenses	\$	98,562,197	\$ 98,547,725
Unearned Premiums		14,102,971	12,105,270
Accounts Payable & Other Liabilities		42,244,013	43,260,420
Total Liabilities	\$	154,909,181	\$ 153,913,415
Paid In & Contributed Capital	\$	42,688,289	\$ 44,637,618
Surplus		45,966,532	37,721,105
Total Capital & Surplus	\$	88,654,821	\$ 82,358,723
Total Liabilities, Capital & Surplus	\$	243,564,002	\$ 236,272,138

PART I

The 2025 Aggregate Report at a Glance – Income Statement & Ratios

 VERMONT DEPARTMENT OF FINANCIAL REGULATION 2025 Annual Statement Totals All Captive Insurance Companies Income Statement (in thousands)*			
	2025		2024
Gross Premium Written	\$	36,265,153	\$ 33,119,143
Reinsurance Ceded		(6,123,672)	(5,406,254)
Net Premium Written	\$	30,141,481	\$ 27,712,889
Change in Unearned Premium		(2,395,249)	(724,134)
Net Premiums Earned	\$	27,746,232	\$ 26,988,755
Investment & Other Income		9,161,363	8,398,142
Total Revenue	\$	36,907,595	\$ 35,386,897
Losses & Loss Adjustment Expenses Incurred	\$	24,440,945	\$ 22,707,409
Other Underwriting Expenses		3,708,714	6,269,409
Dividends		166,409	187,524
Taxes		1,809,697	1,856,196
Total Expenses	\$	30,125,765	\$ 31,020,538
Net Income	\$	6,781,830	\$ 4,366,359
Deposit Premium	\$	689,205	\$ 239,327
Ratios			
Loss Ratio		88.09%	84.14%
Combined Ratio		101.45%	107.37%
Net Premiums to Surplus Ratio		34.00%	33.65%
Net Reserves to Surplus Ratio		106.00%	113.64%
Equity Ratio		36.40%	34.86%
Change in Net Premium Written		8.76%	10.80%
Change in Total Capital and Surplus		7.64%	2.86%

