captive insurance times
The primary source of global captive insurance news and analysis
Issue 161 14 November 2018

Bringing innovation and insurance together

A breakdown of the European Insurance Forum

Company Update

Tom Booth on why its an exciting time at DARAG

Emerging Talent

We talk to Aon's Adam White

SRS Europe moves into Malta

Strategic Risk Solutions (SRS) Europe has made its second acquisition in the European market by acquiring Ark Insurance Management.

Ark is a regulated full service onshore European insurance management firm domiciled in Malta, which is currently wholly owned by Atlas Insurance.

The acquisition, which will be SRS Europe's first foray into the Malta market, is part of its expansion and establishment of offices in key European domiciles, a strategy it will continue after the conclusion of this deal.

As part of the transaction, Atlas will retain a minority interest in the newly named entity, Strategic Risk Solutions Insurance Management Services Europe.

Additionally, the firms have agreed to share knowledge, foster innovation in new products, and use Atlas' operating and delivery platform.

Following completion of the transaction, Malcolm Cachia, general manager of Ark, will join SRS Europe and will perform his existing role of general manager with the newly named entity.

Stuart King, president and CEO of SRS Europe, said Malta was a "natural choice" for the company.

He explained: "This is due to the forward-thinking legislation, supportive nature of the Malta Financial Services Authority to the captive industry and its status as a full member country of the EU. SRS intends to be the premier level firm insurance management and risk (finance) consulting firm in Europe underpinned by its independence in comparison to its rivals."

"SRS Europe is already serving a large and complex European multinational in the area of governance and risk consulting and expect to see, complimenting our management delivery capabilities, a marked increase in enquiries to independently and innovatively support clients to optimise their risk finance strategies and captive programmes."

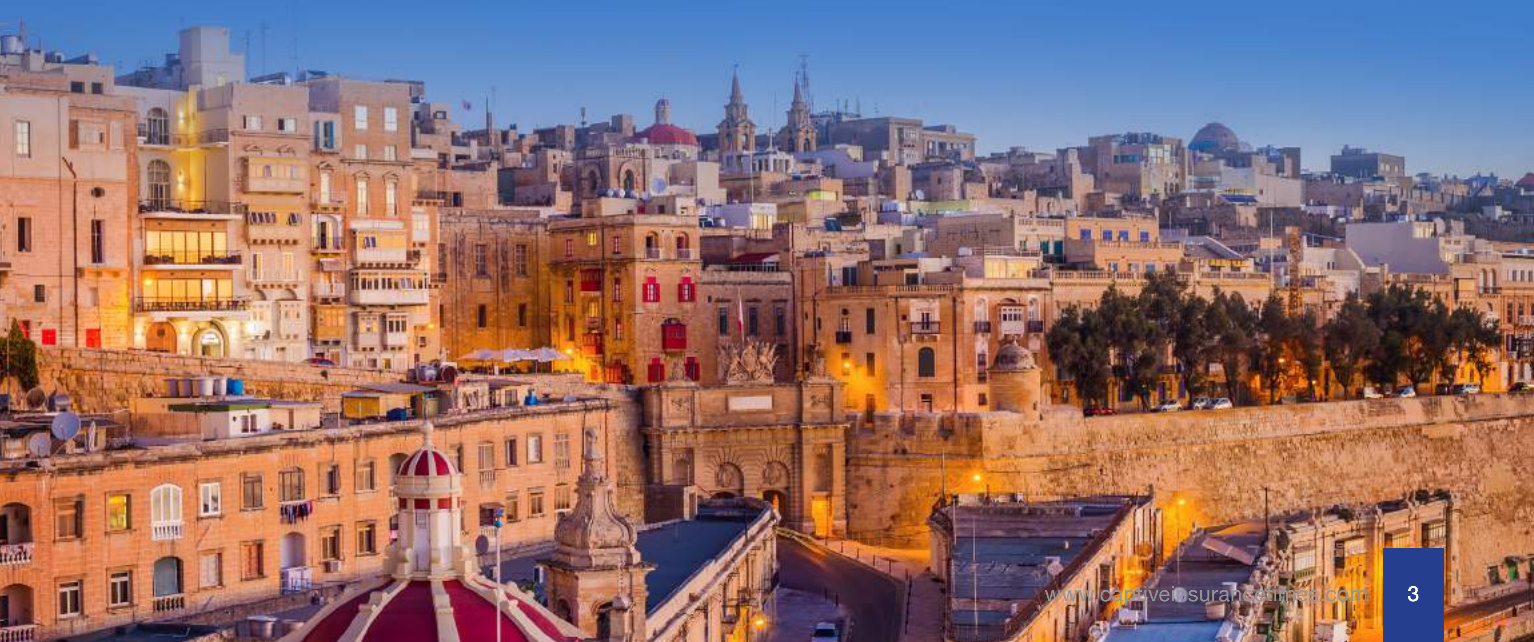
Michael Gatt, CEO of Atlas Group, said the group was excited to partner with SRS as it "expands its European presence" and to "leverage the investments and expertise we have built to date with Ark".

The partnership will allow the company to "accelerate [its] expansion into the European market", according to Brady Young, president of SRS.

He added: "We are pleased to be able to partner with as strong a local firm as Atlas."

Young said the addition of Cachia will provide "continuity to the operations in Malta and add an experienced captive professional to our European operations".

He continued: "We welcome Malcolm Cachia to SRS and look forward to working with his former colleagues at Atlas."



Contents

captiveinsurancetimes

Editor: Becky Butcher
beckybutcher@blackknightmedialtd.com
+44 (0)203 750 6019

Deputy Editor: Barney Dixon
barneydixon@blackknightmedialtd.com
+44 (0)203 750 6026

Reporter: Ned Holmes
nedholmes@blackknightmedialtd.com
+44 (0)203 750 6022

Contributors: Jenna Lomax and Maddie Saghir

Associate Publisher/Designer: John Savage
johnsavage@captiveinsurancetimes.com
+44 (0)203 750 6021

Publisher: Justin Lawson
justinlawson@captiveinsurancetimes.com
+44 (0)203 750 6028

Office Manager: Chelsea Bowles
accounts@securitieslendingtimes.com
+44 (0)203 750 6020

Published by Black Knight Media Ltd
Company reg: 0719464

SOBC DARAG joint venture completes first acquisition

SOBC DARAG, the joint venture between legacy acquirer DARAG and US-based run-off specialist SOBC, has completed its first acquisition: Peachtree Casualty Insurance.

