Captive Insurance Business Plan

ARDEN RISK

DOCUMENT GUIDE

Contents

Proposed Luxembourg City reinsurance captive. EUR. 2027–2031.

Executive summary....4
Business details....5
Business concept and objectives....6
Business model canvas....7
SWOT and longer term goals....8
TOWS strategy matrix....9
Owner and management....10
Owner and key personnel profiles....11
Target customers....12
Segmentation targeting and positioning....13
Value proposition canvas....14
Market size and trends....15
PESTLE analysis....16
Parent demand and evidence....17
Alternatives and positioning....18
Porter five forces....19
Strategy canvas....20
Location and premises....21
Equipment and resource plan....22
Underwriting and product strategy....23
Premium pricing and unit economics....24
Alternative placement comparison....25
Brand and sponsor experience....26
Placement channels and process....27
Formation communication....28
Renewal and ongoing programme review....29
Operations and service providers....30
Sustainability and climate exposure....31
Staffing and training....32
Skills and fair work....33
Legal and regulatory requirements....34
Formation roadmap....35
Risks and management actions....36
Research and evidence....37

Quotes and assumptions.....38
Startup costs and funding.....39
Itemized formation uses.....40
Executive remuneration and personal budget.....41
Capital terms and security.....42
Premium forecast and capacity.....43
Claims costs and projected profit.....44
Profit and loss forecast.....45
Cash flow and financial position.....46
Cash flow months one to six.....47
Cash flow months seven to twelve.....48
Financial position summary.....49
Break even and scenarios.....50
Model guide and completion.....51

01 / OPERATING PLAN

Executive summary

Scope and decision

Arden Risk is a proposed single-parent reinsurance captive in Luxembourg City. It would accept a defined layer of an unnamed European industrial group's property and business interruption programme through a licensed fronting insurer. The working name, parent and January 2027 inception are planning choices. No authorisation, treaty, funding or founder credentials are represented as secured.

Evidence and action

The investment decision depends on credible loss data, independently priced premiums, fronting terms and a separate Solvency II assessment. The captive's profit is an entity result: internal premium and underwriting profit cannot be counted again as consolidated parent savings.

Base proposed capital is EUR 6,000,000. Year-one net profit is EUR 307,303; year-five net profit is EUR 986,793. Year-five cash is EUR 9,573,237. Downside year-five net loss is EUR (497,537). Downside ending equity is EUR 3,428,207, below the EUR 4,000,000 internal planning floor by EUR 571,793. This floor breach is not a regulatory capital determination. These estimates require separate regulatory capital and actuarial validation.

02 / OPERATING PLAN

Business details

Scope and decision

The proposed legal vehicle is a Luxembourg société anonyme with central administration in Luxembourg City, subject to legal and CAA review. Its sole commercial purpose is risk financing for its parent group. It will not solicit retail insurance or unrelated third-party risks.

Evidence and action

The sponsor must provide its identity, ownership chain, audited accounts, group structure, capital source and risk locations. The paid executive and analyst are proposed roles with no named appointments. The board will approve a restricted underwriting mandate before any binding.

03 / OPERATING PLAN

Business concept and objectives

Scope and decision

The launch scope is a property damage and business interruption reinsurance layer covering European industrial facilities. The proposed annual written premium is EUR 6 million at Base, split 70% property and 30% interruption for operational planning; independent pricing must validate the combined portfolio.

Evidence and action

Year one objectives are complete exposure data, a reproducible claims register, approved underwriting limits and timely regulatory reporting. The five-year goal is stable administration and measured risk retention. Expansion into liability or cyber requires a fresh actuarial, governance and capital review.

04 / OPERATING PLAN

Business model canvas

Scope and decision

The model has one parent sponsor and a fronting counterparty. Reinsurance contracts generate earned premium while paid losses, outsourced control functions and a two-person paid team consume cash. Investment income comes from a fixed bond allocation, separate from underwriting.

Evidence and action

The nine components below form a proposed operating design. Premium amounts are not evidence of external market demand. Capital funding is a shareholder transaction, not a revenue stream.

Component	Proposed design
Customer segments	One industrial parent programme
Value proposition	Transparent financing and prevention
Channels	Fronting treaty and parent mandate
Relationships	Board mandate and cedant contract
Revenue	Earned premium, bond income
Resources	Data, capital, two paid FTE
Activities	Underwriting, claims and reporting
Partners	Fronting, retrocession, control functions
Costs	Claims, staffing, fees and tax



Author-proposed design; validate with sponsor and specialist evidence.

05 / OPERATING PLAN

SWOT and longer term goals

Scope and decision

S1 is direct access to parent exposure data, contingent on signed data rights. S2 is a narrow underwriting mandate. W1 is single-group concentration; W2 is an untested claims and governance organisation. O1 is systematic prevention and retained underwriting knowledge. T1 is severe correlated loss and T2 is counterparty default.

Evidence and action

The board should stabilise the property layer before expanding. Long-term success means validated data and prudent capital deployment, rather than a target dividend. No return of capital is assumed in the forecast.

Strengths	Weaknesses
S1 Parent data, subject to rights. S2 Narrow mandate	W1 Single-group concentration. W2 Untested organisation
Opportunities	**Threats**
O1 Prevention and retained underwriting knowledge	T1 Correlated severe loss. T2 Counterparty default

Author-proposed design; validate with sponsor and specialist evidence.

06 / OPERATING PLAN

TOWS strategy matrix

Scope and decision

SO combines S1 and O1: build a site-level loss prevention register and use verified engineering actions in renewal pricing. ST combines S2 and T1: impose explicit event and aggregate limits before launch. WO addresses W2 through paid training, independent actuarial review and a tested reporting calendar.

Evidence and action

WT addresses W1 and T2: restrict the scope, diversify eligible reinsurance counterparties where viable and prepare a board-approved run-off plan. The initial quota share is an illustrative 25% proportional cession; treaty availability and collateral are unconfirmed.

Link	Action
SO / S1 O1	Use validated site data in prevention and renewal
ST / S2 T1	Restrict event and aggregate limits
WO / W2 O1	Train staff and commission reserve review
WT / W1 T2	Counterparty limits and run-off liquidity

07 / OPERATING PLAN

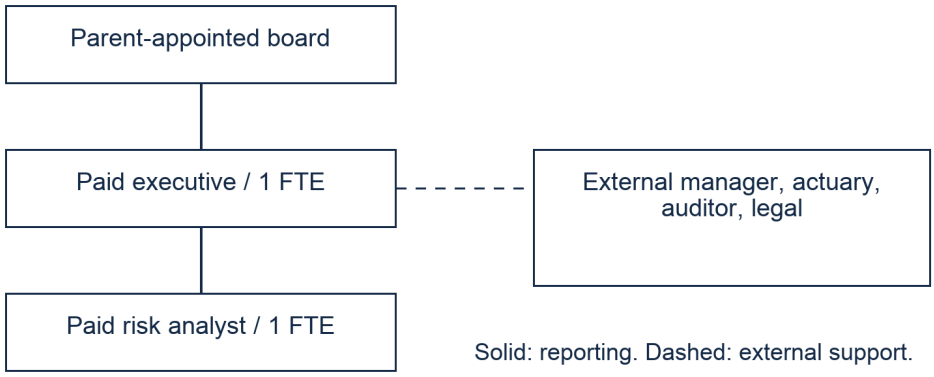
Owner and management

Scope and decision

A parent-appointed board would supervise a paid captive executive responsible for underwriting authority, cash approval and reporting. A paid risk analyst would maintain exposure and claims data and report to the executive. External management, actuary, auditor and legal support are services, not employee FTE.

