Captive Financial Readiness Checklist

Separate ultimate economic costs from cash payments and assets or credit committed as security.

Normalize the baseline

- ■ List premium, fees, deductibles and actual loss payments by line and policy year. Record the basis of each figure.
- ■ Build expected, adverse and transition-year scenarios on comparable coverage terms.

Measure liquidity and collateral

- ■ List each letter of credit, trust or cash requirement by year and beneficiary. Check draw, renewal and release terms.
- ■ Estimate claims payments, expenses and recoveries by quarter. Add collateral overlap, fees and limits on the bank facility.

Model downside and run-off

- ■ Model additional capital, assessments, delayed recoveries and severe losses. Assume no distributions in the downside case.
- ■ Identify liquidity owners and approval limits. Decide what data would change the forecast.

Confirm decision authority

- ■ Have Treasury, Accounting and counsel validate financing and reporting assumptions with the relevant advisers.