The acquisition of the Florida-based nonstandard auto insurer was completed after approval from the state's Office of Insurance Regulation.

SOBC DARAG was launched in August to support the two companies expansion into the US and Bermuda/Caribbean run-off markets.

The joint venture's Ohio-based team has also taken over Peachtree's day-to-day management and claims handling to ensure a successful run-off.

Following the acquisition, Peachtree will be ultimately owned by the newly-formed DARAG Guernsey.

Stephanie Mocatta, CEO of SOBC DARAG, working with DARAG had been "extremely satisfying".

She added: "We are really pleased to have closed our first transaction under our new joint venture between SOBC and DARAG."

"We have been able to work efficiently and effectively to get this transaction completed in a short time frame."

"We are now working together on several more potential transactions and look forward to considerable expansion of SOBC DARAG here in the US."

Tom Booth, group CEO of DARAG, said the completion of the acquisition was "the first step in our exciting expansion plans into the US".

He explained: "DARAG Group, having raised an additional equity commitment of €260 million ($300 million) in July, is committed to expansion in the US and Bermuda markets: SOBC DARAG will be the platform to achieve this."

"We are looking forward to considerable growth in this area over the next 12 to 24 months."

Cayman welcomes four new captives in Q3 2018

The Cayman Islands licensed four new captive insurance companies and one portfolio insurance company in Q3 2018, according to statistics from the Cayman Islands Monetary Authority (CIMA).

The number of formations is down in comparison to the same period last year when Cayman welcomed seven new class B formations.

It is also down in comparison to Q2 of this year when 14 new captive licences were issued.

The statistics, which were last updated on 30 September, also showed that of the four new captive formations in the third quarter of this year, one was a class B(i) insurer and three were class B(iii) insurers.

In 2017, 33 captive licences were issued in total, a reduction on the 39 issued the year before.

A.M. Best affirms Spirit and Radius ratings

Spirit Insurance Company and Radius Insurance Company have had their financial strength ratings of A (Excellent) and long-term issuer credit ratings of "a" affirmed by A.M. Best.

The outlook of these credit ratings is stable.

According to A.M. Best, the ratings reflect Spirit and Radius' balance sheet strength, categorised as very strong, as well as their adequate operating performance, neutral business profile, and appropriate enterprise risk management.

Spirit and Radius' balance sheet strength is supported by risk-adjusted capitalisation at the strongest level, measured by A.M. Best's Capital Adequacy Ratio.

The captive's underwriting risks consist of onshore and offshore property and liability business.

Partially offsetting ratings factors are Spirit and Radius' exposure to large losses due to the limits offered on their respective policies and their significant dependence on reinsurance protection.

Additionally, Spirit's terrorism risk exposure remains high, but concerns are mitigated by reinsurance protection afforded under the Terrorism Risk Insurance Programme Reauthorisation Act.

Lloyd's Brussels to write FAC and excess loss treaty reinsurance

Lloyd's Brussels will write facultative reinsurance and non-proportional excess of loss treaty reinsurance across all markets in the European Economic Area (EEA), effective 1 January 2019.

According to Lloyd's, regardless of any future transitional arrangements or equivalence under Brexit, it will be able to write facultative reinsurance and non-proportional excess of loss treaty, with the remainder of treaty reinsurance business written as cross-border business on syndicate paper from EEA states under World Trade Organization terms.

However, Germany and Poland are excluded from this.

In the unlikely event that the UK does not secure Solvency II reinsurance equivalence in 2019, Lloyd's will be able to process the remaining treaty reinsurance business through Lloyd's Brussels from 1 January 2020.

The Lloyd's market can continue to write reinsurance in EEA states until 29 March 2019 with confidence that all valid claims will be paid, according to Lloyd's. After this date, the market can continue to do business via syndicate paper.

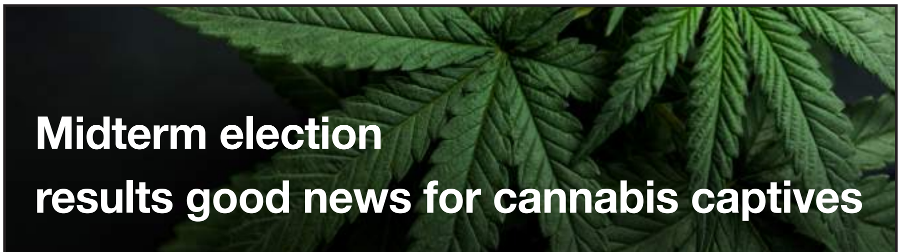
Lloyd's said it was also investigating a bespoke solution for its Brussels business to process proportional treaty reinsurance business in 2019, which could also apply to non-proportional treaty.

Vincent Vandendael, Lloyd's CCO and Lloyd's Brussels CEO, commented: "We expect that, following Brexit, the UK will apply for and receive Solvency II reinsurance equivalence."

"However, we are working to ensure that our reinsurance customers can continue to access the market's specialist policies in the event that the UK leaves the EU without a transitional agreement or equivalence."

He added: "Along with other London market partners, we continue to strongly make the case that an EU equivalence decision with respect to the UK's reinsurance framework should be secured as soon as possible and by no later than the end of the transition period. It is clear from the UK Government white paper that the UK Government aims to achieve Solvency II equivalence of UK reinsurance regime."

"We will know before 29 March 2019 whether we have transitional arrangements. This, alongside the solutions we are working on, the market's strong customer relationships, and the commitment to pay all valid claims, will all help us maintain and grow our business partnerships across the EEA."



Midterm election results good news for cannabis captives

The US midterm election results are good news for the cannabis captives market, according to Matthew Queen, general counsel and chief compliance officer at Venture Captive Management.

The midterm elections saw Michigan vote to legalise the recreational use of cannabis, while Utah and Missouri legalised the drug's medical use.

The Republicans maintained control of the Senate, but the Democrats took control of the House of Representatives.