Evidence and action

The parent shareholder does not receive a fictional owner salary. The model includes EUR 120,000 annual executive gross remuneration and EUR 80,000 analyst pay, plus 20% employer allowance. These unquoted budgets need payroll and fit-and-proper verification.



Author-proposed design; validate with sponsor and specialist evidence.

08 / OPERATING PLAN

Owner and key personnel profiles

Scope and decision

No biographies or qualifications were supplied. The sponsor must verify the proposed executive's insurance governance, reserving oversight, treaty and regulatory reporting experience. The analyst needs exposure data, claims reconciliation and spreadsheet control skills.

Evidence and action

The board must assess suitability and conflicts, nominate accountable key-function holders and document who performs outsourced work. Recruitment contracts, availability and approvals remain pending. Modelled pay does not prove the availability of suitably qualified people.

09 / OPERATING PLAN

Target customers

Scope and decision

The economic beneficiary is the industrial parent group's treasury and risk team. The fronting insurer is the contractual cedant and route through which local policies and claims are administered. European sites are covered risks, not separate retail customers.

Evidence and action

The target programme comprises property and business interruption exposures where the parent can provide credible values, loss histories and engineering reports. Exclude uninsured catastrophe concentration, sanctions-sensitive activity and classes outside the approved mandate until specialist review.

10 / OPERATING PLAN

Segmentation targeting and positioning

Scope and decision

Segment risks by country, occupancy, catastrophe zone, insured value, business interruption dependency and historical loss severity. Target a documented property/BI layer with sufficient historical data and stable limits. Defer long-tail liability and cyber because they require different reserving and capital assumptions.

Evidence and action

Proposed positioning: a transparent internal risk-financing platform with disciplined reporting and prevention. Demonstrate value through treaty reconciliations, claims response and renewal analysis. The captive does not compete for ordinary retail insurance sales.

Stage	Decision
Segment	Country, occupancy, values, hazard and severity
Target	Property/BI layer with credible records
Position	Transparent internal risk-financing platform

11 / OPERATING PLAN

Value proposition canvas

Scope and decision

The parent risk team's jobs are to place cover, fund retained losses and explain total risk cost. Pains are opaque loss development, volatile renewal terms and disconnected site data. Gains sought are auditable financing, useful prevention feedback and clear decision rights.

Evidence and action

Products are a defined reinsurance layer, claims analytics and board risk reports. Pain relievers are reconciled exposure schedules, reserve reviews and treaty settlement controls. Gain creators are renewal evidence and site prevention priorities. Each proposed benefit requires validation through parent interviews and records.



Author-proposed design; validate with sponsor and specialist evidence.

12 / OPERATING PLAN

Market size and trends

Scope and decision

The scope is annual property and BI risk-financing spend by European industrial groups eligible for single-parent captive structures, in EUR for 2027. No credible eligible-group count or comparable annual spend denominator has been supplied. TAM and SAM values therefore remain unestimated.

Evidence and action

SAM narrows that scope to this parent's eligible European risks and proposed programme layer. SOM is the proposed captive's EUR 6 million Base written premium for 2027, contingent on actuarial pricing and placement. It is a forecast programme size, not a demonstrated percentage of a European market.

TAM / 2027 EUR	SAM / 2027 EUR	SOM / 2027 EUR
European industrial property/BI risk spend. Denominator unavailable	Parent eligible European programme. Exposure and spend pending	Proposed EUR 6m written premium. Forecast; not market share

Author-proposed design; validate with sponsor and specialist evidence.

13 / OPERATING PLAN

PESTLE analysis

Scope and decision

Policy and legal requirements shape approval timing and outsourcing responsibility. Economic conditions affect claims inflation and bond yield. Social considerations include fair claim handling and staff accountability. Technology creates data integrity and cyber dependencies; environmental risks include correlated flood and storm.

Evidence and action

The six panels align the external issue, evidence status and response. Current official guidance was reviewed on 3 October 2026. Planning ratios and yields are author estimates and must be replaced with risk-specific information before commitment.

Political CAA supervisory requirements. Response: approval gates	Economic Claims inflation and yield uncertainty. Response: stress ratios	Social Fair claims and accountability. Response: documented escalation
Technological Data and cyber dependency. Response: access controls and backup	Legal CAA LC25/9 and ORSA. Response: counsel and actuarial work	Environmental Flood/storm concentration. Response: site aggregation and limits

Author-proposed design; validate with sponsor and specialist evidence.

14 / OPERATING PLAN

Parent demand and evidence

Scope and decision

No parent loss history, exposure schedule, commercial renewal offer or sponsor approval was supplied. The proposal is a feasibility case. CAA's 2025 national risk assessment reports 144 captive reinsurers at end-2023; that dated stock establishes an existing domicile activity, not demand for Arden Risk.

Evidence and action

Collect ten years of claims where available, separate incurred and paid amounts, reconcile insured values and identify uninsured losses. Interview treasury and site risk owners. Obtain actuarial pricing and signed placement indications before validating written premium. Evidence milestones are shown as a process chart, not fabricated observations.



Required process only / no completed gates or observations claimed

Author-proposed design; validate with sponsor and specialist evidence.

15 / OPERATING PLAN

Alternatives and positioning

Scope and decision

Alternatives are conventional commercial insurance, larger deductibles funded on the parent's balance sheet, a Luxembourg captive or another suitable domicile. A captive adds administration and capital costs while concentrating retained risk. The parent must compare the total cost of risk over the same covered layer.

Evidence and action

Use actual renewal terms and risk-adjusted capital requirements in the decision. No named competitor prices or service ratings have been surveyed. Captive managers are potential vendors, not insurers competing for the same captive underwriting premium.

16 / OPERATING PLAN

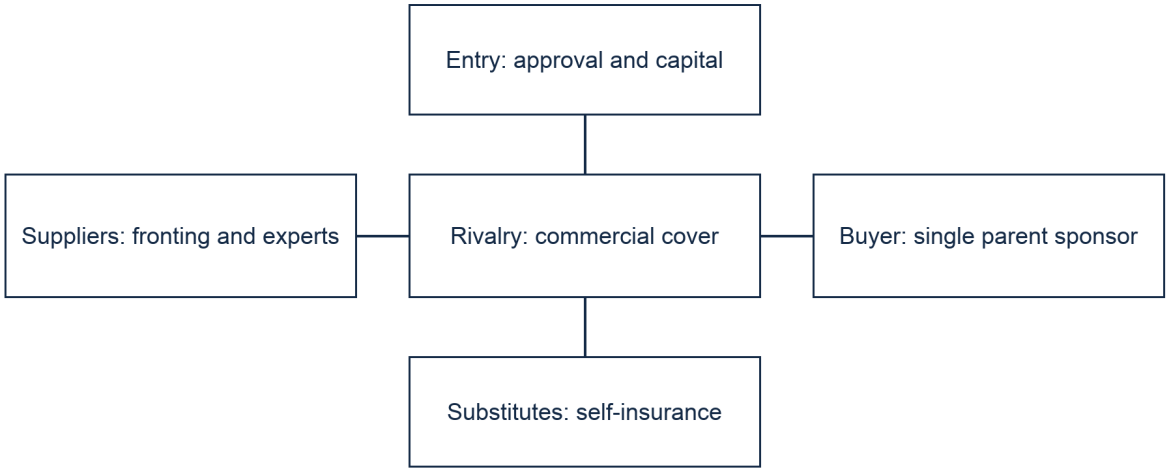
Porter five forces

Scope and decision

Rivalry comprises commercial insurance and other risk-financing structures. Buyer power is concentrated in a single parent sponsor. Supplier power rests with fronting insurers, retrocession counterparties and qualified control-function providers. Entry barriers include authorisation, capital and credible loss data. Substitutes include self-insurance and higher deductibles.