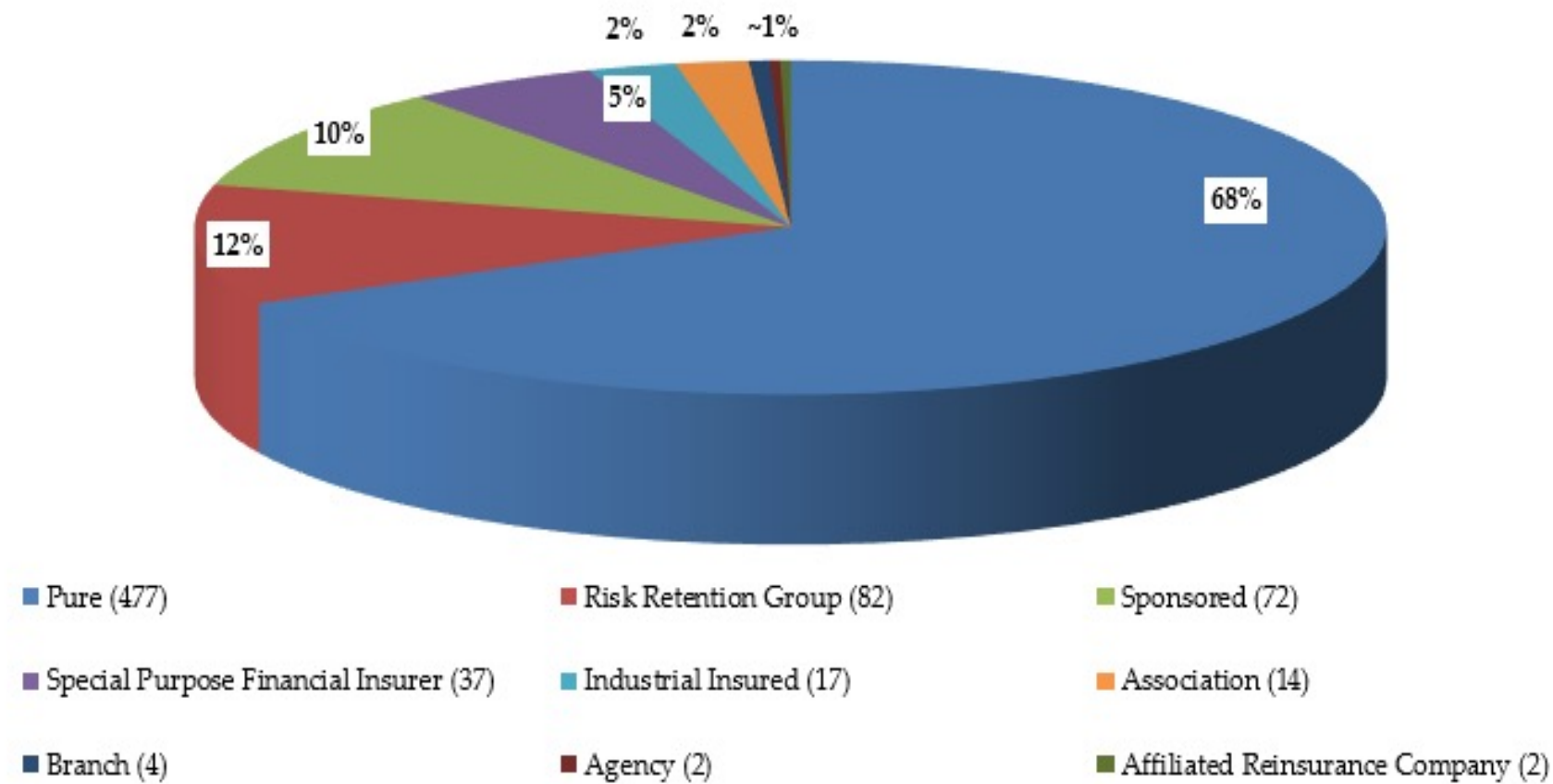
PART I

The 2025 Aggregate Report at a Glance

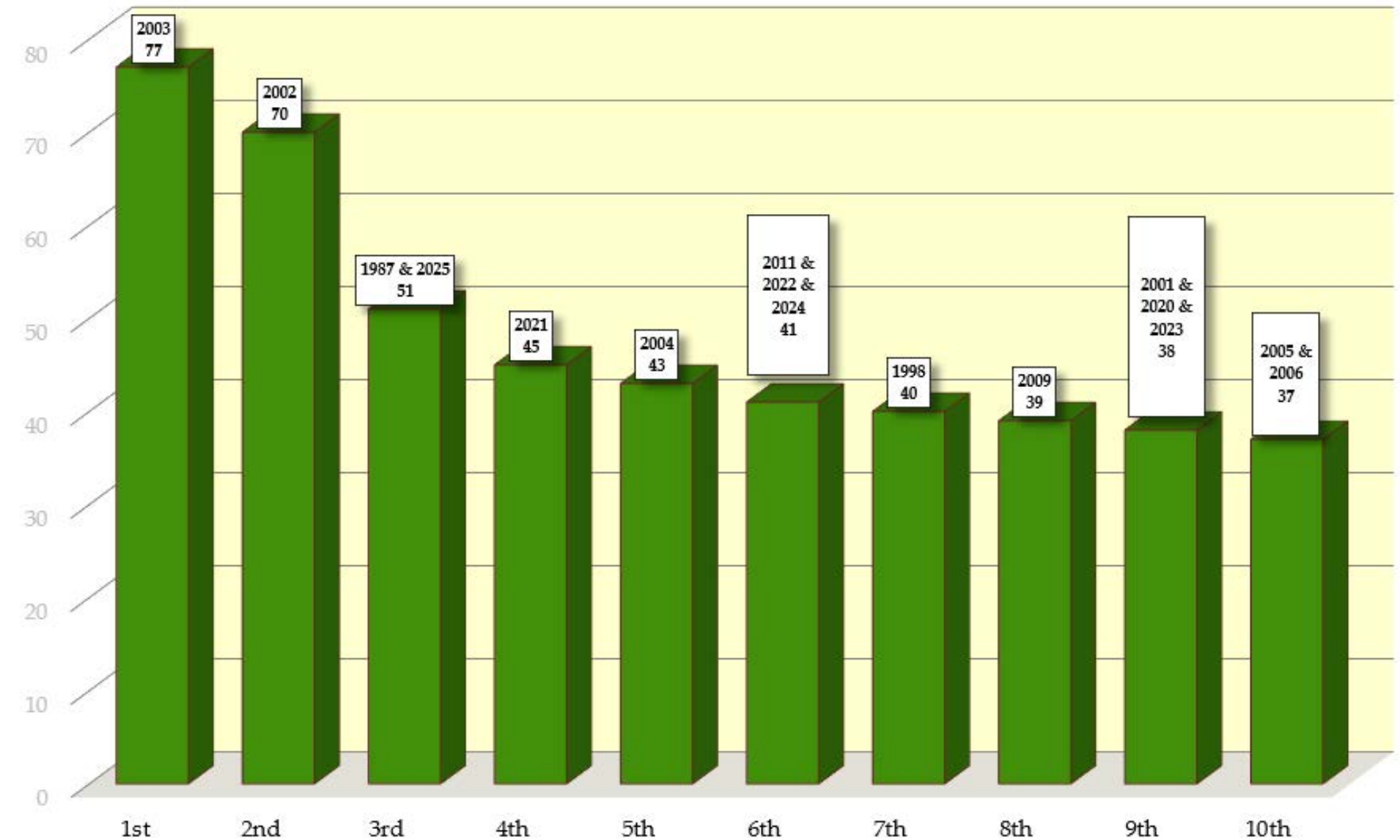
Key Charts



Total Licensed Captives By Type
as of December 31, 2025



Top Ten Highest Growth Years for Licensed Captives



The 2025 Aggregate Report at a Glance

VERMONT DEPARTMENT OF FINANCIAL REGULATION										
2025 Annual Statement Totals										
By Type										
Total licensed captives										
Balance Sheet (in thousands)*										
	707	4	14	4	17	477	82	72	37	
	TOTAL 2025	AFFILIATED REINSURANCE COMPANY & AGENCY	ASSOCIATION	BRANCH	INDUSTRIAL INSURED	PURE	RRG	SPONSORED *	SPFI & SPONSORED SPFI*	
Cash & Investments	\$ 73,965,195	\$ 563,017	\$ 822,931	\$ 351,303	\$ 1,496,904	\$ 39,176,296	\$ 14,227,118	\$ 4,438,340	\$ 12,889,286	
Loans to Affiliates	66,503,763	-	270	-	4	65,664,621	24,052	814,817	-	
Reinsurance Recoverable	4,586,444	19,254	8,845	-	218,194	3,419,529	146,668	761,867	12,088	
Accounts Receivable & Other Assets	95,162,478	243,015	186,549	74,867	258,150	27,174,370	930,619	2,691,714	63,602,593	
Letters of Credit	3,346,122	59,500	1,259	250	-	875,959	87,349	65,930	2,255,875	
Total Assets	\$ 243,564,002	\$ 884,786	\$ 1,019,853	\$ 426,420	\$ 1,973,252	\$ 136,311,374	\$ 15,415,806	\$ 8,772,667	\$ 78,759,842	
Unpaid Losses & Loss Adjustment Expenses	\$ 98,562,197	\$ 703,771	\$ 500,485	\$ 303,892	\$ 897,666	\$ 32,872,520	\$ 6,946,597	\$ 3,654,784	\$ 52,682,482	
Unearned Premiums	14,102,371	19,397	50,910	-	89,525	12,439,104	570,329	933,705	-	
Accounts Payable & Other Liabilities	42,244,012	(296,790)	55,828	28,478	240,559	18,129,604	1,552,319	1,612,728	20,921,286	
Total Liabilities	\$ 154,909,181	\$ 426,378	\$ 607,224	\$ 332,370	\$ 1,227,750	\$ 63,441,229	\$ 9,069,244	\$ 6,201,217	\$ 73,603,769	
Paid In & Contributed Capital	\$ 42,688,289	\$ 1,190,633	\$ 181,787	\$ 1,424	\$ 308,703	\$ 31,572,315	\$ 2,091,761	\$ 1,138,377	\$ 6,203,290	
Surplus	45,966,532	(732,225)	230,843	92,627	436,799	41,297,831	4,254,801	1,433,074	(1,047,217)	
Total Capital & Surplus	\$ 88,654,821	\$ 458,408	\$ 412,630	\$ 94,050	\$ 745,502	\$ 72,870,146	\$ 6,346,562	\$ 2,571,450	\$ 5,156,073	
Total Liabilities, Capital & Surplus	\$ 243,564,002	\$ 884,786	\$ 1,019,853	\$ 426,420	\$ 1,973,252	\$ 136,311,374	\$ 15,415,806	\$ 8,772,667	\$ 78,759,842	

 VERMONT DEPARTMENT OF FINANCIAL REGULATION YEARLY SUMMARY																											
		# Issued	# Dissolved	Net	Total Active Captives	Total License Number	Premium Taxes Collected for Prior Year	License & Exam Fees Collected	Direct Premium Written	Assumed Premium Written	Gross Premium Written	Net Premium Written	Net Premium Earned	Net Income (Loss)	Total Capital & Surplus	Total Assets	Incurred Losses										
Year	Year	Issued	Dissolved	Net	Total Active Captives	Total License Number	Premium Taxes Collected for Prior Year	License & Exam Fees Collected	Direct Premium Written	Assumed Premium Written	Gross Premium Written	Net Premium Written	Net Premium Earned	Net Income (Loss)	Total Capital & Surplus	Total Assets	Incurred Losses										
1	1981	3	0	1	1	1	0	500	0	84,540	84,540	84,540	14,084	(2,221)	1,937,738	2,127,328	0										
2	1982	3	0	3	4	4	0	1,800	15,420	3,857,391	4,011,401	3,240,476	4,224,568	3,748,285	6,617,865	2,867,003											
3	1983	3	0	3	14	14	1,534	5,700	10,218,313	18,953,423	29,171,736	22,263,710	16,493,584	1,641,962	22,885,290	50,311,792	14,955,353										
4	1984	3	0	3	23	23	102,163	8,400	21,073,354	22,520,783	43,600,137	33,423,631	25,614,105	(2,384,554)	32,300,980	54,166,038	52,010,174										
5	1985	10	(1)	9	2	2	251,208	10,400	55,530,176	55,530,176	111,571,352	84,433,493	65,348,289	(14,433,263)	90,244,468	90,244,468	88,588,266										
6	1986	36	(2)	34	66	63	536,751	27,600	143,253,893	115,598,034	258,617,933	203,516,783	162,327,544	27,613,213	164,645,523	516,500,585	131,003,631										
7	1987	51	(5)	46	112	120	1,436,363	45,368	237,163,058	201,894,251	439,063,309	343,163,083	330,335,302	48,836,367	365,907,361	1,047,868,641	232,337,833										
8	1988	33	(9)	24	136	155	2,460,069	82,274	374,730,370	268,422,061	643,153,431	505,336,035	459,511,126	107,590,915	321,054,378	1,316,402,447	352,431,778										
9	1989	21	(5)	16	152	174	3,710,102	170,179	501,342,014	316,390,270	818,332,284	561,191,130	545,029,127	145,057,189	1,882,584,302	3,455,257,295	442,101,762										
10	1990	35	(1)	34	186	209	4,633,000	161,065	804,835,349	516,376,466	1,315,658,815	971,206,124	838,277,546	362,844,616	1,857,057,355	3,817,026,433	623,540,331										
11	1991	25	(3)	22	208	234	5,783,117	173,042	1,025,151,548	611,746,543	1,636,898,091	1,060,408,723	1,079,380,000	939,836,708	2,383,530,338	5,193,760,719	915,562,470										
12	1992	23	(5)	18	226	257	7,215,239	146,431	1,263,347,883	558,326,018	1,826,873,901	1,254,053,036	1,193,185,178	302,681,020	2,727,470,633	5,721,338,485	913,732,077										
13	1993	22	(5)	17	243	279	8,655,033	172,476	1,249,650,246	500,331,370	1,750,582,216	1,204,645,538	1,219,743,222	331,083,719	2,960,648,167	6,857,953,685	943,790,360										
14	1994	32	(10)	22	265	313	12,833,693	162,667	1,729,327,122	652,622,587	2,382,556,649	1,561,161,617	1,533,027,428	222,223,628	6,207,073,008	11,932,471,178	1,076,038,824										
15	1995	17	(11)	6	271	328	8,551,153	324,367	2,423,296,659	590,331,233	3,013,687,952	1,835,716,617	1,778,286,655	73,581,596	6,600,781,797	15,878,673,317	1,535,588,582										
16	1996	36	(12)	24	358	435	8,548,033	550,182	2,190,285,390	656,767,190	2,847,052,580	1,950,535,652	1,904,763,103	782,536,171	21,447,088,804	15,150,656,304	1,515,650,804										