Currently, 31 states, Washington DC, Guam, and Puerto Rico have already legalised cannabis for medical use, while nine permit recreational use.

Queen suggested that these results would likely have an effect on the cannabis captive insurance market.

He explained: "The more states there are with legal cannabis to some degree the larger the overall market."

"The hardest part about captives and cannabis at the moment is the fragmentation of the market."

He remarked: "There are only a limited number of companies with sufficient size to merit a single parent captive insurance company."

Queen added: "Consequently, the market needs larger players or a consolidation before captives will provide meaningful solutions beyond the dozen to two-dozen companies that would currently be a fit for a single parent."

"The cell captive strategy makes some sense for the market as it currently stands, but the smaller players often have banking issues that need remediation before captives can take effect."

One of the key issues for the captive industry in relation to cannabis is that the federal prohibition of the drug means banking services are particularly difficult to obtain.

According to Queen, more widespread legalisation could help to solve the problem for banks.

He remarked: "Greater legalisation only increases the number of banks quietly working with cannabis companies, which eases the transition into a captive programme."

The Democrats majority in the House of Representatives has created an interesting situation around the issue of cannabis legalisation, especially ahead of the 2020 US election.

Queen predicted the new house majority could lead to widespread legalisation in some capacity in the next few years.

He stated: "I suspect that legalisation in some capacity will be brought forward by the new house majority and the Republicans won't take the time to fight back in any meaningful way."

"In fact, the GOP would be wise to allow either full legalisation for medical or banking solutions in 2019 just to take cannabis off the table as a political football for the Democrats in 2020."

R&Q Quest cell writes facultative reinsurance certificate to US carrier

Randall & Quilter Investment (R&Q) has issued a facultative reinsurance certificate to a large US property and casualty carrier from a cell within its wholly owned subsidiary, R&Q Quest Insurance.

The reinsurance covers underlying liabilities related to the deductibles of workers' compensation policies issued between 2013 and 2016 to a US corporate.

The policy allowed the carrier to commute the deductible coverage with the corporate, which provided full finality to the corporate while remaining fully collateralised.

Ken Randall, chairman and CEO of R&Q, said the company was pleased to have completed another facultative reinsurance with a large US carrier.

He added: "This transaction is yet another example of R&Q's innovative structures which allowed the carrier to provide full finality to its client through a partnership with R&Q."

SCCIA conference moved to December with original schedule

The South Carolina Captive Insurance Association (SCCIA)'s 19th Annual Executive Educational Conference has been rescheduled to between 11 and 13 of December while retaining its original schedule.

Originally scheduled between 11 and 13 September, the 2018 SCCIA conference had to be postponed due to Hurricane Florence.

As before, the conference will begin with the golf tournament and captive academy session on Tuesday.

Further sessions will follow in the week.

According to Bryan Hudson, SCCIA president, only one speaker has had to be replaced so far and, while that process is still ongoing, he was confident that most, if not all, of the conference speakers, would be retained for the new date.

The conference has now been postponed due to extreme weather for the second consecutive year but Hudson said that the 2019 event would still be scheduled for September next year.

He explained: "We have not made the decision to permanently move anything at this point. Next year it will be around the same time."

"We will revisit that next year, but if you look at the conference schedule timing, September works pretty nicely for us and in the near term we don't plan on moving that at this time."

Hudson stated the SCCIA were excited to announce that the conference had been successfully rescheduled and that on a personal level he was most excited for the networking opportunities.

He said: "We have a great group of attendees that attend our conference annually, along with a fair amount of newcomers, so, I'm looking forward to the networking opportunities."

"The programme has also got a lot of intriguing, timely content, so I am certainly looking forward to hearing the speakers and presentations."

He added: "Additionally, I look forward to Charleston's cooler weather in December—and just in time for some last minute holiday shopping on King Street and the surrounding area."

AIG receives approval for post-Brexit two-entity structure

AIG's European subsidiary, AIG Europe (AEL), has received the final UK approval needed to complete the restructuring of AIG's European operations and ensure AIG's readiness for Brexit.

AIG Europe received approval from the High Court of England and Wales to transfer its business into two new entities: AIG UK and AIG Europe SA, in preparation for the UK's exit from the EU.

Transferring to a two-entity structure will enable AIG to continue to service all of its policyholders and business partners across the UK and Europe, and to guarantee contract certainty to all AEL policyholders, regardless of the future relationship between the UK and EU.

Both entities will begin writing business and policyholders will transfer from AEL to the relevant new entity on 1 December 2018.

Currently, AIG writes business in Europe from AEL, a single insurance company, based in the UK with branches across the continent.

As part of the restructure, AEL will merge into AIG Europe SA, which will be headquartered in Luxembourg with 21 branches across the European Economic Area and Switzerland.

Based in London, AIG UK will continue the business of AEL's existing UK operations.

Anthony Baldwin, CEO of AEL and AIG UK, said the restructure represented a milestone as it guaranteed its clients access to its full range of capabilities after Brexit.

Baldwin commented: "Today is an important day, most of all for our clients."

He explained: "We have cleared the final major legal hurdle in our Brexit plans which will enable us to offer our clients, partners and colleagues certainty that AIG is ready to overcome the challenges posed to the insurance industry by Brexit, regardless of the UK's future relationship with the EU."

"All our clients can be assured of past, present, and future contract certainty under the new structure. As we launch our two new legal entities to ensure the smooth operation of our business across Europe after Brexit, it's an exciting time for AIG."

Roundstone launches eLearning platform for consultants

Roundstone Insurance has launched Roundstone University, its eLearning educational platform aimed at helping consultants to develop their captive and self-insurance knowledge.

Roundstone University offers advisors the opportunity to further their knowledge through multiple platforms, including video, audio, and written information.

The platform also provides insights explaining the value of captives for businesses, non-profit organisations, and associations.

The eLearning modules include focus on the topics such as funding strategy, sales and marketing, third-party administrator, provider networks and cost containment.

The first college released is focused on Roundstone's health insurance group captive programme.

Mike Schroeder, president of Roundstone, commented: "We created [Roundstone University] because we know that when you learn about a new subject or you have a working knowledge of a subject you'd like to become an expert."

