

CAPTIVE INDUSTRY SHOWS STEADY GROWTH AND RISING MATURITY IN 2025

Inside SIIA's 5th Annual Captive Industry Survey and Why It Matters



Written By Anthony Murrello

The Self-Insurance Institute of America, Inc. (SIIA) has released its 5th Annual Captive Industry Survey, a comprehensive benchmark study designed to track the evolution, challenges, and growth of the captive insurance sector. With input from nearly 70 captive companies, service providers, brokers, and owners, this year's report paints a detailed picture of an industry that continues to mature, adapt, and expand even amid economic uncertainty and regulatory change.

When planning for this year's survey began, SIIA's Captive Insurance Committee set several clear objectives. The team aimed to increase the number of responses and broaden participation to include a wider range of industry perspectives—particularly brokers and prospective captive owners—while maintaining a standard of consistency in order to observe meaningful year-over-year trends. The findings offer a rare panoramic view into the state of the captive marketplace, revealing not only where the industry stands today, but also where it's heading.

The 2025 data underscores a consistent theme across all respondent groups: The captive industry remains both resilient and forward-looking, with leaders optimistic about long-term opportunities for innovation and growth. This report also represents the collaborative spirit of industry leaders, as SIIA's Captive Committee – particularly our Captive Survey Working Group – spent countless hours reviewing the voluminous amount of data and emerging trends to ensure a high-quality, insightful, and actionable resource for the entire industry.

“For the fifth consecutive year, respondents expressed a bullish outlook on the future of the captive industry,” said members of SIIA’s Captive Committee. “This continued optimism reflects an industry that is evolving strategically, embracing complexity, and strengthening its role in modern risk management.”

A CONFIDENT OUTLOOK

Respondents rated their confidence in the future of the captive industry at 8 out of 10, maintaining a strong level of optimism even as it dipped slightly from previous years’ near-perfect ratings (over the last four surveys, respondents had reported a score of 9)

Committee Chairman George Belokas, (also President at GPW and Associates, Inc.) points out that the bullish sentiment is supported by the data, noting “The industry sentiment has remained positive each year of the survey and we have continued to see that growth in the number of new captive formations.”

The metrics do indeed reinforce the strong outlook for the industry. Captive formations also remain strong, outpacing captive closures by a rate of 4 to 1. In total, respondents reported over 400 captive formations this past year. Additionally, the staffing numbers suggest a strengthening market, as 73% of responding companies reported adding staff in the past year, with an average of 9 new hires per company. This is up from 2024 when 64% of companies reported hiring staff. Growth was strongest in management, account, underwriting, and sales roles—further evidence of an industry scaling up to meet increasing demand.

MEDICAL STOP-LOSS CAPTIVES CONTINUE TO CLIMB

For the third consecutive year, medical stop-loss (MSL) captives represented the fastest-growing area of activity, cited by 62% of respondents. Cyber coverage (17%) and professional liability (13%) followed as areas of increased use, underscoring the industry’s adaptability to evolving risks.

In response to this trend, this year’s survey included a new MSL-specific section of questions. Through this line of questioning, respondents revealed what they considered to be the top barriers of entry for MSL captives. The top reported barrier was capitalization and financial requirements, with respondents listing initial capital and buy-ins as their top concern. The second most common response was related to data and underwriting barriers. Many respondents highlighted that getting the right data for proper underwriting/risk evaluation was often times a challenge. Respondents also listed market competition, regulatory, and expertise/model design as additional barriers.



COST PRESSURES AND EMERGING RISKS SHAPE STRATEGY

Belokas notes that the survey findings mirror what many are seeing in practice: “As healthcare continues to trend up, cost containment remains a focus area for the captive insurance industry.”

Indeed, cost containment emerged as the defining theme of this year’s survey. High-cost and specialty drugs, PBMs, and healthcare inflation accounted for nearly one-third of all cited emerging risks. These issues are pushing captive owners and service providers to think more strategically about pooling, retention, and renewal management. Other notable areas of concern include cyber threats and regulatory scrutiny—particularly from the IRS—highlighting the need for ongoing compliance vigilance and diversified risk strategies.

OPERATIONAL TRENDS AND CONCERNS

For the third consecutive year, price inflation topped the list of operational concerns, selected by 35% of respondents. Mergers, acquisitions, and consolidation tied with creative business solutions (22% each) came in as the next most common trends. Interestingly, staffing shortages—previously a growing issue—dropped significantly from 30% last year to just 12% in 2025.

