



A Guide for Transportation Practice Groups

FAQ

Why is captive insurance particularly suitable for the transportation industry?

The transportation industry faces high-risk scenarios and significant liability exposures. Captives offer tailored coverage for fleet accidents, cargo liability, and business interruption risks, providing more control and potentially lower costs than traditional insurance.

Can captives cover the specific risks associated with international transportation operations?

Absolutely. Captives can be designed to cover international risks, including cargo loss in international waters, regulatory compliance across different jurisdictions, and political risk insurance, providing a unified risk management solution.

How does SRS support transportation companies in establishing their captive insurance companies?

SRS provides expertise in identifying the unique risks faced by transportation companies, assisting with captive formation, domicile selection, regulatory compliance, and the ongoing management of the captive to align with the company's evolving risk landscape.

What are the advantages of using a captive for fleet safety and loss prevention programs?

Captives enable transportation companies to directly link their insurance costs to their loss prevention efforts. Investment in safety programs can reduce claim costs, which in turn can be reflected in lower insurance costs through the captive.

How do transportation companies benefit financially from using a captive insurance solution?

Transportation companies can benefit from reduced insurance costs over time, improved cash flow from direct access to reinsurance markets, and the return of underwriting profits and investment income, enhancing overall financial performance.

Delivering Outstanding Service

The transportation industry, encompassing everything from freight and logistics to passenger services, faces significant risks including fleet accidents, liability claims, and business interruption. The reasons for pursuing captive insurance strategies include: 1) the need for tailored insurance coverage that addresses the specific operational risks of transportation, 2) managing the cost volatility of traditional insurance premiums, especially in liability and cargo coverage, and 3) leveraging captive insurance as a tool for fleet safety and loss prevention initiatives.

SRS Approach

SRS offers the transportation industry captive insurance solutions that provide not just risk transfer, but also a platform for implementing advanced risk management and safety programs. By integrating telematics data and predictive analytics, SRS helps transportation companies minimize their risks and optimize insurance costs. Our approach focuses on creating long-term value through improved safety, operational efficiency, and financial performance.

Benefits and Outlook for 2024

Transportation companies engaging with SRS can anticipate benefits such as reduced insurance costs, better claims management, and enhanced operational safety. These outcomes are reflected in key performance indicators like decreased Frequency and Severity of Losses and Lower Total Cost of Insurance (TCI). As the transportation industry continues to evolve with new technologies and regulatory challenges in 2024, companies with proactive captive insurance strategies will be well-equipped to navigate these changes and sustain their growth.

Data from the Bureau of Transportation Statistics, the National Highway Traffic Safety Administration, and the Federal Motor Carrier Safety Administration reveal that total miles driven for commercial and personal use have been growing since 2011. Simultaneously, highway accidents involving large trucks or buses have also increased.

Contributing factors include:

Increased miles driven: Higher traffic density due to overall increased driving.

Distracted driving: The prevalence of smartphones impacting accident frequency.

Severity: Property/physical damage and bodily injury costs have risen due to newer vehicles with advanced technology and safety features.

Medical inflation: Contributing to higher average bodily injury costs.

Market volatility: The commercial automobile market has faced challenges, including insolvencies and carriers pulling out of segments like long-haul trucking and passenger transport.

Transportation Practice Group Stats

120+

Transportation Captives

Types of Captives

- Group Captive
- Single Parent
- Cell Facilities
- Risk Retention Group
- Commercial (Re)Insurance

Active Domiciles

- Alabama
- Arizona
- Arkansas
- Barbados
- Bermuda
- Cayman Islands
- Georgia
- Luxembourg
- Missouri
- North Carolina
- South Carolina
- Utah
- Vermont

About Strategic Risk Solutions

SRS is the world's largest independent insurance company manager. With over 25 years of experience, SRS provides management and consulting services to a wide range of insurance company entities, from single parent captives to complex commercial insurers and reinsurers. SRS has operations in the United States, Canada, Europe, Barbados, Bermuda, Cayman Islands, Latin America, and South Africa. For more information on SRS, please visit www.strategicrisks.com.