17	1997	27	(14)	13	307	385	8,627,770	551,888	2,501,455	712,10,281	3,213,625,392	1,831,461,475	1,851,686,684	1,043,376,306	15,864,013,653	25,009,483,683	1,335,576,911										
18	1998	40	(15)	27	334	425	3,356,490	640,243	2,748,310,078	80,364,455	3,533,878,533	1,964,555,427	1,915,863,340	1,519,507,007	26,305,125,366	39,232,586,811	1,133,285,101										
19	1999	35	(12)	23	357	460	10,036,830	671,839	3,162,011,744	1,077,016,092	4,239,027,836	2,552,156,806	2,202,766,311	2,435,224,268	32,588,786,568	47,362,382,624	1,657,308,406										
20	2000	29	(25)	4	361	489	11,005,160	753,843	3,144,165,245	1,455,378,542	4,600,143,787	2,717,780,793	2,735,053,729	2,683,932,382	35,376,327,881	53,025,310,719	2,058,108,300										
21	2001	36	(12)	26	387	521	11,772,350	948,219	3,274,265,781	1,551,691,933	4,825,957,714	3,524,441,974	3,418,368,544	3,192,344,431	39,762,468,853	57,927,327,325	2,750,742,827										
22	2002	70	(13)	57	444	537	12,668,320	1,051,450	5,193,090,333	2,055,189,331	7,248,280,264	4,377,577,337	4,652,506,706	2,747,107,032	48,328,611,587	70,008,165,132	3,481,195,243										
23	2003	70	(14)	63	507	674	17,739,820	1,404,031	6,734,427,210	2,657,372,417	9,391,799,627	5,116,465,250	5,645,874,868	2,396,309,443	51,992,835,580	81,992,309,443	4,196,117,643										
24	2004	43	(26)	17	524	717	19,838,370	1,314,565	7,394,537,094	2,363,641,173	9,762,178,267	4,748,082,715	7,840,517,612	3,855,045,103	59,863,628,206	96,060,420,408	5,886,615,292										
25	2005	37	(19)	18	542	754	21,253,770	1,342,552	7,631,054,431	3,243,037,368	10,874,091,787	7,348,236,839	7,788,638,650	5,570,227,100	59,932,834,276	97,617,833,816	6,083,404,302										
26	2006	37	(16)	21	591	791	22,634,392	1,539,190	7,714,491,737	3,766,372,340	11,636,465,737	8,409,719,227	8,190,573,315	3,325,396,321	64,075,241,485	103,553,406,688	6,273,791,344										
27	2007	56	(16)	40	563	825	22,132,556	1,599,186	7,786,056,066	3,594,948,595	11,381,004,661	8,202,081,936	8,202,081,936	1,654,919,293	65,730,160,778	115,374,917,977	6,517,417,546										
28	2008	65	(10)	55	623	854	24,187,264	1,751,376,327	11,017,251,601	5,175,551,601	16,192,727,102	12,405,716,660	(15,718,722)	70,844,861,806	126,574,040,860	17,907,591,261											
29	2009	39	(36)	3	560	678	23,905,735	2,137,563	7,956,394,263	63,456,418,007	77,413,352,270	37,713,239,316	37,713,239,316	37,713,239,316	76,357,453,540	134,346,654,267	18,821,386,390										
30	2010	33	(21)	12	572	91	23,304,181	2,288,373	7,856,393,265	11,155,210,304	25,312,501,069	22,282,931,511	28,019,325,719	11,665,316	72,754,558,126	104,416,618,821	17,214,897,020										
31	2011	41	(23)	18	590	352	23,887,405	2,348,024	3,328,759,731	17,336,364,460	26,666,723,251	22,540,309,056	22,057,893,245	(403,337,077)	72,128,977,681	118,660,732,154	19,373,361,034										
32	2012	32	(36)	(4)	586	384	24,216,514	2,542,167	9,724,884,366	17,800,671,572	25,521,551,940	22,022,719,334	21,860,771,819	2,873,355,233	72,230,616,530	134,590,235,232	33,684,876,623										
33	2013	29	(27)	2	588	1,010	24,844,875	2,634,360	3,198,107,037	19,384,082,033	27,582,253,076	22,053,129,510	22,031,885,740	3,548,504,592	77,353,258,168	140,268,588,702	30,821,225,296										
34	2014	16	(17)	(1)	587	1,029	24,844,875	2,371,083	9,745,035,207	15,724,393,185	25,470,028,332	20,304,439,344	19,362,276,783	806,713,371	117,158,404,370	131,396,336,378	23,253,150,351										
35	2015	33	(24)	3	596	1,062	24,388,334	2,483,316	3,152,332,742	18,497,425,614	27,645,758,356	23,241,104,255	22,823,892,018	2,508,377,832	73,590,877,819	117,726,302,161	21,253,667,611										
36	2016	26	(23)	(3)	593	1,088	23,800,893	2,714,244	12,643,176,660	20,181,465,883	32,031,233,540	26,145,354,803	22,414,805,083	2,294,685,716	77,884,543,305	202,574,001,685	20,001,125,520										
37	2017	24	(33)	(9)	578	1,112	23,828,684	2,276,308	8,856,289,819	14,802,320,941	23,658,610,760	19,846,507,229	20,858,537,569	5,146,117,176	82,365,500,833	108,030,378,575	19,023,208,585										
38	2018	25	(23)	2	590	1,137	24,033,436	2,093,038	7,871,344,663	13,641,151,622	22,623,496,284	19,866,122,622	20,771,952,018	4,022,533,473	81,904,833,579	154,568,723,056	18,576,305,498										
39	2019	26	(25)	(7)	595	1,152	24,353,436	1,975,008	9,568,144,492	15,814,14,495	25,423,285,245	20,425,285,245	20,425,285,245	4,420,195,245	82,586,586,266	212,724,287,705	17,851,118,741										
40	2020	38	(34)	4	589	1,137	26,247,710	1,953,083	13,387,822,360	16,623,225,755	30,071,055,062	23,322,305,462	22,384,242,632	(692,353,362)	59,887,374,508	156,723,374,395	21,121,358,397										
41	2021	45	(14)	31	620	1,242	28,666,358	2,115,350	12,356,713,713	17,910,321,419	29,376,641,152	23,025,444,648	20,784,247,019	(3,080,183,381)	65,404,034,801	194,005,738,385	18,501,910,076										
42	2022	41	(22)	19	633	1,283	31,366,301	2,392,372	15,625,200,444	26,865,801,086	42,490,615,550	27,054,053,223	25,645,536,359	4,124,606,319	67,331,783,119	215,930,488,087	19,746,373,571										
43	2023	36	(18)	20	659	1,321	33,303,003	2,667,616	14,631,543,390	19,392,618,660	60,424,801,630	50,212,553,773	48,393,586,332	80,071,954,205	20,871,954,205	194,782,837,828	19,746,373,571										
44	2024	51	(17)	24	663	1,362	35,275,390	2,660,043	14,366,253,044	18,752,883,366	33,119,143,010	27,112,888,708	26,368,754,528	4,366,358,162	62,358,723,152	236,272,138,648	22,707,403,788										
45	2025	51	(27)	24	707	1,416	36,390,417	2,526,337	17,312,360,198	18,352,193,262	36,155,552,380	30,714,81,025	27,242,632,242	81,181,961	86,854,821,026	244,564,001,568	24,440,344,783										