Evidence and action

The responses are a written mandate, competitive provider tenders, independently assessed retention and a comparison against commercial renewals. These are qualitative forces, not measured competitor scores. A feasibility decision needs actual quotes and parent records.



Author-proposed design; validate with sponsor and specialist evidence.

17 / OPERATING PLAN

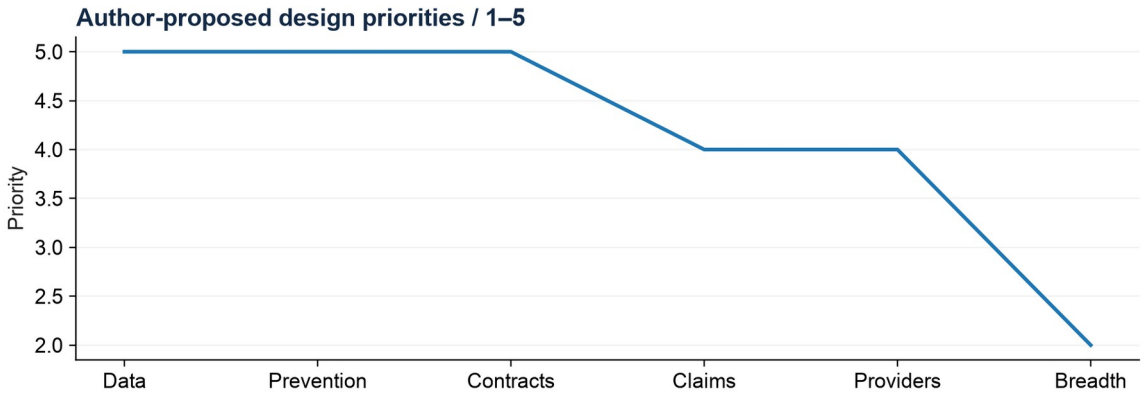
Strategy canvas

Scope and decision

The chart shows author-proposed priorities on a 1–5 design scale: data transparency, prevention feedback, contract clarity, claims control, provider competition and product breadth. Higher priority does not prove superior performance.

Evidence and action

No competitor values are drawn because none were measured. Validate the priority ordering in parent workshops; compare alternatives only after consistent definitions and documentary evidence exist. The launch deliberately limits product breadth to property/BI.



Author-proposed design; validate with sponsor and specialist evidence.

18 / OPERATING PLAN

Location and premises

Scope and decision

Luxembourg City is selected for the proposed central administration, using EUR. A small office or compliant serviced space would support two paid roles, board meetings and secure records. No premises, registered office or rental terms have been selected.

Evidence and action

The EUR 80,000 annual legal/regulatory/office budget is an aggregate planning allowance. Obtain separate quotes and verify substance, access, security and outsourced service responsibilities. Central administration must be assessed with counsel and the CAA rather than inferred from an address alone.

19 / OPERATING PLAN

Equipment and resource plan

Scope and decision

Core resources are secure exposure and claims registers, finance software, treaty documentation and controlled banking access. The model expensed formation work and assumes no material equipment capitalisation. A fixed EUR 4 million bond purchase is an investment asset, not office equipment.

Evidence and action

Require role-based access, encrypted backups, source record retention and dual cash approval. Annual external fees fund administration and specialist review. Vendor availability, software licensing and data-transfer arrangements remain unquoted.

20 / OPERATING PLAN

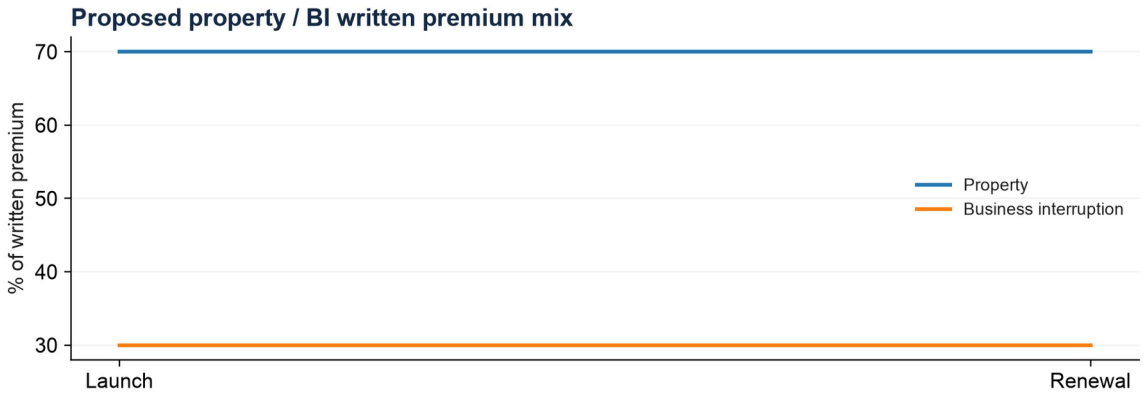
Underwriting and product strategy

Scope and decision

The proposed captive accepts a defined property/BI layer from a fronting insurer and cedes 25% onward via illustrative quota share. Any deductibles, event limits and aggregate ceilings require actuarial and legal design. The model is proportional and does not pretend to price excess-of-loss attachment points.

Evidence and action

Policies are assumed issued evenly each month with twelve-month straight-line earning. The forecast tracks written, earned and unearned amounts. Property/BI mix is a concept estimate only, not a substitute for line-specific loss and catastrophe modelling.



Author-proposed design; validate with sponsor and specialist evidence.