"Roundstone offers you that chance. It gives you the ability to pick a subject and take a deep dive into it. You choose when and how you want to learn about it."

He added: "Roundstone University will give you that chance to become an expert in captive insurance."

Applications for Roundstone University are now open.

Hub International launches hospitality captive

Hub International has launched a new hospitality captive that will help hospitality

Fidelis Insurance Holdings establishes regulated reinsurer in Ireland

Fidelis Insurance Holdings Limited has established a regulated reinsurer in Ireland, Fidelis Insurance Ireland DAC (FIID).

The Central Bank of Ireland approved Fidelis' application to write bespoke and speciality insurance and reinsurance on 22 October 2018. From this date, FIID will be allowed to operate in the European Economic Area (EEA).

Colm Lyons has been appointed CEO and chief underwriting officer of FIID.

Lyons brings more than 18 years of re/insurance experience, most recently as chief excess casualty officer at XL Catlin's Dublin office.

Prior to XL Catlin, Lyons held senior roles in broking and underwriting at Marsh Ireland Limited, Axis Re, Willis Re, and Allied World Assurance Holdings.

Robert Kelly has been appointed the reinsurer's CFO.

Kelly joins Fidelis from PartnerRe Ireland Insurance DAC where he was CFO and head of external reporting for Europe and Group International Financial Reporting Standards.

Before PartnerRe, Kelly held roles at FFH Management Services (part of Fairfax Group), Aviva, and PwC.

Alistair Brown joins as group claims manager and head of insurance operations, Ireland.

Brown was most recently head of speciality lines claims for the combined AXIS International entities.

James Brennan will take on the role of compliance/risk manager at FIID, joining from Hiscox, where he was head of group compliance.

Prior to that, Brennan held management roles in internal audit at the specialist insurance provider and at Brit Insurance.

Richard Brindle, CEO of Fidelis, said: "I am very pleased with the calibre of talent that we have attracted with Colm Lyons, Robert Kelly, and the rest of the team."

"Our Dublin office provides the certainty to our clients and brokers that we will continue to operate in the EEA, irrespective of Brexit, and that there will be continuity of service on our agreements."

Colm added: "I am delighted to join the Fidelis team. Fidelis' underwriting expertise and clearly defined strategy, together with its ability to nimbly respond to market opportunities, distinguish it from its peers."

He added: "I look forward to contributing to Fidelis' success."

clients and prospects to gain better insight into exposures and risks.

According to Hub, clients will then be able to turn that knowledge into cost savings and rewards allowing them to earn back up to 60 percent of their insurance premium.

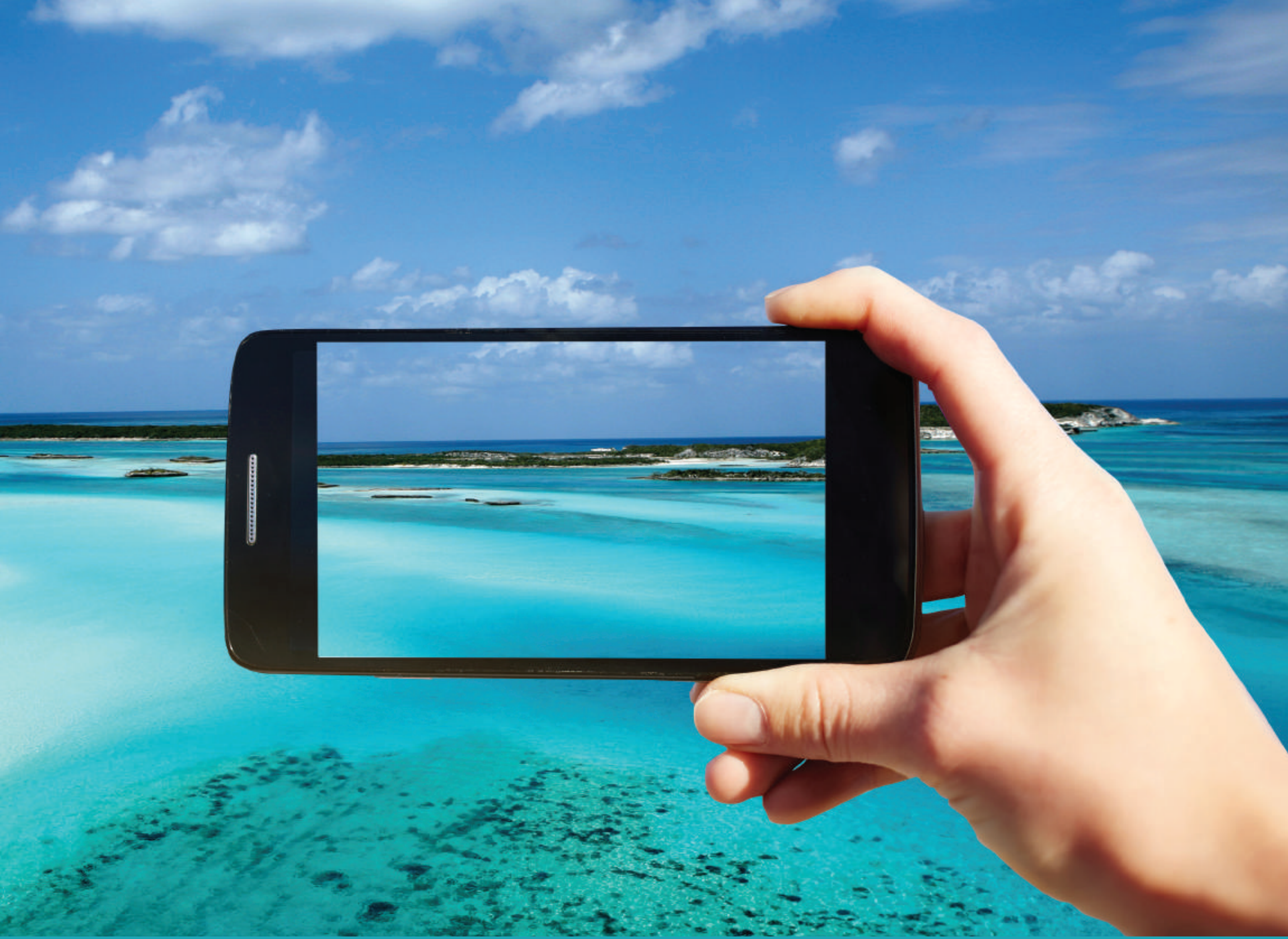
The captive includes services for workers' compensation, general liability, liquor liability, auto liability, auto physical damage, and claims management and advocacy services.