**Cells are included within their associated Sponsored Captives and Sponsored SPFI Captives.*

PART I

Requesting Your Ranking

Ask DFR where your captive sits within the Vermont domicile – overall, by type, and by industry – across three measures:

01

Total assets

02

Surplus

03

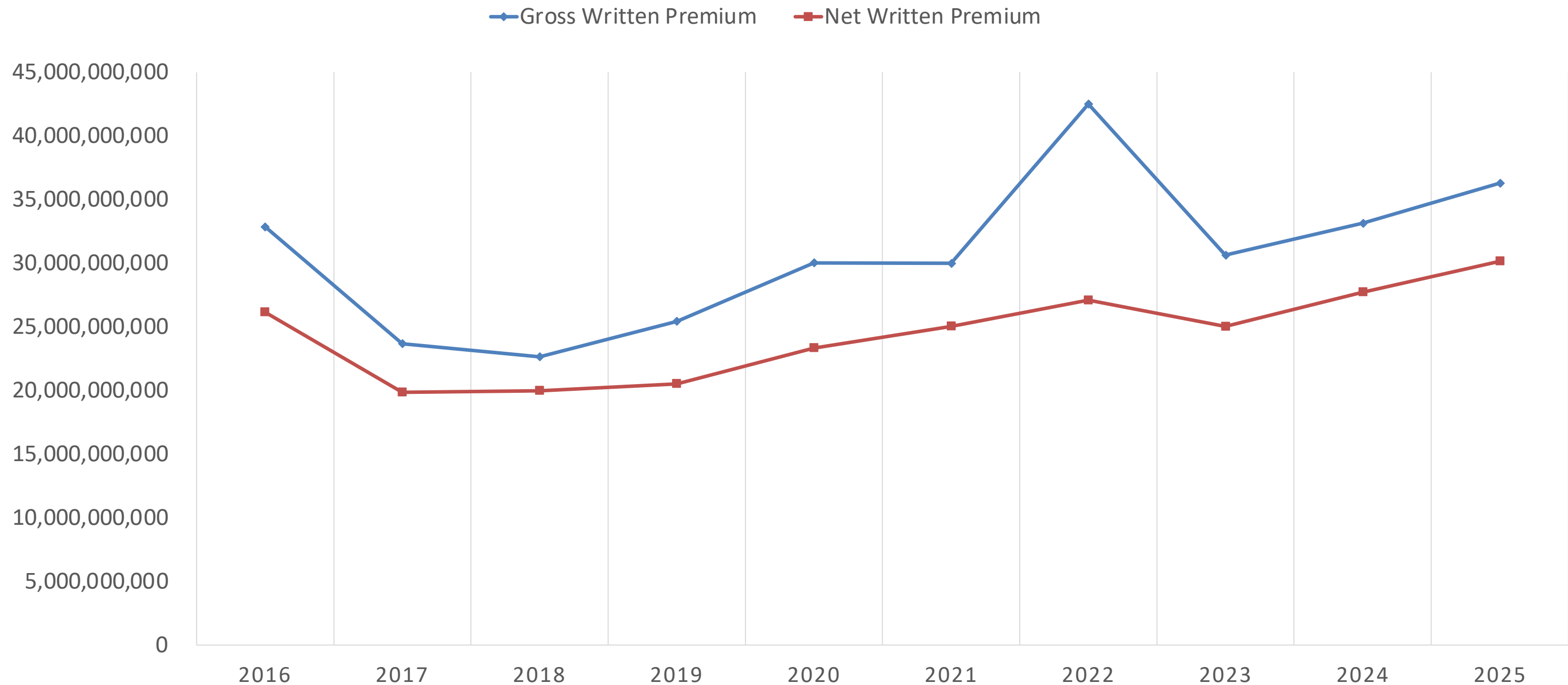
Written & earned premium

 VERMONT DEPARTMENT OF FINANCIAL REGULATION		<SAMPLE>		
Vermont Captive Ranking as of 12/31/2025				
#XXXX CAPTIVE NAME		Total	By Industry:	By Type
			Financing, Lending, Leasing	
		Captives		Pure
TOTALS		707	12	477
	Captive Name @ 12/31/2025			
Total Assets + Ranking	\$ -	100	1	50
Total Capital and Surplus + Ranking	\$ -	80	2	60
Total Gross Premium Written + Ranking	\$ -	35	1	20
Total Net Earned Premium + Ranking	\$ -	30	1	15
		Aggregated Ratios		
		Total	By Industry:	By Type
			Financing, Lending, Leasing	
Ratios	@ 12/31/2025	Captives		Pure
Loss Ratio	0.00%	88.09%	67.02%	83.08%
Combined Ratio	0.00%	101.45%	92.18%	83.02%
Net Premiums to Surplus Ratio	0.00%	34.00%	71.58%	22.87%
Net Reserves to Surplus Ratio	0.00%	106.00%	34.22%	40.42%
Change in Net Premium Written	0.00%	8.76%	-	-
Change in Total Capital and Surplus	0.00%	7.64%	-	-

Results are returned for your captive only — you learn your position, not anyone else's numbers.