21 / OPERATING PLAN

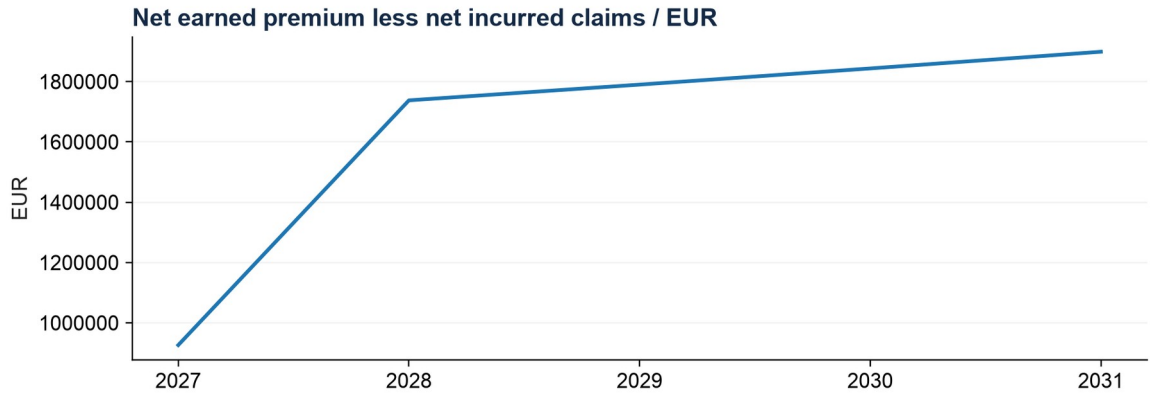
Premium pricing and unit economics

Scope and decision

Base annual premium of EUR 6 million is an author hypothesis, growing 3% each anniversary. Base incurred claims including loss adjustment expenses are 62% of gross earned premium. Quota-share cession proportionally reduces both earned premium and incurred claims.

Evidence and action

Pricing must cover expected loss, administration, capital cost and risk margin. The model provides accounting contribution before investment income; it does not prove premium adequacy or arm's-length transfer pricing. Premium is not reduced merely to force a positive parent savings result.



Model v1.0 • EUR • January 2027–December 2031 • Base unless labelled

22 / OPERATING PLAN

Alternative placement comparison

Scope and decision

A decision table must compare the same insured layer, coverage exclusions, limits, deductibles, claims process, premium and collateral across commercial renewals and the captive. No broker placement or management quote was supplied.

Evidence and action

Request dated offers and record valid-through dates, currencies and taxes. Keep parent retained losses and capital charges outside captive revenue. A comparison should include the captive's full operating costs and the economic cost of committed shareholder capital.

Alternative	Evidence required
Commercial renewal	Comparable quote and coverage wording
Parent self-insurance	Retained-loss analysis and capital cost
Captive route	Pricing, full fees, regulatory capital and terms

23 / OPERATING PLAN

Brand and sponsor experience

Scope and decision

Arden Risk is a working internal name. Its service promise is a transparent risk register, reliable treaty reconciliation and clear reporting to the parent. Name clearance and legal registration remain pending.

Evidence and action

The executive will issue a monthly financial pack and exception report. Claims communication should identify responsible cedants, evidence needed and escalation routes. Service expectations require contractual agreement with the fronting insurer; no claim settlement commitment is assumed.

24 / OPERATING PLAN

Placement channels and process

Scope and decision

The initial route is parent mandate, broker/actuary analysis, fronting agreement, approved reinsurance wording and monthly bordereaux. The captive's contract counterparty is the cedant. Premium collection is modelled one month after writing at Base.

Evidence and action

Do not bind before authorisation and documentation. Reconcile premium written, receivable and cash by treaty and period. The model uses one-month ceded premium payment lag and three-month Base recovery lag, which are unagreed settlement assumptions.

25 / OPERATING PLAN

Formation communication

Scope and decision

Launch communication is directed to the parent board, treasury, site risk owners and selected providers. There is no retail advertising plan. Formation expense of EUR 200,000 at Base covers illustrative initial legal, actuarial, setup and application work.

Evidence and action

Prepare a decision pack with commercial alternatives, data gaps and approval gates. Obtain competitive tenders for outsourced services. No promotional demand uplift is included. The parent should fund diligence before treating any programme premium as committed.

26 / OPERATING PLAN

Renewal and ongoing programme review

Scope and decision

Annual renewal depends on reconciled loss development, exposure changes and provider terms. Review the property/BI scope and limits rather than automatically adding risks. Base premium growth of 3% is a planning assumption, not signed renewal business.

Evidence and action

Monitor overdue premium, unpaid recoveries, gross and net reserves, liquidity and concentration. Update actuarial estimates when experience changes. Paid monthly reporting and annual independent actuarial review are included in the cost budget.

27 / OPERATING PLAN

Operations and service providers

Scope and decision

The analyst reconciles bordereaux, claims and reserve data. The executive approves underwriting and cash within board limits. External management supports accounts and administration; the actuary assesses pricing/reserves; auditor and counsel provide independent services.

Evidence and action

Monthly close steps are reconcile premiums, post earning, reconcile gross claims and ceded entitlements, approve settlements, reconcile bank and bond holdings, and issue the board pack. Gross reserve and reinsurance assets must not be silently netted.

28 / OPERATING PLAN

Sustainability and climate exposure

Scope and decision

Flood, storm and supply-chain interruption can affect several parent sites at once. Site geography, engineering measures and business interruption dependencies should be recorded before setting retention. The model's loss ratio stress is a broad accounting stress, not a catastrophe model.

Evidence and action

Use verified hazard assessment and event aggregation, and approve exclusions and limits based on evidence. Investments would follow a board-approved prudent policy with credit and duration limits. No ESG rating, climate benefit or avoided loss is fabricated.

29 / OPERATING PLAN

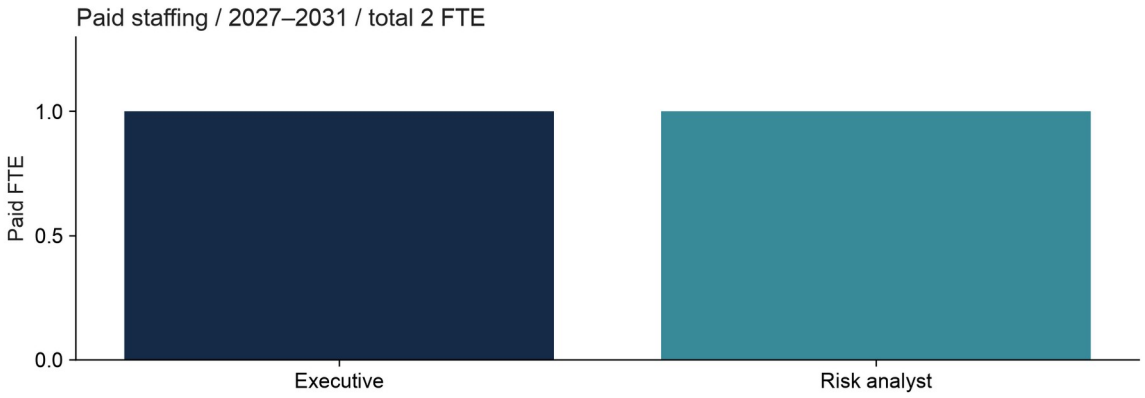
Staffing and training

Scope and decision

The forecast funds one paid executive FTE and one analyst FTE throughout the sixty-month horizon. It separately budgets external management, actuarial/audit and legal/office services. No unpaid founder labour or unsupported recruitment commitments are assumed.

Evidence and action

Train staff on treaty accounting, data quality, claims controls, conflicts and incident escalation. The board needs absence cover and delegated cash approval. A small team raises key-person risk, requiring documented provider continuity and testing.



Author-proposed design; validate with sponsor and specialist evidence.