Kevin Eggleston, practice leader of Hub Hospitality specialty practice, commented: "Hub's Hospitality captive allows qualified members the ability to turn insurance cost into a future income stream, especially the best-in-class hospitality operators who historically manage their risks well."

"The captive is for our clients with a solid safety culture who desire greater control in how their claims are handled and want to turn their insurance premium into an investment opportunity."

Evan Muffly, executive vice president of Hub Captives, added: "Hub's group captive was created out of demand from our brokers who had their client's best interests in mind."

"We've carefully developed our captive services for the hospitality industry, as well as other industries, so that businesses understand their exposures, obtain coverage, manage risk, and gain access to the tools they need to turn their risks into rewards in order to generate significant savings and substantial returns for the captive members."



INSURANCE IRELAND

European Insurance Forum 2018

Bringing innovation and insurance together

A record number of delegates flocked to the 2018 European Insurance Forum, where the main focus was on innovation and the vital role it can play in helping the insurance industry prepare for impending

Established in 1592, Trinity College Dublin is the oldest university in Ireland, but its motto "perpetuis futuris temporibus duraturam–it will last into endless future times" made it a fitting host for the 2018 European Insurance Forum, which focused on how innovation can change the future of the insurance industry.

The conference was themed around crafting an industry for a modern vision, reflecting the growing innovative technology sector in Dublin.

Kevin Thompson, CEO of Insurance Ireland, the conference organiser, said this year's event was about bringing the technology sector and the insurance sector together.

"As much as we have a strong regulatory and financial services sector here in Ireland", explained Thompson, "we also have a very strong technology sector, whether that be regtech, insurtech or fintech. This conference is about those ecosystems coming together and I think this is the perfect location for that."

He continued: "Innovation is pervasive, not just in our sector but in all sectors."

The industry keynote speaker, Barry O'Dwyer, head of UK, Standard Life Aberdeen, said the conference would show companies how they can prepare for the enormous amount of change ahead. He added: "The pace of this industry has increased and will continue to increase."

Innovation

One of the panellists in the making innovation real in insurance session, Brona Magee, deputy CEO, head of global markets, SCOR Global Life, suggested that innovation from outside the insurance industry can have an important impact and can help the industry keep up with the growing pace.

She explained: "Lots of innovations from other industries are relevant to insurance."

"Many startups outside of the industry don't know their relevance to insurance, you have to go out there and find them. You have to look for these startups and bring them in to develop solutions for insurance."

"Innovation happening outside the industry can have an impact within the industry and on our customers."

Magee explained to delegates that dealing with these types of companies may pose different challenges than the partner companies they are used to working with.

She commented: "They're very different from traditional partners. They have a very different mindset."

According to Magee, when dealing with startups it is important to be "agile" and to be prepared for the ideas you are developing to fail.

Another panellist, Fergal Collins, CEO, Aon Centre for Innovation and Analytics, suggested that scaling innovation continued to be a big issue for insurance companies.

Collins commented: "Acceptance is the challenge, if the innovation is not accepted it is not going to scale."

"It is all about understanding how it can help people do their job and so having designed thinking as part of the conversation upfront is important so you can really understand what people are asking for."

Regulation

Another challenge facing innovation in the insurance industry is regulation. Panellists from the regulation of an innovative insurance market session suggested mindsets amongst regulators in the insurance industry must change to be more conducive to innovation.

William Vidonja, head of conduct of business at Insurance Europe, stated that a change was needed.

He explained: "Regulation should be conducive to innovation. That means that regulatory framework should allow consumers, the industry, the existing insurers, and also the challengers to take advantage and benefit from all the different opportunities that digitalisation and new technologies can bring."

"Is this the case today? From my experience when I look at European regulatory frameworks, I would say no."

He added: "The regulatory framework at a European level is not digitally friendly, it is not innovation-friendly."

Vidonja stated there was an "urgent need" for policymakers to remove "barriers on innovation and digitalisation".

He explained: "That doesn't mean introducing new rules, it means reviewing the existing rules and ensuring they are fit for innovation and digitalisation."

Another of the panellists, Dan Forgeron, president and CEO of the Insurance Bureau of Canada, agreed with Vidonja and added that a "mindset change" was necessary "on behalf of the regulators".

He said: "The words regulation and innovation in the same sentence do not work at opposite ends, they are not mutually exclusive. I do think it is going to take a mindset change on behalf of the regulatory community."

In the same session, Rory Moloney, CEO of Aon Global Risk Consulting, discussed the needs of captives from a regulatory standpoint, highlighting proportionality and consistency.

Moloney noted that Solvency II has been a massive undertaking and development for captives and a "very successful one", but questioned whether the one size fits all format was warranted.

He continued: "A couple of years in Solvency II has been a positive thing. As the profile of the risks evolves and as the regulatory environment grows, is there a context for proportionality to be introduced from that perspective?"

"On consistency, the issue is different regulators in different jurisdictions having different interpretations of the same rules. The phrase one of my client uses is that the ingredients are the same, but the cake tastes different."

Human capital

Continuing the emphasis on the way in which insurance can stay modern, Vievette Henry, global head of organisational effectiveness at AIG, US, said that diversity will be a "game changer" for insurance companies.

Speaking on a panel covering human capital, the most overlooked asset class trends, challenges and opportunities, Henry stressed the importance of having diversity within your business.

She commented: "You have to think about diversity, it will be the game changer. We are in the human capital business, we need people. Figuring out what works and what is appropriate is going to be a game changer."

During the session, the panellists emphasised that diversity meant a range of things, including gender, ethnicity, and age.

Another member of the panel, Vanessa Hartley, director of retail and agency, LCS UKi, Google, added: "Diversity of thought is just as important. If everyone thinks the same, you are going to get the same set of outcomes."