Vermont's Domicile Data

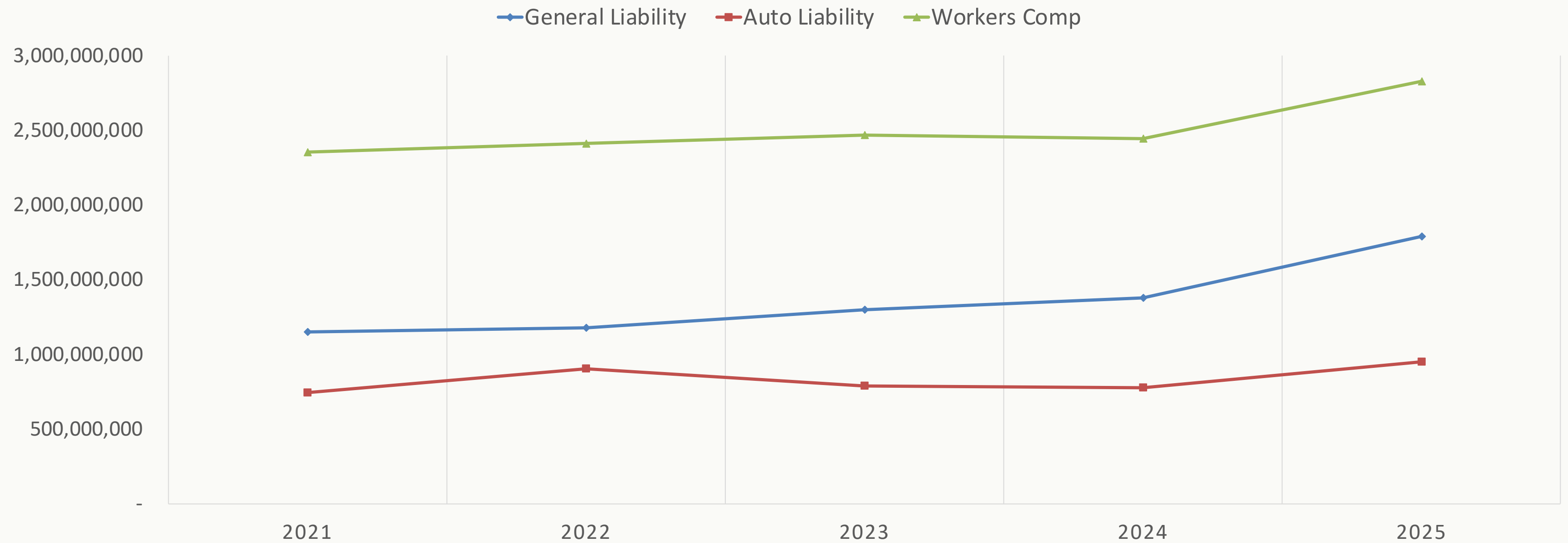
Captive Premium — Ten-year Trend



PART I

Captive Utilization

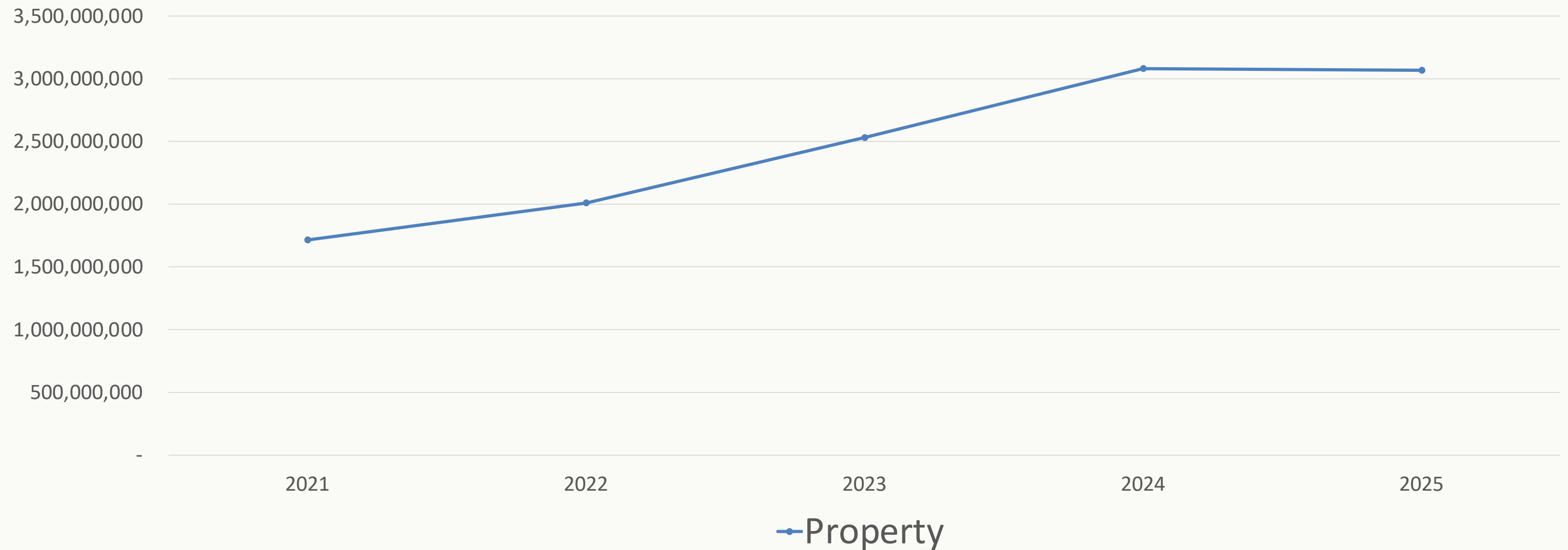
5 Year Trends



PART I

Captive Utilization

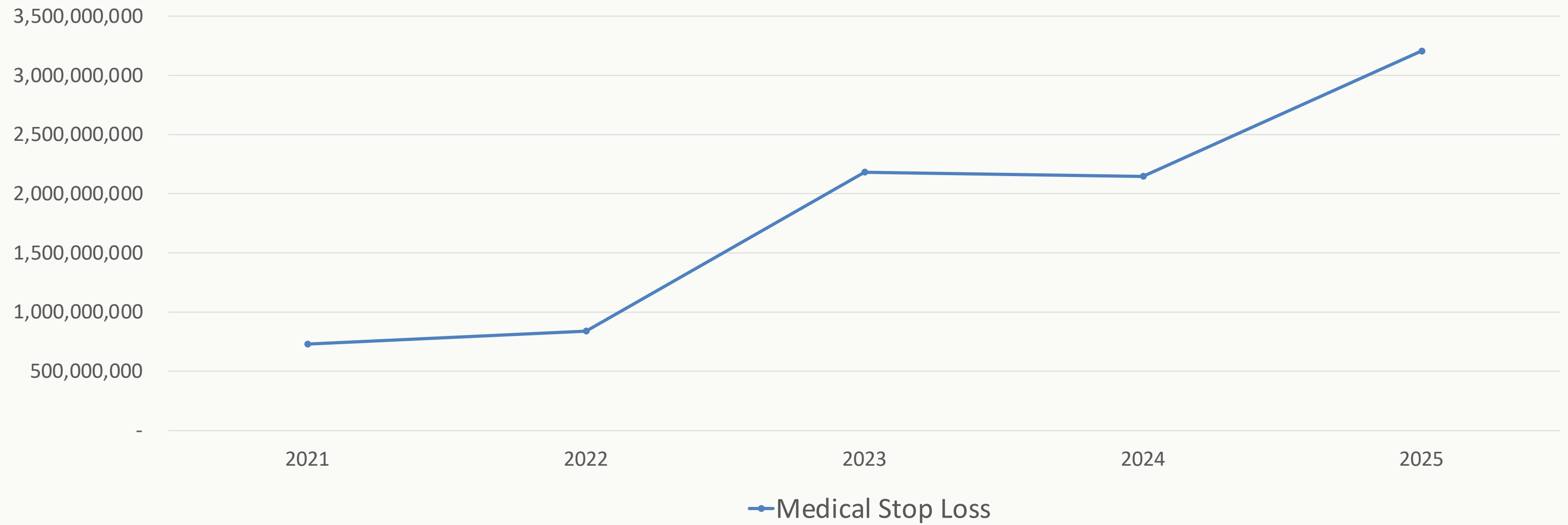
5 Year Trends



PART I

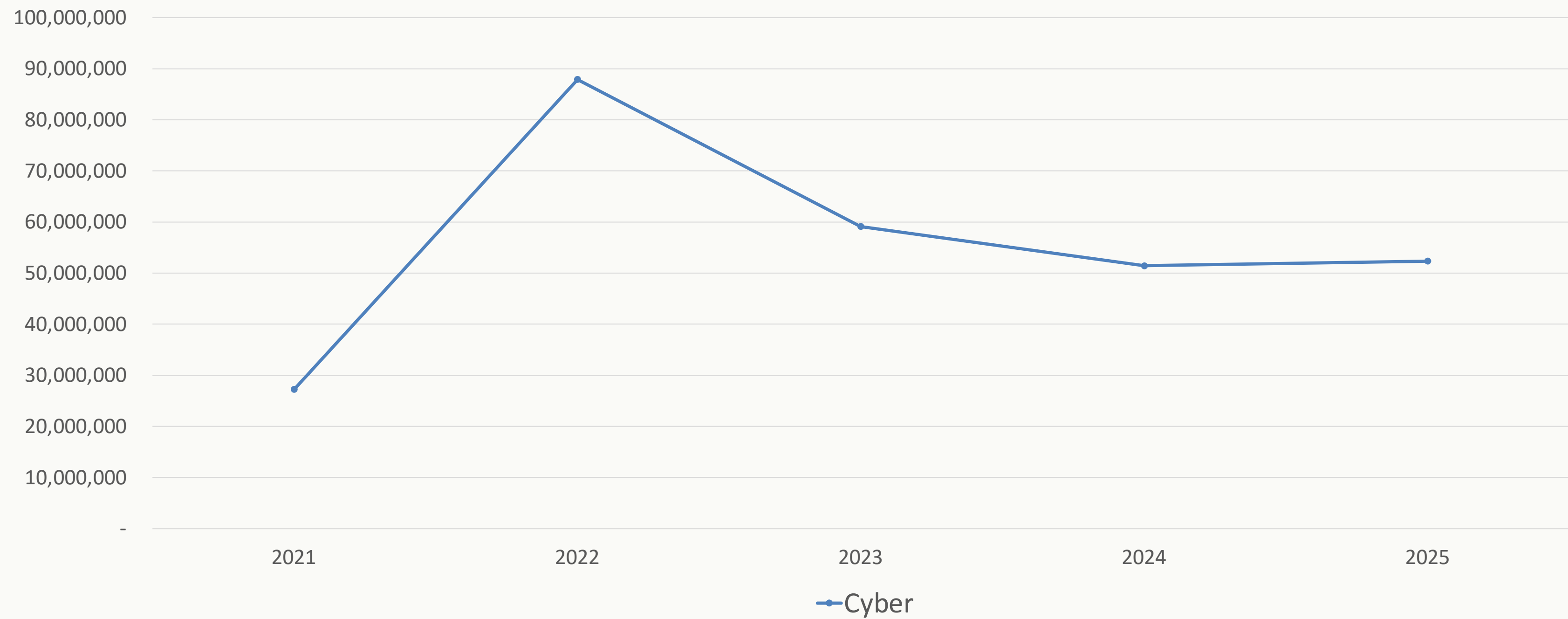
Captive Utilization

5 Year Trends



Captive Utilization

5 Year Trends



PART I

Aggregate Report Takeaways

Small & Mid-Size Captives

60% of captives report less than \$50 million in assets under management

Nearly 50% of captives report less than \$10 million in capital and surplus and write less than \$5 million in gross premium

02

PART TWO

The Actuarial View

Benchmarking for Program Performance

Maigh Wright

Marsh Captive Solutions



PART II

Industry Data vs. Company Data

Credibility determines the mix

LOW VOLUME, LOW CREDIBILITY

Low-frequency coverages and new exposures lean on industry data

Loss development patterns by line, sometimes by state

Loss ratios, where premium tracks a commercial-market equivalent

Increased limits factors

Loss costs or pure premiums

HIGH VOLUME, HIGH CREDIBILITY

Enough of your own history to stand on — still checked against industry

Company loss development triangles supplemented with industry as warranted

Exposure-based analysis – pure premiums and frequency/severity methods

PART II

Key Surplus Metrics

Written premium to surplus

Roughly 3:1 for severity-driven risk such as property, 5:1 for more predictable casualty risk.

If the captive's premium volume is materially above the range that fits its risk profile, that is a warning sign that it may be writing too much risk for its surplus.

Surplus to loss reserves

More uncertain coverages need more surplus (e.g., longer-tailed lines, large limits written, or excess coverage).

Maximum net retained loss as a percent of surplus

How would a full-limit claim impact surplus? Full aggregate? Doesn't consider frequency.

RBC tests for RRGs

The NAIC method for minimum capital by business size and risk; nearing the threshold triggers action levels.

Evaluate capital against underwriting volatility and reserve risk — not absolute size.

Reserve risk – compare higher confidence levels to expected to determine margin.

Loss Ratios & Combined Ratios

Loss Ratio

Focuses strictly on claims paid and adjustment expenses divided by earned premiums.

Combined Ratio

Adds the loss ratio and the expense ratio (administrative and operational costs) together.

Captives vs. Commercial

Captive loss ratios should generally be benchmarked against the captive's business model and expense structure rather than against commercial P&C industry.

A higher loss ratio is not necessarily unfavorable when accompanied by a low expense ratio, appropriate pricing, adequate reserves, and strong capital.

Premium Setting

Commercial premium = expected losses + expenses + profit

Captive premium = expected losses + expenses

A captive's loss ratio is often a measure of how it is structured and financed, not simply how profitable its underwriting is.

Expenses

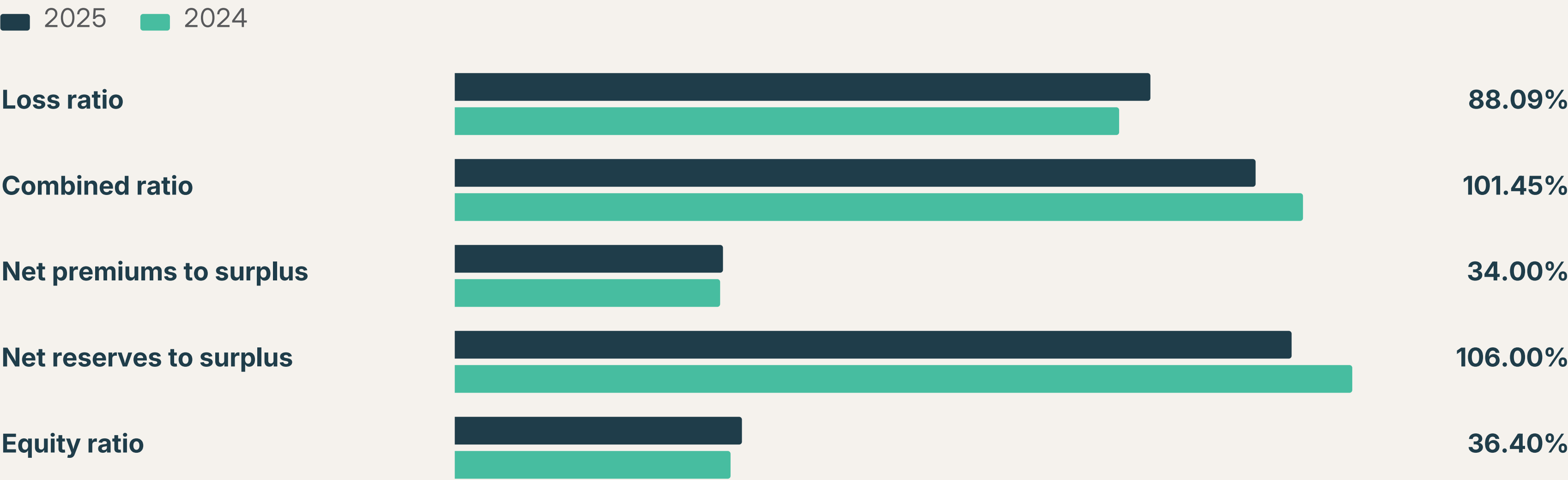
Captives can have much lower expense ratios.

A commercial carrier has costs associated with: distribution/brokers, commissions, underwriting infrastructure, marketing, claims admin, regulatory infrastructure, corporate overhead, acquisition costs.

A captive may have many of those costs elsewhere in the parent's organization.

PART II

The 2025 Vermont Ratios



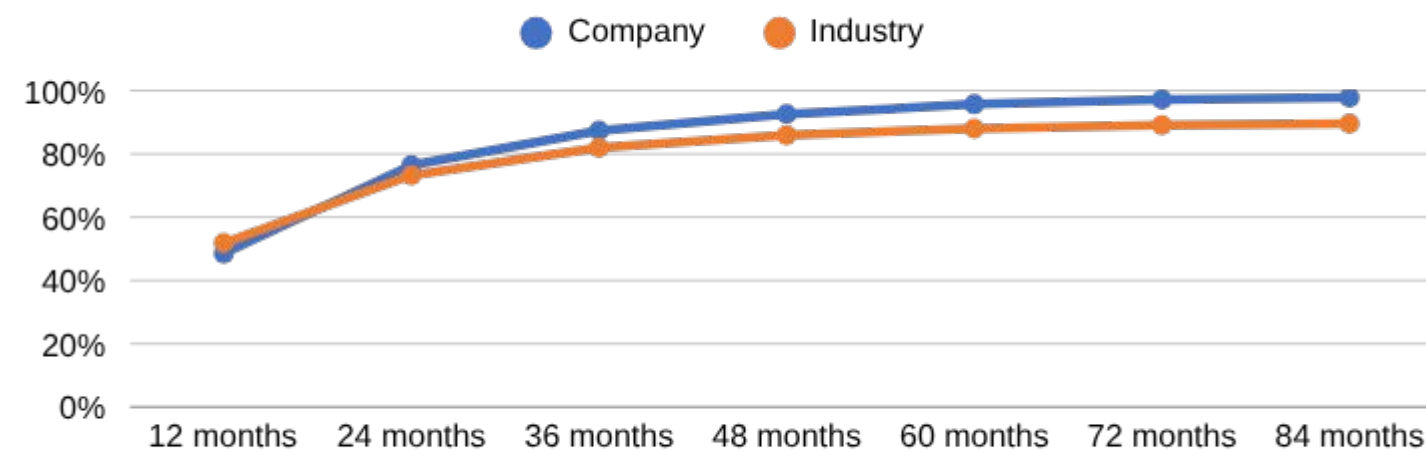
Segment by captive type and by industry, weighting for how much premium sits in each category.