30 / OPERATING PLAN

Skills and fair work

Scope and decision

Pay budgets are EUR 120,000 executive and EUR 80,000 analyst gross annually at Base, escalating 3%. The 20% employer allowance is provisional and requires payroll confirmation. Salaried executive remuneration is included in profitability and cash.

Evidence and action

Define responsibilities, reasonable hours, paid training and evidence of suitability before hiring. External providers should have written service levels and exit provisions. The shareholder's personal household finances are unknown and separate from the captive's remuneration budget.

31 / OPERATING PLAN

Legal and regulatory requirements

Scope and decision

CAA Circular Letter 25/9 of 29 July 2025 sets out information for authorisation applications by captive insurance and reinsurance undertakings. The CAA is Luxembourg's insurance supervisor. Obtain counsel's view of entity, central administration, governance, key functions, outsourcing and permitted business before applying.

Evidence and action

Solvency II requires an own risk and solvency assessment. This model contains accounting equity and liquidity indicators only. It does not calculate SCR, MCR, technical provisions under Solvency II or eligible own funds. Separate actuarial regulatory calculations and reporting are prerequisites for launch.

32 / OPERATING PLAN

Formation roadmap

Scope and decision

The proposed January 2027 model start is a scenario date rather than an approval forecast. First obtain sponsor authority and clean exposure/claims data. Next complete actuarial feasibility and alternatives analysis, provider tenders and regulatory preparation.

Evidence and action

Only after approval and signed contracts should the parent contribute capital and the captive bind risks. Test bordereaux and claims settlement before inception. If approvals or data fail, defer the programme; no opening-delay capital rescue is assumed.

Gate	Evidence
Feasibility	Sponsor data and actuarial pricing
Application	CAA submission and governance
Funding	Actual parent capital evidence
Contracts	Fronting and cession documentation
Inception	Approval and tested data process

33 / OPERATING PLAN

Risks and management actions

Scope and decision

Key risks are correlated catastrophe loss, under-reserving, reinsurance default, delayed recoveries, governance failure and single-parent concentration. The Downside uses 95% claims/earned premium and slower premium/recovery collection. Negative cash or equity shortfalls must remain visible.

Evidence and action

The board should require an actuarial stress assessment, counterparty limits and a run-off liquidity plan. Insurance liabilities survive the forecast horizon: closing reserves are not released as profit. No dividend is assumed, and additional capital would need a new explicit sponsor decision.

Downside year-five ending equity of EUR 3,428,207 falls EUR 571,793 below the EUR 4,000,000 internal planning floor. This indicates a planning shortfall; regulatory capital adequacy requires a separate assessment. No automatic capital rescue is modelled.

34 / OPERATING PLAN

Research and evidence

Scope and decision

Official sources reviewed 3 October 2026 are CAA LC25/9, the CAA supervisor overview, EIOPA's ORSA rulebook, ACD corporate tax tariff and Guichet municipal tax guidance. They establish requirements and tax context, not feasibility or insured demand. Guichet identifies SAs as subject to net wealth tax, and ACD publishes its current tariff. Luxembourg IPT does not apply to reinsurance companies under Guichet guidance; local policy taxes at the fronting insurer remain outside captive revenue.

Evidence and action

CAA's 2025 national risk assessment gives the dated end-2023 captive stock. All loss, premium, staffing, formation and provider amounts are author planning estimates. Parent exposure, loss triangles, actuarial pricing, treaties, quotes and capital evidence remain outstanding.

CAA LC25/9 (29 July 2025): https://www.caa.lu/uploads/documents/files/LC25-9_EN.pdf

CAA supervisor: https://www.caa.lu/en/the-caa

EIOPA ORSA: https://www.eiopa.europa.eu/rulebook/solvency-ii-single-rulebook/article-2128_en

ACD tax tariff: https://impotsdirects.public.lu/fr/az/t/tarif-applicable-collectivites/tarif-collect.html

Guichet municipal tax: https://guichet.public.lu/fr/entreprises/fiscalite/impots-benefices/benefices-patrimoine/impots-divers/impot-commercial-communal.html

ACD NWT tariff: https://impotsdirects.public.lu/fr/az/t/tarif-applicable-collectivites/tarif-collect-if.html

Guichet NWT: https://guichet.public.lu/en/entreprises/fiscalite/impots-benefices/benefices-patrimoine/impots-divers/impot-fortune.html

Guichet IPT: https://guichet.public.lu/en/entreprises/fiscalite/impots-benefices/benefices-patrimoine/impots-divers/declaration-paiement-impots-assurances.html

CAA NRA 2025 (2023 stock): https://www.caa.lu/uploads/documents/files/NRA_2025_EN.pdf

35 / OPERATING PLAN

Quotes and assumptions

Scope and decision

No formation, fronting, retrocession, legal, audit, office or investment quote is represented as received. Premium, loss ratio, payout pattern, payment lags and bond yield are provisional estimates. Counterparty collateral and fronting costs require treaty-specific clarification.

Evidence and action

The model assumes the written premium is the captive's accepted premium after the fronting insurer's retained fee; no additional fronting fee is counted. Parent commercial cover cost is outside the entity model. Revisit every editable input when actual offers and loss data are available.

36 / FINANCIAL PLAN

Startup costs and funding

Scope and decision

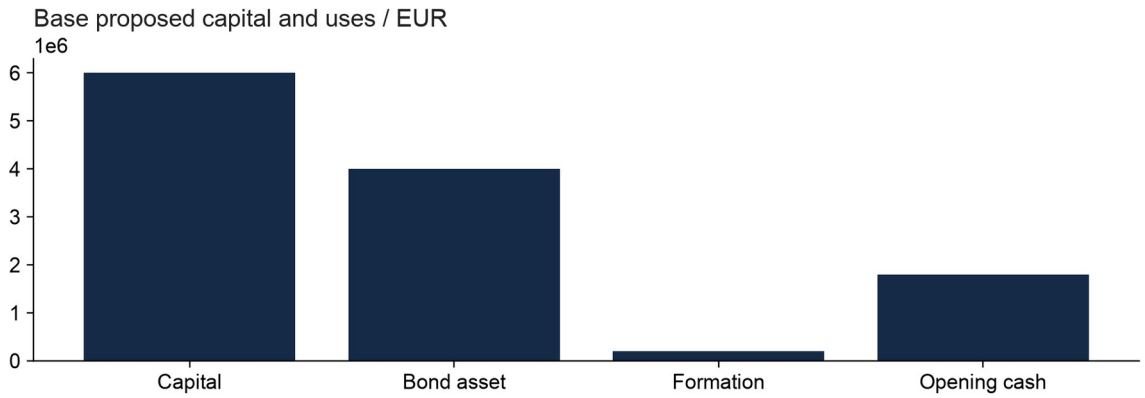
Capital is proposed parent equity, paid before underwriting. Initial bond purchases create an investment asset. Formation expenses create an opening retained loss and reduce cash. Cash retained after these uses is liquidity, not an expense.

Evidence and action

No external loan, capital rescue or dividend is assumed. Shareholder funds must be demonstrated before commitment. The financial model shows the explicit distinction between premium receipts and shareholder capital.

