

Rt Hon Rachel Reeves MP  
Chancellor of the Exchequer  
HM Treasury  
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cc. Emma Reynolds MP, Economic Secretary to the Treasury  
cc. [captiveinsuranceconsultation@hmtreasury.gov.uk](mailto:captiveinsuranceconsultation@hmtreasury.gov.uk)

February 5, 2025

Dear Chancellor,

I write to you as the President of the Captive Insurance Companies Association (CICA) regarding the HM Treasury's consultation on the creation of a UK captive insurance regime. CICA is the leading domicile-neutral trade association representing the captive insurance industry with over 600 members. Our membership includes individual captive insurance companies, companies that own and utilize captives, and service providers to the captive industry, such as actuaries, accountants, attorneys, brokers, carriers, reinsurers and insurance consultants. Additionally, the membership spans all over the globe with most members based in North America, and our second largest market within the United Kingdom.

As a leading international organization, CICA serves as a liaison and resource for the various stakeholders within the captive industry including domiciles, regulators, insurance companies, service providers, and associations. Collectively, CICA fosters the unification of coming together to speak with one common voice to represent the industry. In our history of over 50 years, CICA has been instrumental and powerful in assembling thought leaders on captive insurance topics, trends, and timely regulatory matters when appropriate and necessary.

I write to you with that common voice in strong support of the proposal to create a UK captive insurance regime, and specifically in support of the London Market Group's (LMG) response to the consultation. This letter reflects the views of CICA on how a successful captive domicile should be structured, supported, regulated, and incentivized. It is also intended to compliment the LMG's submission as I provide a perspective of experience gained as the former Director of Financial Services for the State of Vermont from 1999-2017. In this role, I was responsible for the marketing and business development for the

State of Vermont's captive insurance industry, which has now grown to become the largest captive insurance market in the world. It also from my experience as CICA's President, working closely with dozens of other captive domiciles on regulatory best practices and observing the foundational building blocks for what makes a successful jurisdiction. CICA has a rich history in supporting best practices for licensing and regulating captive insurers in an appropriate and measured manner. In summary, I am uniquely qualified to advise on what makes a domicile successful.

### ***Global competition***

When I started working in this industry in the late 1990s, there were predominately four domicile options: Vermont, Bermuda, Hawaii, and the Cayman Islands. Today that landscape has changed drastically with nearly 40 US states now having captive legislation in place. This addition created significant growth within this industry with more jurisdictions actively promoting captive insurance.

More recently, we are also seeing growth in domiciles across Europe and Asia. The increased number of captive domiciles has directly led to more interest in companies wanting to form captives in Europe. I believe it is still extremely wise for the UK to introduce a captive insurance regime as Europe is not an overserved market and interest in new companies forming captives in Europe is on the rise. With London as a global center for reinsurance, the decision to introduce captives comes naturally as many of the foundational pieces of the captive structure already exist. The concentration of insurance experts already located in London gives the UK an opportunity to provide an 'all-in-one' experience for a prospective captive insurance owner which is an attractive differentiator for the UK domicile and a strong selling point.

As you may know, the economic impact of the captive insurance industry can be significant for the domicile. Not only are high-paying specialized jobs created, but business travel from domicile visits and board meetings as well as income generated from premium taxes and fees are all large benefits. It also provides a mechanism for countries to keep their own companies regulated within their own jurisdiction and not have to leave for another jurisdiction, which is often attractive to the regulators.

However, establishing the regulatory framework is just the beginning. For one to earn the business and the resulting economic benefit, the jurisdiction needs to be fully committed in both the promotion and regulation of the industry. The successful jurisdictions are the ones that have the regulatory framework and actively promote the industry. That is part of the winning formula for success.

***Being competitive***

Captive insurance is a globally competitive market. Vermont, a small US state, is a global leader in this sector as mentioned above. This has been achieved by being internationally competitive in both appropriately licensing and regulating their captives. They also actively promote their domicile as a good place to domicile one's captive insurance business. Without this, businesses will not choose to operate in a jurisdiction.

In order to achieve these results, it is my recommendation that the UK commits to a three-pronged approach in developing a captive insurance regime: proportionate regulation, government support, and active promotion.

There are now over 70 captive domiciles globally, so it is imperative that the approval and supervisory regulatory processes are fit for purpose and are designed and structured in a balanced and proportionate way. If the UK captive regime is to be internationally competitive, the approval and supervisory regulatory processes should be established for efficiency and purpose, rather than just the legal and regulatory framework. If the UK regulatory approval process cannot match the timescales and user-friendly process adopted by its many other competitor jurisdictions, it will not be successful. Captive insurance companies want a predictable regulator who will be fair and regulate appropriately based on risk.

The support provided collectively by the government, regulators, and industry in promoting this regime will be crucial to its success. I would particularly emphasize the need for visibility and advocacy on the global stage and availability to the industry. This is why France has enjoyed success since introducing its regime, thanks to the proactivity of its insurance regulator, the ACPR, in offering guidance to companies considering both redomiciling and creating new captives. This is also consistent with my own experience in Vermont and what I have witnessed with other successful domiciles in my role with CICA.

As to the support provided by the industry to promote the regime once established, I am confident in the role CICA can play in educating the global market in the UK's entry to the marketplace, alongside our colleagues from the LMG and AIRMIC. I know from attending recent industry events that your announcement and consultation have brought enthusiasm and excitement to the industry. I am confident this will translate into demand for the establishment of new UK captives if done correctly.

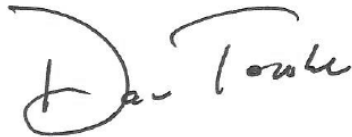
***Investment and growth***

It is absolutely my experience that a captive regime would not only support London's existing (re)insurance ecosystem but also generate new jobs in the captive industry. As the captive market continues to grow, I believe there is a major opportunity for the UK to

harness the momentum and deliver significant investment and economic growth. CICA is committed to serving as a dependable resource during your endeavor.

I want to thank you and this government for recognizing the growth opportunity provided by the introduction of a UK captive regime. It is a development that has generated considerable excitement across the industry globally. Please be assured that CICA would be available should support be required as this consultation process continues, and afterwards as work to establish the regime begins.

Yours sincerely,



Daniel D Towle,  
President  
Captive Insurance Companies Association

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