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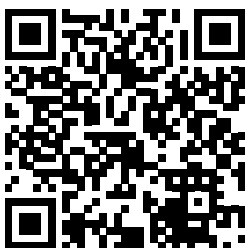


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INDUSTRY LARGELY UNFAZED BY REGULATORY TRENDS

Interestingly, 65% of respondents reported either not seeing or being affected by regulatory trends this past year. Despite continued IRS audits, the overall Federal regulatory and Congressional legislative landscape relating to captive insurance had remained relatively quiet for a period of years. However, in January 2025, in the waning days of the Biden Administration, the IRS released its Final Regulations on section 831(b) micro captives. These regulations took effect immediately upon publication on January 14, 2025.

Bailey Reese, a Partner at Dentons Law firm, summarizes the industry impact saying “Despite continued IRS scrutiny of micro-captives, including the final regulations issued earlier this year, the survey results indicate that the overall outlook for the captive industry remains positive, and many of those with captives taxed under Section 831(b) are choosing to keep them despite the new disclosure requirements. Alternatively, some are revoking their election but choosing to stay in a captive program – highlighting how important captives are as a risk management tool for smaller businesses.”

As compared to the Federal level, legislative and regulatory activity at the State level throughout the last year has been largely encouraging for the captive industry. This continues the trend observed over the last couple of years, in which States have enacted policies designed to promote and encourage the growth of captive insurance by creating a favorable environment for captive arrangements. This year, these measures have focused on striking a balance between effective oversight and operational flexibility, simplifying licensing processes, reducing administrative hurdles, and offering targeted incentives aimed at fostering a regulatory climate that enables captives to thrive as a strategic tool for risk management and economic development.

ONSHORE MOVEMENT GAINS MOMENTUM

This state-level support is likely driving a continued trend of captives being increasingly re-domiciled from offshore to onshore locations. While those that do are still in the minority (only 26% of respondents reported doing so), the number has gone up each of the last three years. A survey record of 34 captives were re-domiciled onshore this past year, with the most reported destinations including Kentucky, Tennessee, Utah, Vermont, North Carolina, and Indiana.

BROKERS AND OWNERS ALIGN ON GROWTH AND OPPORTUNITY

A major focus of this year’s survey was expanding broker participation, which revealed several telling insights. Brokers leveraging captive strategies reported using a diverse range of structures, most commonly single-parent and group captives, followed by stop-loss-focused programs. Among those already working with captives, 90% expect demand to rise over the next five years, citing risk management improvement and cost savings as top drivers. For the first time in survey history, 100% of captive owners reported no plans to close or exit their programs—clear evidence of industry confidence and program stability.

However, the survey also found that education remains a key gap among brokers and prospective owners who have yet to explore captive strategies. Many cited a lack of understanding as the primary barrier, pointing to a significant opportunity for industry outreach.



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“My biggest takeaway from the survey is in the broker section. Of those that are leveraging captive strategies with their clients, 100% said they are ‘highly likely’ or ‘likely’ to continue using these solutions with other clients.” said Dave Gillis, SVP of Business Development at Captive Resources. He added, “This not only sends a strong signal to the market, it also underscores the enduring value of captive solutions. As brokers grow more sophisticated and the full range of structural options becomes clearer, captives will increasingly rise from the margins of ‘alternative solutions’ to become a mainstream, go-to strategy for employers.”

ADVOCACY, EDUCATION, AND THE ROAD AHEAD

The 2025 survey makes one point clear: The captive industry is not only expanding but maturing, and SIIA remains central to that progress.

SIIA continues to advocate for the fair treatment and growth of captives at both the Federal and State levels, working closely with members of Congress, the IRS, and State Regulators. SIIA’s engagement focuses on educating policymakers about the fundamentals of captive insurance, its economic role, and the challenges industry stakeholders face.

Equally important is education within the industry itself. In addition to Conference Panel Discussions, the annual Survey and Trend Report, and resource materials, SIIA has developed new tools such as its Captive 101 course, a concise series of webinars and materials that introduce the basics of captives. Later this year, a Captive 201 course will launch, exploring more advanced topics and emerging industry issues. SIIA is also partnering with Captive.com to produce a podcast series, further expanding educational access.

The 2025 SIIA Captive Industry Survey tells the story of a sector in the midst of a strategic and sustainable expansion phase. Captives are not just weathering economic and regulatory change, they are proving their long-term value as adaptive, resilient tools for managing risk and promoting financial stability. While challenges remain—from inflationary pressures to educational gaps—the direction of the captive market is unmistakable: Forward, innovative, and essential to the self-insurance ecosystem.

For the full 2025 SIIA Captive Industry Survey & Trend Report, visit www.sii.org. ■

Anthony Murrello is SIIA’s government relations manager and supports the association’s captive insurance committee.