PART II

Development Patterns: Company vs. Industry

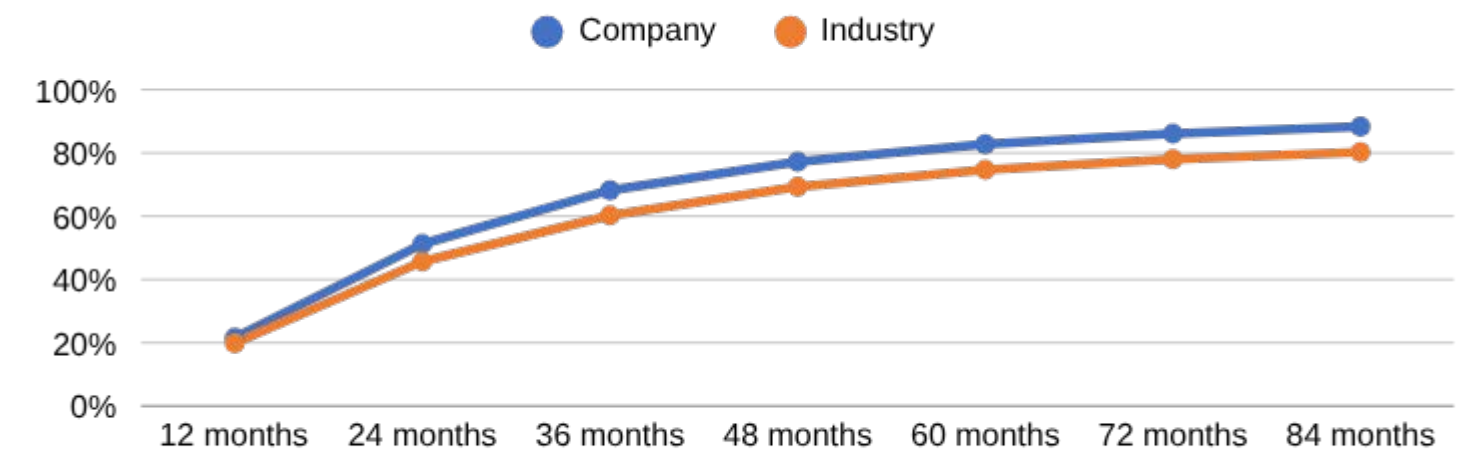
Measured at 12-month intervals

Loss reporting patterns



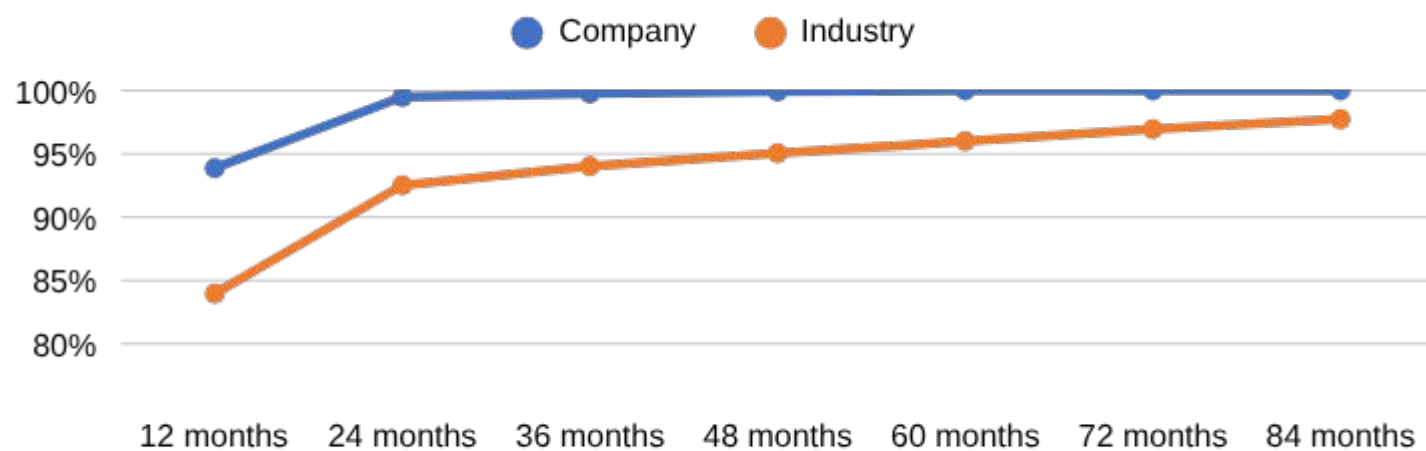
% incurred — difference from 100% is IBNR reserves

Loss payment patterns



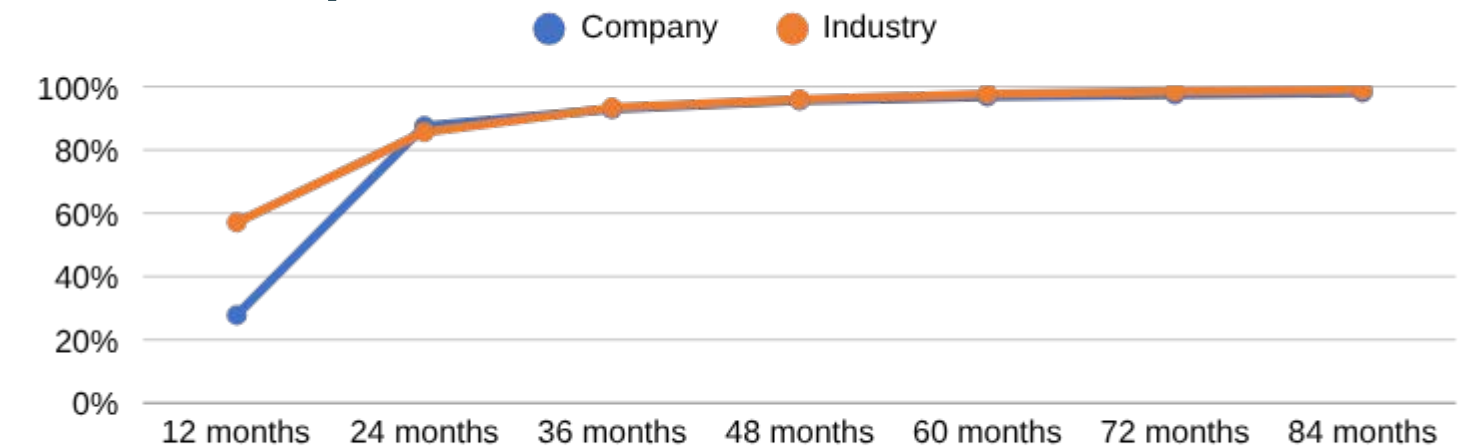
% paid — difference from 100% is case reserves + IBNR reserves