Henry suggested that too often the diversity within companies was overlooked in meeting rooms and that it was "important to redirect focus when that diversity is being overlooked".

According to Henry, AIG had identified the importance of human capital and the diversity of thought within it and were working on expanding how they attracted talent.

She explained that AIG is currently examining ways to target talent from other industries–through apprenticeship programmes, to target recent retirees looking to reenter the industry, and to target women looking to return to work after having children.

An international hub for innovation

The importance of human capital was a topic also discussed in the Insurance Ireland council chairs session later in the day.

Aidan Holton of Monument Insurance and the II international chair, argued that the industry needed a shift in mindset when it came to human capital.

He said: “We need to start thinking about people in the same way as we think about capital. Human capital needs to be attracted and rewarded.”

‘I am not sure as an industry we have moved out of the mindset of the last 10 years, which was ‘you’re lucky to have a job’. I don’t think that applies anymore.”

John Quinlan, II non-life council chair and CEO of Aviva Ireland, noted that Brexit represented an opportunity for Ireland to attract some high quality insurance industry talent. He commented: “It is an obvious opportunity. We need to make sure we have the right regulatory and tax regime in place to make the most of what is a really big opportunity.”

Also speaking on the panel, Debbie O’Hare, Dublin International Insurance & Management Association chair and CEO of Hannover Re, Ireland, said moving forward it was “clear that talent and innovation will help companies to stick in Ireland”.

O’Hare stated that the domicile was uniquely placed as it had a small economy with a deep technology and financial services hub, and benefited from the combination of a local level of contact between the industry and a high level of skills amongst talent.

Speaking at the event, Thompson predicted Ireland will grow exponentially as an insurance hub over the next few years, and will grow its captive market.

According to Thompson, the Irish captive market, made up of 38 captives, was in a “solid state” but had all the attributes to see future growth.

He explained: “We have a strong tradition in the captive market, with a strong regulatory environment and strong talent pool supporting it.”

“We have the talent, we have the regulatory infrastructure—so we have the ecosystem.”

“Technology is starting to play a bigger part both for captives and for insurers, and we have a great technology ecosystem as well.”

“Ireland has always been renowned and it is an international hub for insurance. I think that will continue and Ireland will grow exponentially as an insurance hub over the next few years, as will captives.”

He added: “So I think we have the fundamentals to maintain captives but also let the captive market grow.”

Thompson predicted that in 2019 the captive market would continue its “stable status”, as “there is enough volatility out there from all different quarters”.

According to Thompson, there were a number of issues holding back both the captive and mainstream insurance markets at the moment, including “competitiveness, the war on talent, and making sure the right people are in place to service the business”.

“I think the big issue that we are facing at the moment that causes uncertainty is Brexit.”

“There are a lot of companies, including captives, going through the thought process of how they will reconfigure their business, if at all, in preparation for Brexit.”

“Companies will have made their decisions already in terms of what they’re doing but we will see that impact in 2019.”

Thompson suggested that with Solvency II now implemented and companies feeling more “sure-footed in terms of their obligations under Solvency II and what that means for them”, the upcoming reviews could present a good opportunity for refinement and to reinforce the idea of proportionality and how it is addressed.

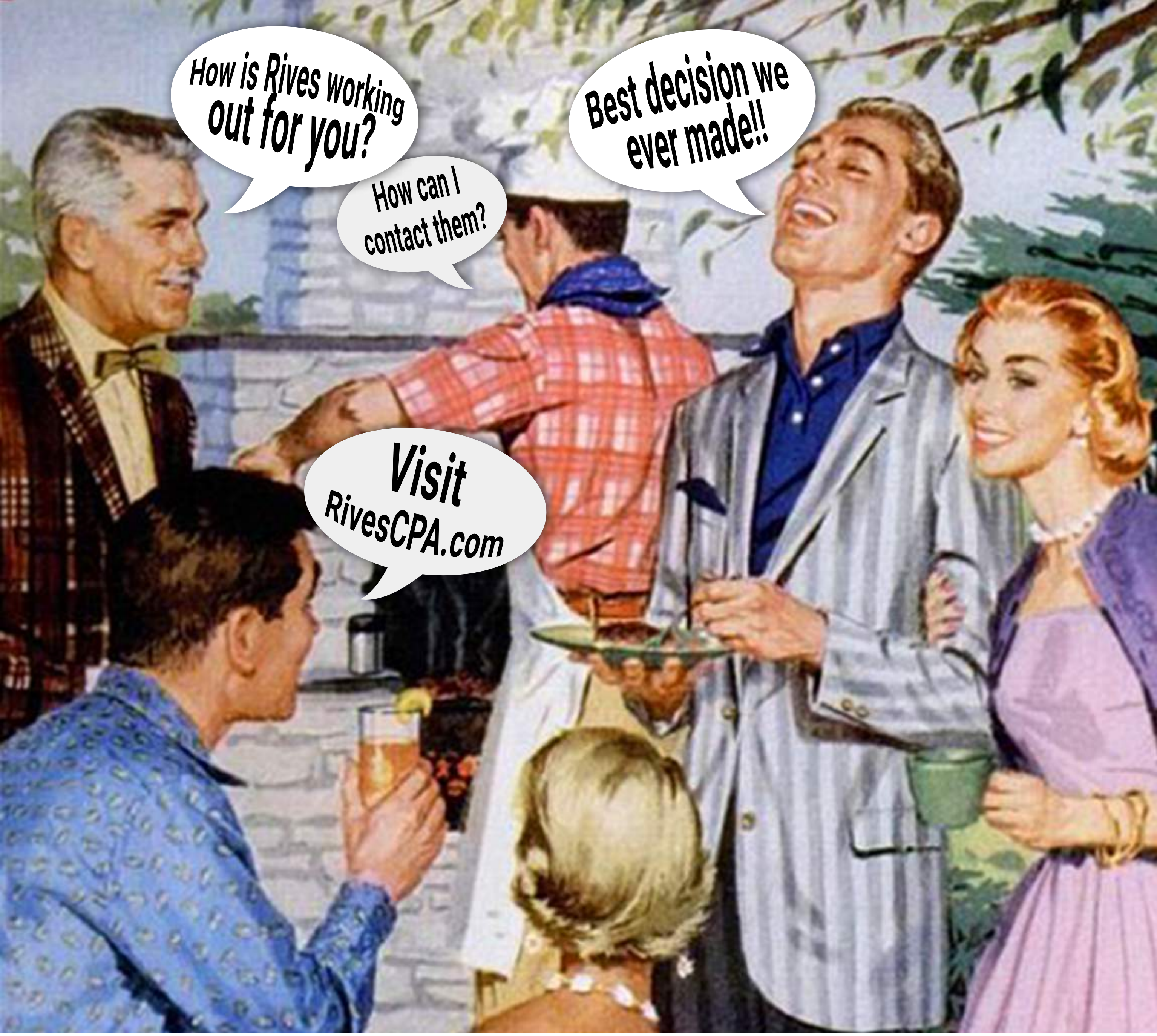
He added: “The dialogue with the regulator is there, we just need to be clearer about what we need.”