Source / use	EUR
Proposed parent equity	6,000,000
Bond purchases	4,000,000
Formation expense	200,000
Opening cash	1,800,000

Model v1.0 • EUR • Base active case • snapshot 3 October 2026



Model v1.0 • EUR • January 2027–December 2031 • Base unless labelled

37 / FINANCIAL PLAN

Itemized formation uses

Scope and decision

Formation costs are provisional and expensed at inception. The initial bond portfolio is held at cost with a fixed cash coupon yield assumption. No gain, impairment, reinvestment or cash sweep is modelled.

Evidence and action

Obtain a detailed setup budget and approved investment mandate. Retained cash supports premium/claims timing. These are entity sources and uses, not a parent saving calculation.

Use	Classification	EUR
Formation	Opening expense	200,000
Bonds	Investment asset	4,000,000

Model v1.0 • EUR • Base active case • snapshot 3 October 2026

38 / FINANCIAL PLAN

Executive remuneration and personal budget

Scope and decision

The paid executive's gross remuneration is part of the captive's operating cost. The shareholder is a corporate parent, so a personal owner survival budget would be inappropriate. No household expenses or net take-home income were supplied.

Evidence and action

For an individual executive, an actual personal budget and payroll deduction calculation should be completed privately. The business case includes the full proposed salary and employer allowance and never treats the executive's work as free.

Paid role	Annual gross EUR
Executive	120,000
Risk analyst	80,000
Employer allowance	40,000

Model v1.0 • EUR • Base active case • snapshot 3 October 2026

39 / FINANCIAL PLAN

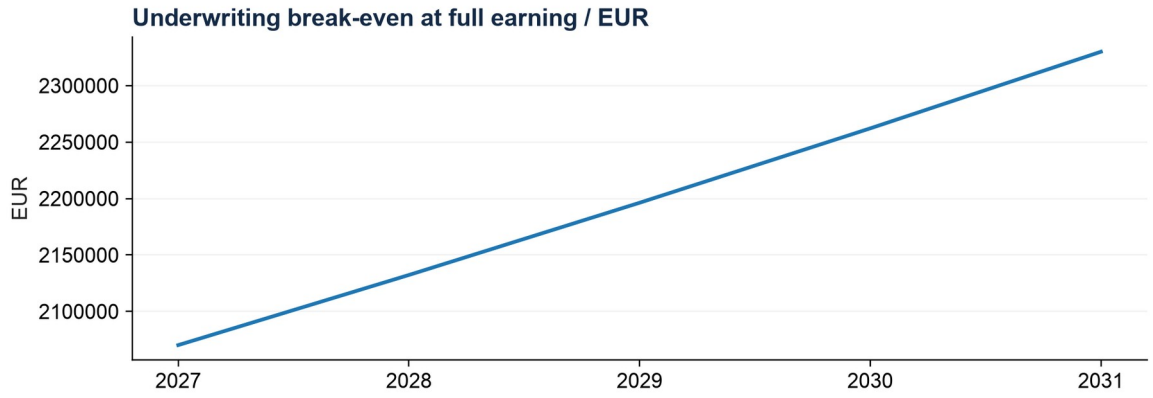
Capital terms and security

Scope and decision

The proposed parent contribution is equity with no debt service, dividend or redemption forecast. No evidence of committed funds or regulatory eligibility is supplied. Treaty collateral, bank arrangements and investment custody require actual contract terms.

Evidence and action

The model's EUR 4 million planning equity floor is a board hypothesis, not the minimum regulatory capital or SCR. Compare accounting equity and cash against it for internal discussion only, pending independent regulatory modelling.



Model v1.0 • EUR • January 2027–December 2031 • Base unless labelled

40 / FINANCIAL PLAN

Premium forecast and capacity

Scope and decision

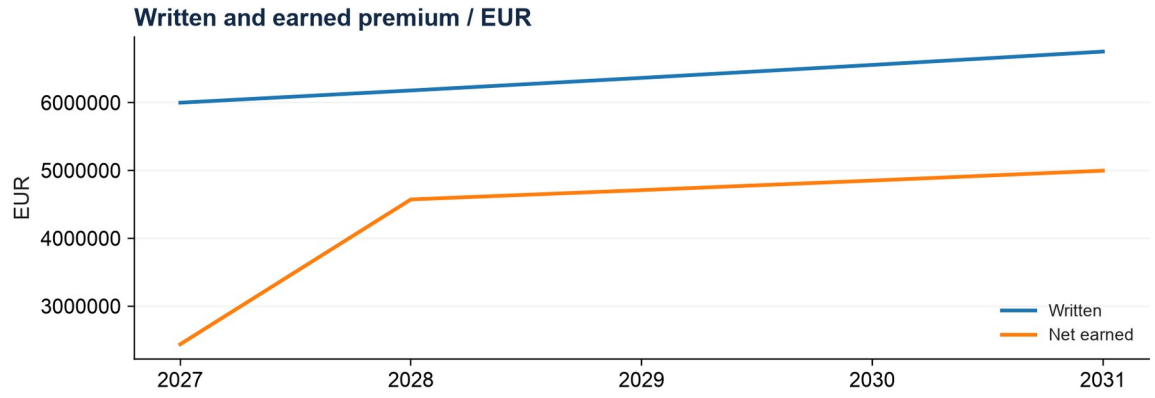
Sixty monthly periods cover January 2027 through December 2031. New annual policies are assumed written evenly each month and earned one twelfth per month for twelve months. Ending unearned premium remains a liability.

Evidence and action

There is no retail sales capacity. Operational capacity is the proposed two paid FTE plus outsourced functions, supported by a restricted programme. Premium growth does not prove that those resources can service more treaties; review workload and data quality before scope expansion.

EUR / year	2027	2028	2029	2030	2031
Written premium	6,000,000	6,180,000	6,365,400	6,556,362	6,753,053
Net earned premium	2,437,500	4,573,125	4,710,319	4,851,628	4,997,177

Model v1.0 • EUR • Base active case • snapshot 3 October 2026



Model v1.0 • EUR • January 2027–December 2031 • Base unless labelled

41 / FINANCIAL PLAN

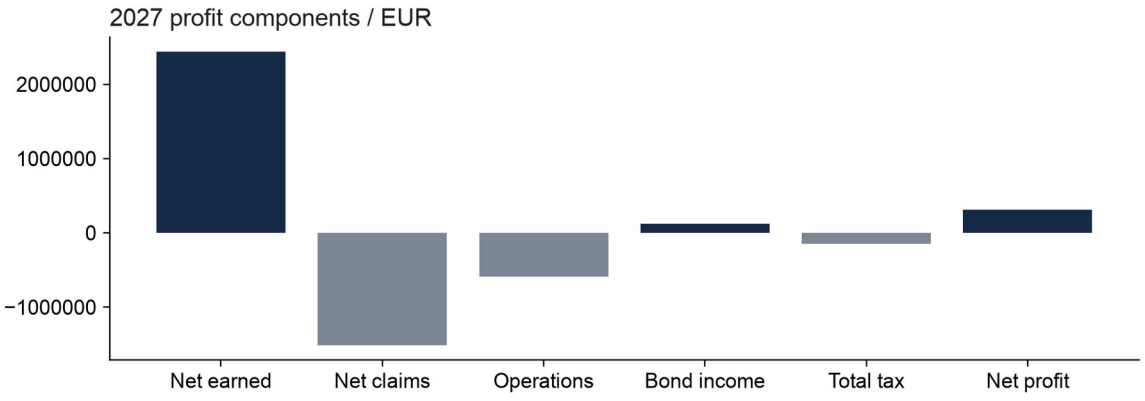
Claims costs and projected profit

Scope and decision

Gross incurred claims include loss adjustment expenses. The Base ratio is 62% of gross earned premium. Payments follow a simple cohort schedule: 30% in the incurrence month, 40% six months later and 30% eighteen months later.