Claim reporting patterns



% reported (count) — shorter lag than dollars

Claim closure patterns



% closed, as a percent of reported (shown here) or of ultimate

PART II

Monitoring Your Own Data

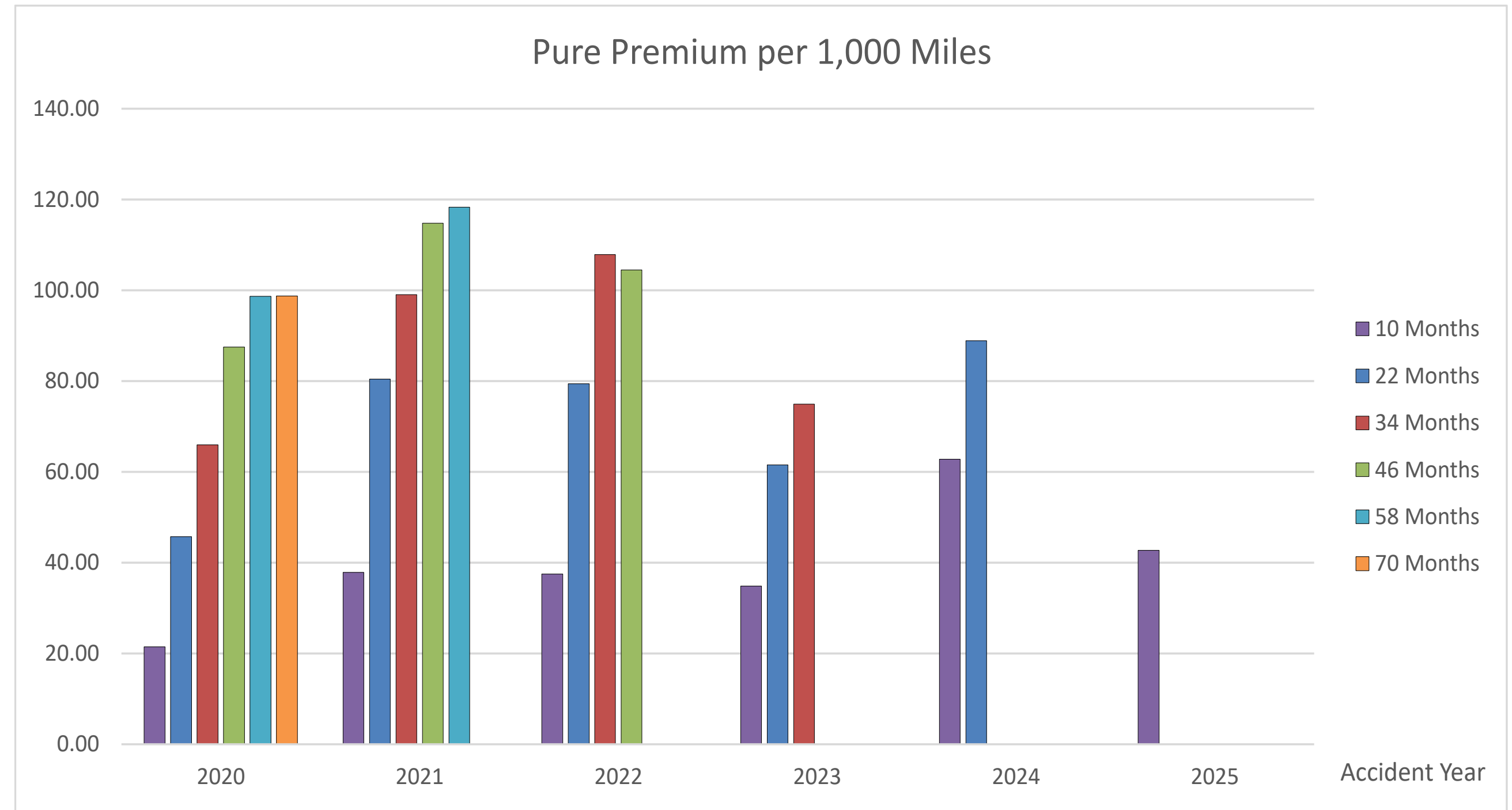
ACCOUNT FOR MATURITY

An accident year 12 months mature and one 60 months mature are not comparable unadjusted

Track paid and incurred loss across policy years at the same points in time

USE THE TPA'S GRANULARITY

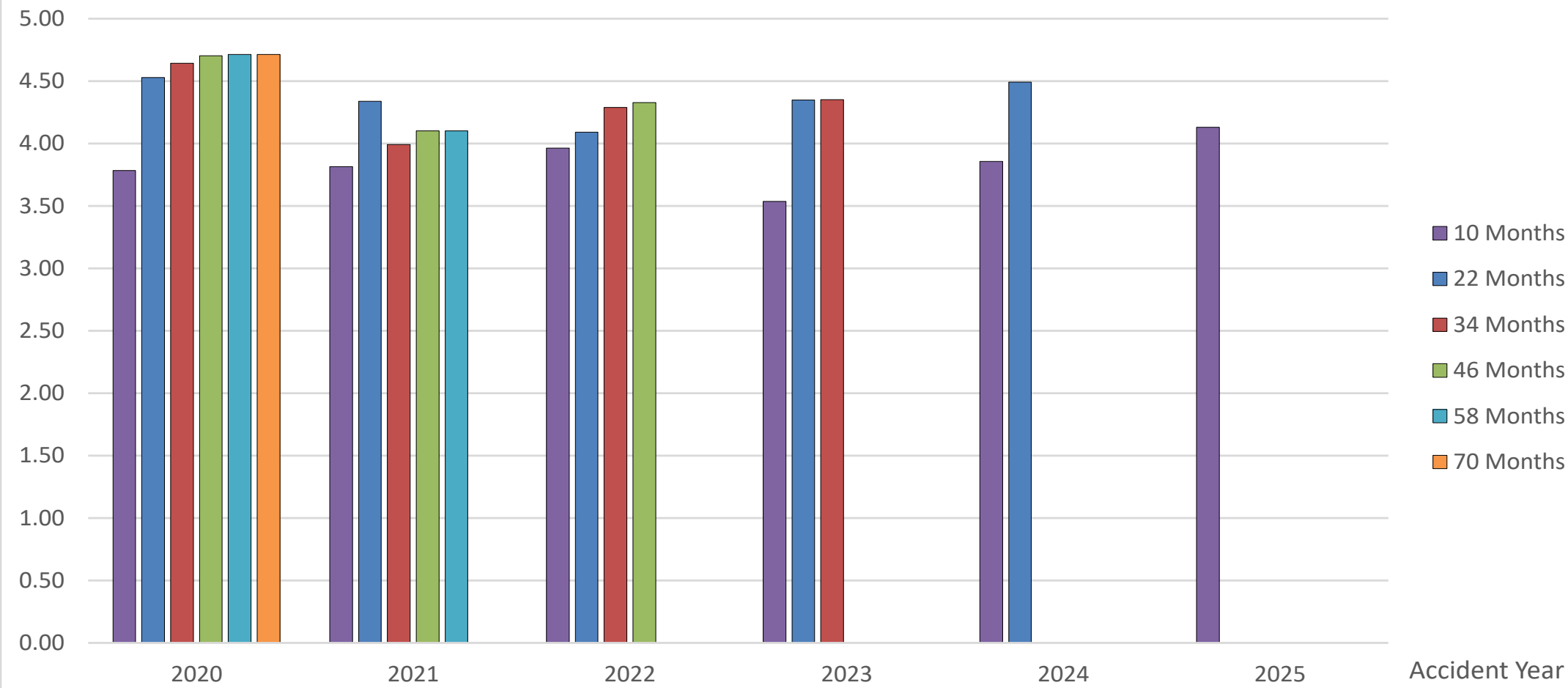
Litigated vs. non-litigated, detail by geography, type of loss, etc.