Conclusion

This year’s conference attracted a record attendance of more than 340 delegates, a number which Thompson suggested “reflected the strength and breadth of the sector”.

Thompson noted that the event’s theme “perfectly encapsulated” the insurance sector’s “outward focus while meeting the challenges of existing business needs”.

He argued that the event presented the ideal opportunity “to consider macro trends including economic and technological developments and the interplay of political, regulatory and consumer trends” and to “take important insights back to the operating business level so that the sector can deliver real innovation for our business and customers”. CIT



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Suite 100
Charlotte, NC 28208
704-372-0960

RALEIGH
4515 Falls of Neuse RD
Suite 450
Raleigh, NC 27609
919-832-6848

Emerging Talent

Showcasing the new generation of captive professionals

Adam White, compliance officer, Aon

Personal bio

Born and raised in Vermont, I currently live in Grand Isle with my wife, two dogs, cat, chickens, and bees on our small farm.

When not at work I can generally be found outdoors exploring the state or responding to an incident as the assistant chief of the Fire Department in my town.

Professional profile

I have an associate's degree in accounting from Southern New Hampshire University and a Bachelor's in Politicial Science from the University of Vermont. Since 2016, I have been the Compliance Officer for Aon in the US. As part of my role, I oversee the governance, risk and compliance platform, ensure corporate procedures as well as state, local and global regulations are adhered to, and work on, risk retention group accounts handling premium tax filings in addition to ad-hoc projects.

Prior to my role at Aon, I worked at the law firm of Paul, Frank & Collins in their record management and accounting departments.

How did you end up in the captive industry?

You could say I've known about the industry my whole life.

For example, my father was a Vermont regulator before going into the private sector.

I remember when I was young looking through captive applications being reviewed and asking questions, and later attending my first Vermont Captive Insurance Association and National Risk Retention Association conferences aged 14.

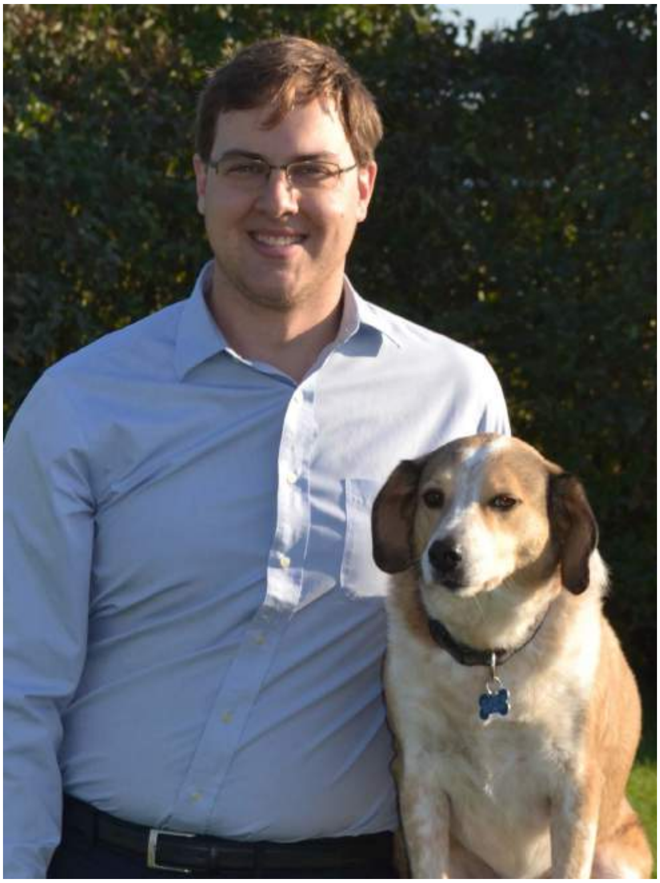
I did not intend to go into the industry after switching my major in college, but over the years I slowly got more involved with the captive industry, and in 2016 took a leap and started working at a captive management firm.

What is your impression of the industry?

The growth of the captive insurance industry in numbers and uses never ceases to amaze me. The market is expanding, as is the number of those involved in the industry. It's great to see and learn the new ways a captive insurance company can be utilised.

What advice do you have for someone considering a role in the industry?

Reach out. Most people are more than willing to answer questions you may have about captive insurance and share opportunities to get involved. The captive industry is very diverse in terms of clients managed, services offered and workload, which keeps every day interesting! **CIT**



"In the short period of time with Aon, Adam White has taken charge of our compliance responsibilities and in doing so, has exhibited strong leadership qualities. His drive to learn and improve ensures a great future lies ahead, and we look forward to his continued career progression"

Bill Mourelatos, managing director, Aon Vermont

Adam White

The year of the DARAG

DARAG group CEO Tom Booth discusses his new role, the company's latest venture and what the future holds

This year has proven an exciting one for DARAG so far. In July, former Randall and Quilter Investment group CFO Tom Booth joined as group CEO, in August, James Halley was appointed new group CFO, and following equity funding of €260 million to develop a platform for the build-out of its US operations DARAG launched a joint venture into the US and Bermuda/Carribean run-off markets with SOBC. Earlier this month SOBC DARAG completed its first acquisition; Peachtree Casualty Insurance.