Evidence and action

This author pattern is not a validated actuarial triangle. IBNR is a proportion of remaining gross reserves, with reported outstanding as the remainder. Do not add IBNR again to total reserves. Quota-share recoverables match ceded liabilities and paid claims entitlements.



Model v1.0 • EUR • January 2027–December 2031 • Base unless labelled

42 / FINANCIAL PLAN

Profit and loss forecast

Scope and decision

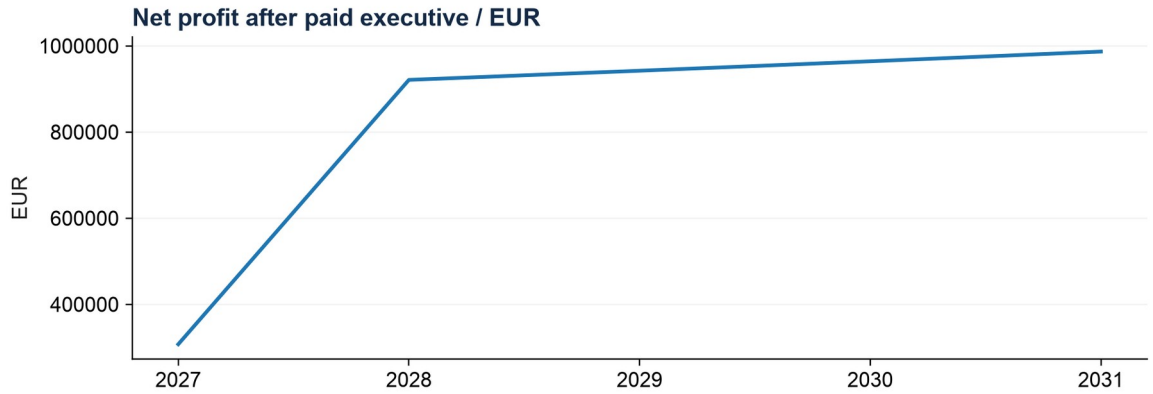
Income tax is a flat planning provision on each positive monthly pre-tax result, paid in the same month, without loss relief. Net wealth tax uses an editable 0.5% rate on opening annual book equity as a taxable-wealth proxy, subject to an editable EUR 4,815 minimum; one twelfth is budgeted monthly. No reserve-based reduction or exemption is assumed. Actual tax base, deductibility and payment dates need specialist confirmation.

Evidence and action

The income provision does not apply annual loss relief, and the net wealth tax proxy does not assume any reserve reduction or exemption. Both expenses are included in profit and cash. The proxy uses book equity rather than an assessed tax valuation and budgets monthly settlement rather than statutory payment dates. Confirm captive-specific taxation before statutory reporting.

EUR / year	2027	2028	2029	2030	2031
Net earned premium	2,437,500	4,573,125	4,710,319	4,851,628	4,997,177
Net incurred claims	1,511,250	2,835,338	2,920,398	3,008,010	3,098,250
Operating costs	590,000	607,700	625,931	644,709	664,050
Bond income	120,000	120,000	120,000	120,000	120,000
Total tax	148,947	328,932	341,631	354,678	368,084
NWT proxy within total	29,000	30,537	35,142	39,854	44,675
Income tax within total	119,947	298,396	306,488	314,824	323,409
Net profit	307,303	921,155	942,359	964,232	986,793

Model v1.0 • EUR • Base active case • snapshot 3 October 2026



Model v1.0 • EUR • January 2027–December 2031 • Base unless labelled

43 / FINANCIAL PLAN

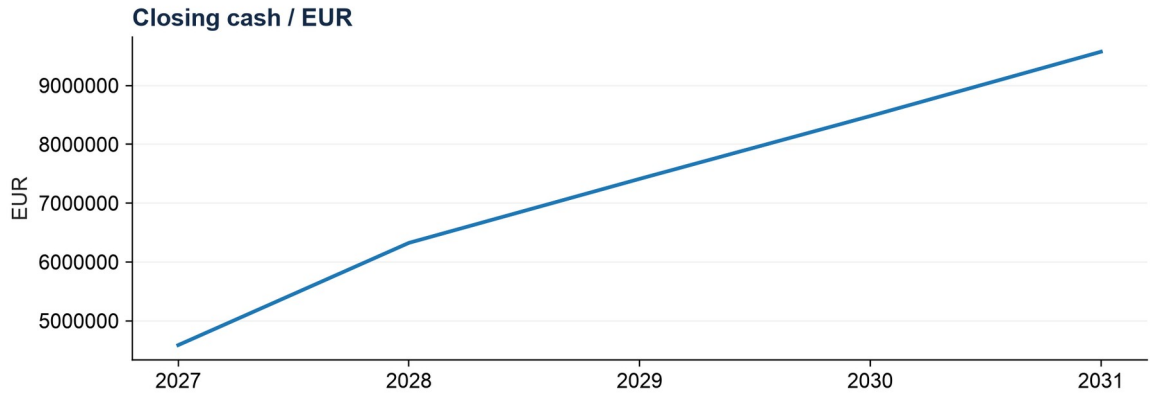
Cash flow and financial position

Scope and decision

Premium cash collection lags writing. Reinsurance premium settlement and claims recoveries use separate lags. Cash also pays gross claims, operating costs and tax. Investment coupons are received in cash and the bond principal stays fixed.

Evidence and action

Balance sheet assets show cash, bonds, premium receivable, ceded unearned premium and reinsurance claims recoverables. Liabilities show gross UPR, gross claims reserves and ceded premium payable. Accounting equity rolls paid capital and retained earnings without a balancing plug.



Model v1.0 • EUR • January 2027–December 2031 • Base unless labelled

44 / FINANCIAL PLAN

Cash flow months one to six

Scope and decision

The first six months expose the earning ramp and settlement timing. The cash table shows signed cash impacts, beginning cash, net operating cash and ending cash. Premium written is not automatically cash received.

Evidence and action

Review any negative cash directly. The model never creates a credit facility or capital injection to cure it. Formation uses occur before the monthly table and are reconciled in sources and uses.