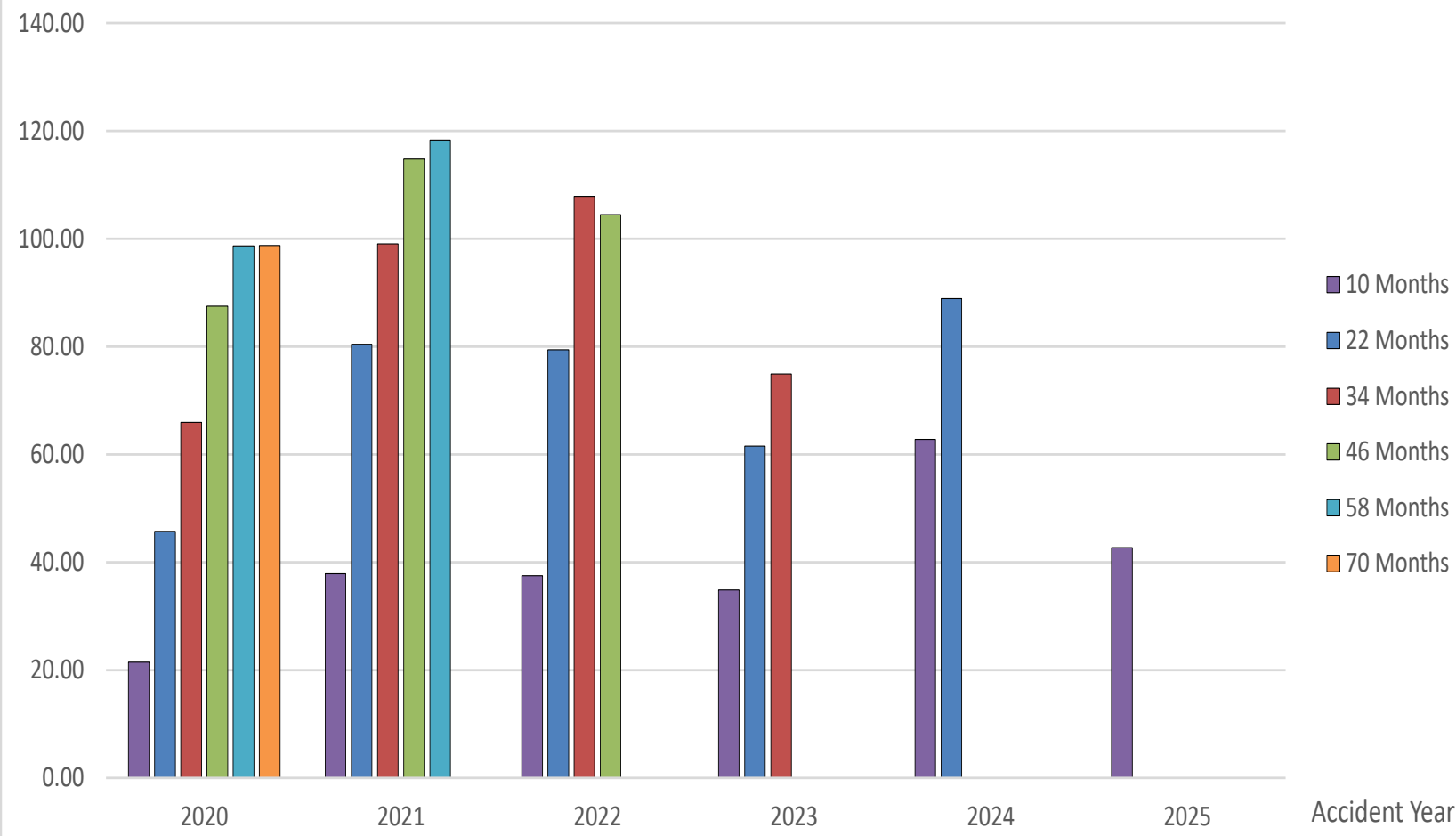
PART II

Monitoring Your Own Data

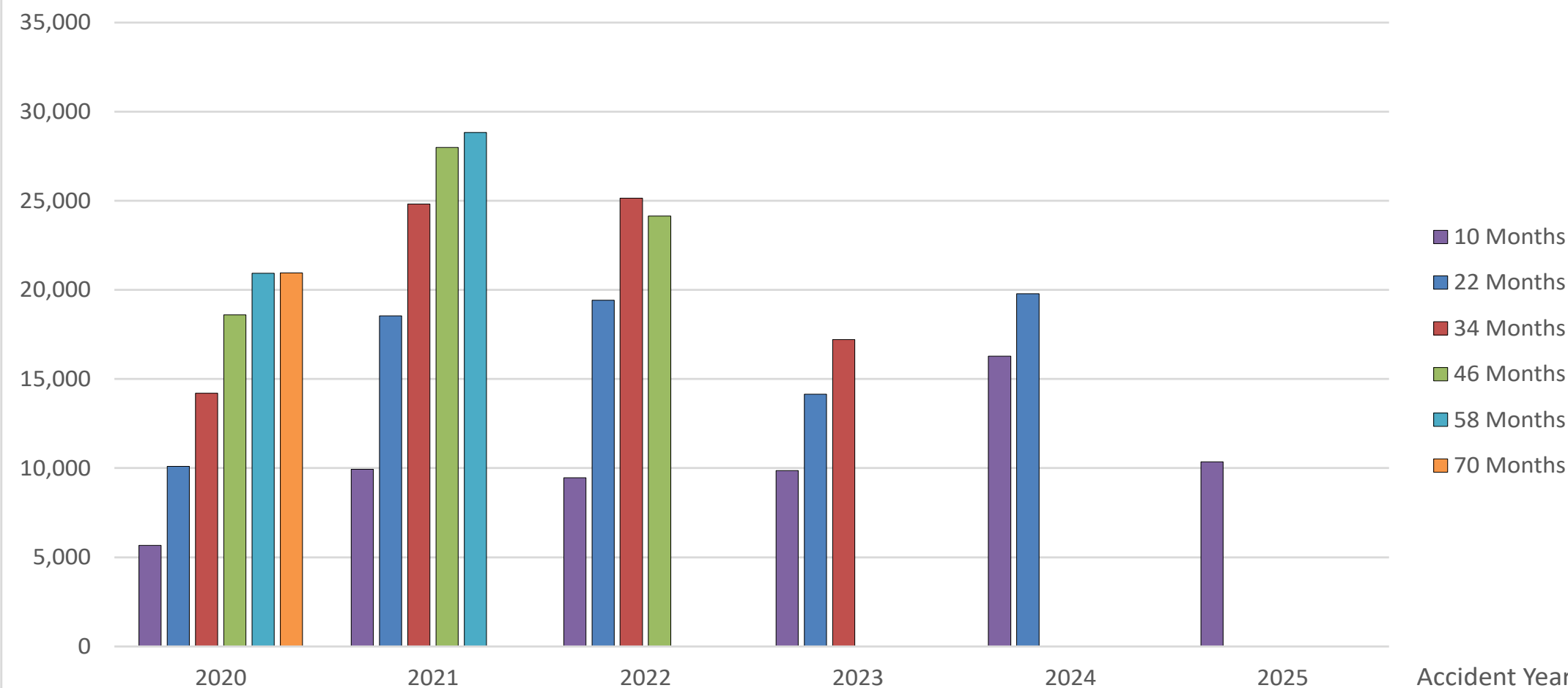
Frequency: Reported Claims per 1M Miles



Pure Premium per 1,000 Miles



Severity: Incurred Loss per Reported Claim



PART II

Industry Trends by the Numbers

Industry-wide patterns can often be mirrored in company-specific data.
How much so depends on your exposure.

E.g., Liability

Industry aggregate data shows increases in loss ratios and loss development patterns, related to economic and social inflation.

Expect to see similar trends in company-specific data, depending on the exposure profile relative to the industry as a whole.

- Small businesses with minimal public-facing assets don't attract aggressive third-party litigation funding.
- Large corporations with significant assets are more likely to experience nuclear verdicts – such as commercial trucking (AL), manufacturers (product liability), and healthcare providers (medical malpractice).

Other Liability (Occurrence)

Paid Loss Development

Accident Year	Age-Age Development Factors				
	12 - 24	24 - 36	36 - 48	48 - 60	60 - 72
2005	1.574	1.256	1.177	1.094	1.033
2006	1.616	1.312	1.167	1.081	1.055
2007	1.680	1.307	1.157	1.107	1.080
2008	1.764	1.332	1.181	1.130	1.056
2009	1.716	1.298	1.202	1.105	1.060
2010	1.770	1.385	1.188	1.108	1.055
2011	1.815	1.371	1.215	1.113	1.073
2012	1.831	1.396	1.235	1.092	1.107
2013	1.881	1.431	1.213	1.157	1.073
2014	1.851	1.384	1.259	1.125	1.067
2015	1.892	1.465	1.251	1.129	1.051
2016	1.907	1.410	1.255	1.110	1.066
2017	2.080	1.434	1.186	1.131	1.103
2018	1.935	1.383	1.224	1.168	1.109
2019	1.850	1.379	1.271	1.168	1.104
2020	1.847	1.429	1.277	1.168	1.111
2021	2.084	1.471	1.295	1.173	
2022	2.059	1.475	1.276		
2023	2.133	1.466			
2024	2.063				

Industry Trends by the Numbers

E.g., Workers' Compensation

Sustained decline in frequency

- Better workplace safety programs, improved employer risk management, automation and robotics replacing high-risk tasks, ergonomic improvements, emphasis on employee safety

Material improvements in workplace safety

- Employers and insurers have become more sophisticated about preventing losses rather than managing them after they occur

Improvements in return-to-work programs

- Employers and insurers have increasingly focused on getting injured workers back to productive work sooner, when medically appropriate, which reduces the duration of indemnity payments

Medical cost management and utilization controls

- Managed-care networks, utilization review, pharmacy management, and overall better coordination of care have helped constrain medical costs

Opioid reforms

- Workers receiving opioids could experience longer disability durations, higher medical costs, greater likelihood of chronic pain, delayed return to work

Workers' Compensation Paid Loss Development

Accident Year	Age-Age Development Factors							
	12 - 24	24 - 36	36 - 48	48 - 60	60 - 72	72 - 84	84 - 96	96 - 108
2005	1.319	1.119	1.068	1.036	1.034	1.025	1.017	1.012
2006	1.368	1.145	1.067	1.046	1.028	1.021	1.019	1.008
2007	1.400	1.133	1.073	1.042	1.031	1.022	1.012	1.007
2008	1.401	1.142	1.074	1.044	1.023	1.022	1.013	1.011
2009	1.411	1.142	1.072	1.041	1.030	1.015	1.015	1.009
2010	1.425	1.145	1.068	1.041	1.021	1.019	1.010	1.002
2011	1.412	1.137	1.070	1.038	1.026	1.014	1.004	1.008
2012	1.409	1.127	1.028	1.061	1.026	1.009	1.008	1.007
2013	1.411	1.118	1.058	1.036	1.012	1.004	1.007	1.005
2014	1.390	1.113	1.062	1.025	1.012	1.009	1.006	1.000
2015	1.398	1.125	1.046	1.023	1.008	1.002	1.001	1.003
2016	1.352	1.106	1.045	1.018	1.013	1.007	1.002	1.003
2017	1.354	1.125	1.038	1.019	1.011	1.005	1.001	1.002
2018	1.374	1.097	1.044	1.021	1.013	1.005	1.006	
2019	1.365	1.103	1.047	1.024	1.011	1.008		
2020	1.380	1.113	1.050	1.022	1.015			
2021	1.388	1.121	1.048	1.032				
2022	1.425	1.128	1.056					
2023	1.440	1.124						
2024	1.434							

Expect to see similar trends in company-specific data, depending on the exposure profile relative to the industry as a whole

- Certain occupations with better advancements in safety
- Concentration of workforce by geography, age of workforce, turnover rates

PART II

Questions to Ask Your Actuary

Are my data trends in line with industry or indicative of something else?

Does my surplus position reasonably support my captive?

03

PART THREE

The Regulatory Perspective

Benchmarking as a Supervisory Tool

Jim DeVoe-Talluto

Vermont Department of Financial Regulation



PART III

Benchmarking in Licensing and Analysis

Where aggregate data enters the regulatory process

Application Review

Proposed capitalization and premium volume are read against comparable captives in the domicile in addition to an evaluation of proposed capital relative to projected premium and reserves

Business Plan Changes

New lines or higher retentions are assessed for the leverage they add relative to peers

Ongoing Analysis

Annual ratios are screened to industry and peer benchmarks to prioritize analyst attention

When a Captive is an Outlier

Common ratio movements that prompt a further look

Leverage well above the peer range

Premium or retention growing faster than surplus

Sustained adverse development

Reserves strengthening across consecutive years

Combined ratio persistently over 100%

Particularly where surplus is not being replenished

A sharp break from the captive's own history

Year-over-year change with no corresponding plan change on file

Engaging DFR Proactively

When your numbers will look different from the aggregate, say so first

- 01 Flag the variance in your filing narrative rather than waiting for the question
- 02 Bring your actuary's reasoning, not just the ratio
- 03 Raise material plan changes with your analyst before they land as a surprise
- 04 Request your ranking data and use it in board materials before the annual meeting

CLOSING

Key Takeaways

01

Know where you sit

Request your ranking on assets, surplus, and premium — it costs nothing

02

Compare at like maturity

Your own years, your peers, and industry patterns — all at consistent points in time

03

Explain the variance first

Bring context to your analyst and your board before either has to ask

THANK YOU

Resources and Contact

Vermont DFR

Aggregate reports, captive listings, and licensing counts

dfr.vermont.gov/captive-insurance

VCIA member tools

Education library, upcoming webinars, and the annual conference

vcia.com

CPE

Certificates of completion are available at engage.vcia.com within two weeks to participants who responded to all three live polls.

Questions

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