Captive Insurance Times caught up with Booth to find out how his first few months at DARAG have been, discuss the new joint venture, and find out what the future holds for the company.

How have you settled into your new role at DARAG?

Very well. I was delighted to join DARAG and to be part of the exciting expansion that is happening here. The company has a great reputation in Europe, having delivered 24 deals. Now, with the new capital that was announced in July, a commitment of €260 million from Aleph Capital and Crestview Partners, we have the firepower to go to the next stage. I think there is a great opportunity in run-off generally and we have a really exciting pipeline, which has a number of opportunities we are expecting to convert into transactions before the end of the year.

What was your motivation for taking the role?

The new capital coming in was part of the motivation. It puts us in a great spot and distances ourselves from a lot of our peers. It is a capital-intensive industry, so you need that access to capital to be able to purchase run-off portfolios and to provide capital to support the run-off portfolios that you assume. Obviously, sellers are very keen to see that people have got significant balance sheet commitment behind them, which we now have.

I was also very impressed with DARAG's track record in continental Europe. I think it has a unique position in Germany and Italy, where it has carriers, substantial presence and staff. It really does make a big difference to the continental European market having that local staff. We have people of all languages and cultures across Europe and a great network of people opening doors for us. Being able to use the strong European base and the backing of the new capital as a springboard to expand into the US was also very attractive.

What is SOBC DARAG?

In addition to the core focus on continental Europe, we launched a joint venture with SOBC Sandell and are pleased to have completed our first acquisition: Peachtree Insurance, an auto insurer in run-off based in Florida, which we hope will be the first of many deals on that side of the Atlantic. The joint venture with SOBC gives us the opportunity to put both organisations' strengths together.

They have a strong claims operation, financial office, and infrastructure, two US-based executives, and a good pipeline of their own and we are able to supplement that through our pipeline in addition to supporting them where necessary on some of the core functions. That is very exciting for DARAG and we think there is going to be a lot of opportunity that we can convert into deals in that market in the same way we have been doing in Europe. Following the acquisition of Peachtree, we are very hopeful that we will be announcing something else very shortly.

How did the joint venture with SOBC happen? What was the driving force behind it?

I have known the people at SOBC for a long period of time. They were looking to find a new home, to have access to capital and plug into a larger group infrastructure. It was an excellent match between the two sides. They were seeing enhanced opportunities and not being able to meet the capital required. They have been very successful since they started, despite being reasonably capital constrained, so, it just made a lot of sense putting the two organisations together in this joint venture.

It is based on a lot of mutual respect. It is a pooling of address books and of expertise. They have on-the-ground and more direct day-to-day experience in the US market and the infrastructure to handle our expansion and to scale up accordingly.

With the €260 capital funding, the arrival of yourself and James Halley and the joint venture with SOBC, is now an exciting time for DARAG?

Very much so. It is not just the addition of the capital, we have also strengthened the management. We already had a fantastic team, it was simply adding to that and bringing in a couple of key management roles. The machine is working extremely well already, with a really dynamic and energetic workforce who are very skilled and focused. DARAG is very focused on run off.

Is 2019 shaping up to be a busy year for DARAG?

It absolutely is, with significant portfolio transfer opportunities in an increasing number of jurisdictions in Europe. In the US, there will be a focus on buying insurance companies in the US that are in run-off or are about to be put into run-off, and on captive entities–buy ups of captives in run-off, buy ups of captive policies, buy ups of liabilities under deductible programmes, and deals with risk retention groups and other self-insured entities. It is very much a focus on the self-insured market in the US. We will also be writing loss portfolio transfers and adverse development covers of insurance carriers in the US.

Do you think the run-off market is a strong place to be right now?

I really do and I think there are different factors pushing it. Obviously, there has been a surge of interest in run-off and in the European market that appears to be cemented by the fact that some of the large carriers have become perennial sellers of run-off and it has become a much more mainstream product to produce capital relief.

In the US market there is some interest in the new portfolio transfer legislation, but it is a huge market and a very dynamic marketplace anyway. The structure is different in the US than in Europe, there are a lot of smaller entities, which fits our strategy, and there are a lot of association pooled risk, through captives and other insured entities. They have a finite lifespan and often with liability business it is very difficult to get out of that, so we offer a really flexible range of exit solutions. The more aware that people are of those solutions in the market, the more opportunity flows our way.

We have a lot of brokers that we deal with regularly in both the US and in the UK as well as in Europe and even they are scaling up because they have just seen much more flow. The dynamics are slightly different on each side of the Atlantic, but we absolutely see there being a lot of opportunity. CIT

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Comings and goings in the global captive insurance industry

First Insurance Company of Hawaii (FICOH) has promoted Kei Kobayashi to vice president and COO of its subsidiary, First Risk Management Services (FiRMS).

Kobayashi joined FICOH in 2015 and has guided several of the company's strategic and tactical planning efforts, including the multi-year project modernising the company's systems and processes.

Before joining FICOH, Kobayashi spent 14 years working for Tokio Marine, FICOH's parent company, including as a manager in its international business development department.

Earlier this month, FICOH hired Lance Kawano as vice president of FICOH and president of FiRMS.

Jeffrey Shonka, FICOH president and CEO, said Kobayashi was an "indispensable member of [the] leadership team".

He added: "Kei Kobayashi has helped us navigate several important decisions and continues to prove himself as an astute business person, a big-picture thinker, and a skilled marketing professional."

The Labuan Financial Services Authority (Labuan FSA) has appointed Datuk Oh Chong Peng as its chairman, effective from 16 October 2018 until 15 February 2020.

Chong Peng has wide experience in financial and other business sectors. He is currently the non-executive director of British American Tobacco (Malaysia) Berhad, Malayan Flour Mills Berhad, Dialog Group Berhad, Kumpulan Europlus Berhad, PUC Berhad and a trustee of UTAR Education Foundation.

Chong Peng was chairman of the Alliance Financial Group until his retirement from the board in 2017.

He was partner of Coopers & Lybrand Malaysia and a government-appointed member of the Kuala Lumpur Stock Exchange (now known as Bursa Malaysia), as well as the Malaysian Accounting Standards Board.

Chong Peng also served as president of the Malaysian Institute of Certified Public Accountants from 1994 until 1996.