Cash impact EUR	M1	M2	M3	M4	M5	M6
Opening cash	1,800,000	1,750,667	2,068,583	2,378,750	2,681,115	2,974,833
Premium receipts	0	500,000	500,000	500,000	500,000	500,000
Recoveries received	0	0	0	1,937	3,875	5,812
Claims payments	(7,750)	(15,500)	(23,250)	(31,000)	(38,750)	(46,500)
Ceded premiums	0	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)
Operating costs	(49,167)	(49,167)	(49,167)	(49,167)	(49,167)	(49,167)
Tax paid	(2,417)	(2,417)	(2,417)	(4,406)	(7,240)	(10,075)
Bond coupon received	10,000	10,000	10,000	10,000	10,000	10,000
Display rounding	1	1	1	1	0	1
Net operating cash	(49,333)	317,917	310,167	302,365	293,718	285,071
Balance rounding	0	(1)	0	0	0	0
Closing cash	1,750,667	2,068,583	2,378,750	2,681,115	2,974,833	3,259,904

Model v1.0 • EUR • Base active case • snapshot 3 October 2026

45 / FINANCIAL PLAN

Cash flow months seven to twelve

Scope and decision

The second half-year begins six-month-lag claim payments while the twelve-month earning ramp continues. Recoveries from ceded paid claims follow the selected settlement lag. Closing reserves retain amounts not yet paid.

Evidence and action

The monthly cash impacts sum to the reported net operating cash. The two year-one cash tables are derived from the same retained model results rather than manually entered estimates.

Cash impact EUR	M7	M8	M9	M10	M11	M12
Opening cash	3,259,904	3,525,994	3,773,104	4,001,234	4,212,967	4,408,302
Premium receipts	500,000	500,000	500,000	500,000	500,000	500,000
Recoveries received	7,750	9,688	11,625	16,146	20,667	25,188
Claims payments	(64,583)	(82,667)	(100,750)	(118,833)	(136,917)	(155,000)
Ceded premiums	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)
Operating costs	(49,167)	(49,167)	(49,167)	(49,167)	(49,167)	(49,167)
Tax paid	(12,910)	(15,744)	(18,579)	(21,413)	(24,248)	(27,082)
Bond coupon received	10,000	10,000	10,000	10,000	10,000	10,000
Display rounding	0	0	1	0	1	(1)
Net operating cash	266,090	247,110	228,130	211,733	195,336	178,938
Balance rounding	0	0	0	0	(1)	1
Closing cash	3,525,994	3,773,104	4,001,234	4,212,967	4,408,302	4,587,241

Model v1.0 • EUR • Base active case • snapshot 3 October 2026

46 / FINANCIAL PLAN

Financial position summary

Scope and decision

Book equity is not equivalent to eligible Solvency II own funds. Gross liabilities and separate reinsurance assets preserve counterparty exposure. Investment assets are fixed at cost, without market value risk modelling.

Evidence and action

Reserves remain at the five-year horizon and require future funding. Premium receivable and recovery receivable timing should be reconciled against actual treaty terms. There is no automatic distribution of investment assets or ending reserves.

EUR / year	2027	2028	2029	2030	2031
Cash	4,587,241	6,324,856	7,412,608	8,480,093	9,573,237
Bonds	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Premium receivable	500,000	515,000	530,450	546,364	562,754
Ceded UPR	687,500	708,125	729,369	751,250	773,787
Claims recoverable	401,062	779,282	872,410	898,583	925,540
Total assets	10,175,803	12,327,263	13,544,837	14,676,289	15,835,319
Gross UPR	2,750,000	2,832,500	2,917,475	3,004,999	3,095,149
Gross reserves	1,193,500	2,337,555	2,523,932	2,599,650	2,677,639
Ceded payable	125,000	128,750	132,612	136,591	140,689
Total liabilities	4,068,500	5,298,805	5,574,019	5,741,240	5,913,477
Equity	6,107,303	7,028,458	7,970,818	8,935,050	9,921,842
IBNR within reserves	358,050	701,266	757,179	779,895	803,292

Model v1.0 • EUR • Base active case • snapshot 3 October 2026

47 / FINANCIAL PLAN

Break even and scenarios

Scope and decision

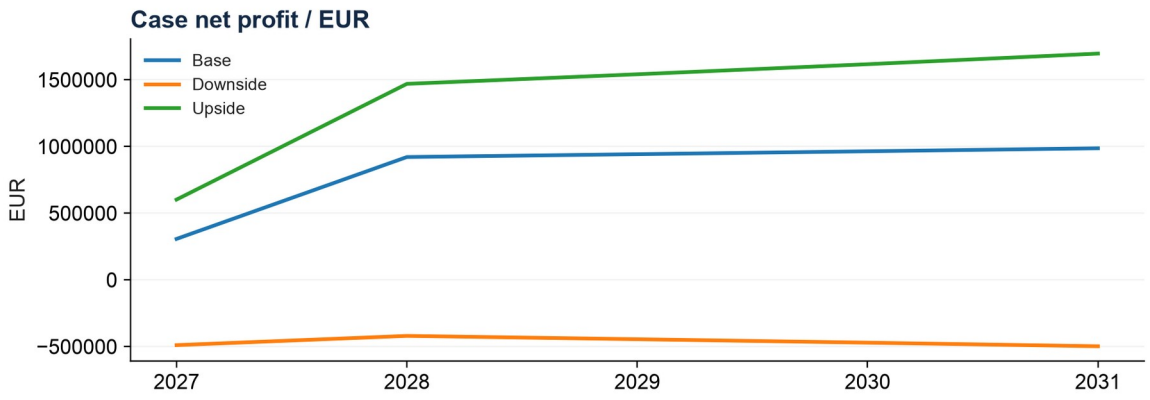
Accounting underwriting break-even premium is fixed annual operating cost divided by the retained share times one minus the loss ratio, assuming full earning. It excludes investment income, capital cost and catastrophe tail risk and is therefore not a regulatory or parent economic break-even measure.

Evidence and action

Base, Downside and Upside snapshots are dated 3 October 2026. The active model is formula-driven; scenario comparisons are snapshots with a stale flag linked to all editable case inputs and the selector. Rebuild from editable inputs JSON to refresh them.

Case / snapshot 3 Oct 2026	Y5 profit EUR	Y5 cash EUR	Y5 equity EUR
Base	986,793	9,573,237	9,921,842
Downside	(497,537)	2,356,582	3,428,207
Upside	1,696,569	12,795,171	12,726,856

Model v1.0 • EUR • Base active case • snapshot 3 October 2026



Model v1.0 • EUR • January 2027–December 2031 • Base unless labelled

Downside year-five ending equity of EUR 3,428,207 falls EUR 571,793 below the EUR 4,000,000 internal planning floor. This indicates a planning shortfall; regulatory capital adequacy requires a separate assessment. No automatic capital rescue is modelled.

48 / FINANCIAL PLAN

Model guide and completion

Scope and decision

Edit financial-model/working/inputs.json and run the retained build_model.mjs with bundled Node to regenerate the workbook and results. Defaults seed only if the inputs file is absent. Edits in Excel recalculate the active model, but should be copied to JSON before a rebuild to retain them.

Evidence and action

Before launch, complete sponsor evidence, pricing/reserving, SCR/MCR/ORSA, contracts and actual payroll/tax review. This package remains a proposed feasibility plan. The accounting forecasts contain no approval, funding commitment or consolidated parent savings claim.

Downside year-five ending equity of EUR 3,428,207 falls EUR 571,793 below the EUR 4,000,000 internal planning floor. This indicates a planning shortfall; regulatory capital adequacy requires a separate assessment. No automatic capital rescue is modelled.