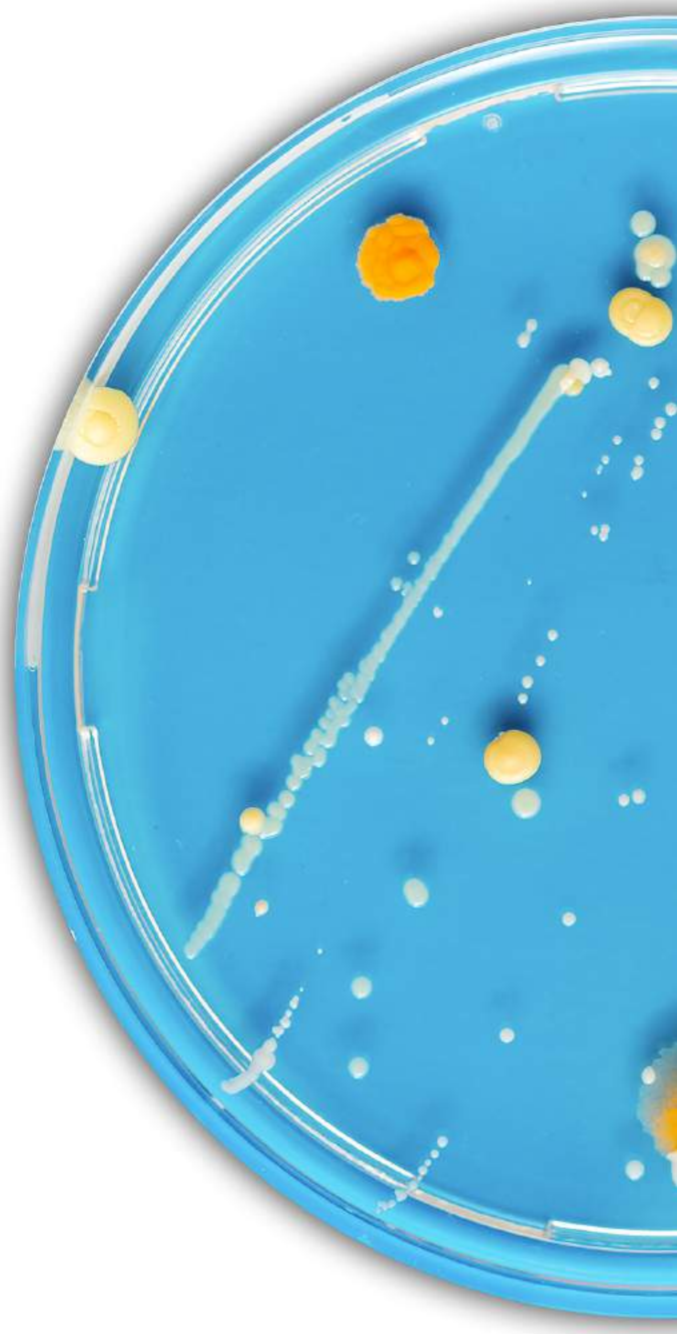
captive insurance times
The primary source of global captive insurance news and analysis
ISSUE149 30 May 2018

A culture of innovation:
St Louis hosts WRCIC 2018



HOW IMPORTANT IS YOUR CAPTIVE?

WE UNDERSTAND THE COMPLEXITIES OF CAPTIVE INSURANCE

With more that 50 years of combined experience in the insurance accounting field, our teams of Certified Public Accountants understand captive insurance, the impact on the insured company, and how to properly establish and monitor performance. Our teams of experts go beyond the basics to ensure compliance, while maximizing benefits.

- Top 300 Small Business in the South
- Top 10 Small Business in NC
- Business Leader CPA Firm of the Year for 3 Years

rivescpa.com

R&A Rives & Associates, LLP
Certified Public Accountants

CAPTIVE INSURANCE SERVICES GROUP

RALEIGH | CHARLOTTE | LEXINGTON

South Carolina cleans up legislation

South Carolina has passed a new bill that cleans up the captive legislation in the state.

HB 4675, which was signed by the State Governor on 18 May, focuses on cleaning up the state's original captive legislation, Chapter 90 of South Carolina Code of Laws, removing anything unnecessary and modifying the language to avoid any confusion.

According to Jeff Kehler, captive programme manager at the South Carolina Department of Insurance (SCDOI), the bill was "probably the most extensive clean" since the state's original captive statute was signed into legislation on 1 June 2000.

The bill was a product of collaboration between the state legislature, the SCDOI, and the South Carolina Captive Insurance Association (SCCIA).

One of the notable amendments made in the bill was a clarification of a statement about a captive's principal place of business.

Previously, a captive was required to have an office in South Carolina, usually done by a captive manager, but under the new clarification only the books and records of the captive need to be made physically available to the director in the state should they need to physically examine them.

Additionally, the required frequency of board meetings in the state was clarified, and 'unimpaired capital' and 'free surplus' were combined to leave only one number required for capitalisation.

HB 4675 also alters the date that non-risk retention groups (RRGs) are required to file their annual reports by to 1 July, instead of 1 March.

The examination schedules for non-RRGs were also modified, meaning that after the first-three-year financial examination the company can be examined at the discretion of the director.

Kehler said the alterations to the legislation would make business more efficient and more cost-effective for both existing and new captive owners.

He stated: "It doesn't compromise our regulatory regime at all and it is really an investment in making our domicile more attractive and helping those who are willing to make an investment in the state by increasing efficiency and cost-effectiveness."

"This was an effort to emphasise the fact that South Carolina is a domicile that is easy to do business with, with professional regulators, and we took the time and effort to go through our statute line by line and ensure that we are a business savvy and friendly domicile for our captive owners."

Kehler added: "It was the regulatory, the association, the industry, and the legislature all working together to get this done."

"The end result is a captive statute that is up to date and emphasises our ease to do business with and our regulatory efficiency."

Contents

captive insurance times

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

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

Contributors: Jenna Lomax and Barney Dixon

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

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

Marketing Director: Steven Lafferty
design@securitieslendingtimes.com
+44 (0)203 750 6021

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

Published by Black Knight Media Ltd
Company reg: 0719464

SCOR sponsors first cat bond on UK market

SCOR has become the first reinsurer to use the new UK ILS regime to issue a catastrophe bond.

The cat bond sponsored by SCOR, Atlas Capital UK 2018, will provide the group with multi-year risk transfer capacity of $300 million to protect itself against named storms in the US, earthquakes in the US and Canada, and windstorms in Europe.

The risk period covered by the bond will run from 1 June 2018 to 31 May 2022.

The transaction, which has received the approval from the Prudential Regulatory Authority (PRA) and the UK regulatory authorities, is part of SCOR's strategy to diversify its capital protection tools.

Capital market solutions are frequently used by the group for this purpose, having completed 15 transactions since 1999, including cat bonds, sidecars, mortality bonds and innovative contingent capital protections.

Atlas Capital UK 2018 was priced on 24 May and closed on 31 May, with GC Securities acting as sole structuring agent and bookrunner for the deal and Clifford Chance advising SCOR.

CEO of SCOR Global Property and Casual, Victor Peignet thanked the PRA and the UK regulatory authorities for their responsiveness and assistance in the deal.

Peignet added: "This new cat bond offers SCOR additional multi-year collateralised protection, including for European Windstorm, which is in line with the growth of our portfolio as anticipated in 'Vision in Action'."

"Being the first company to sponsor a cat bond on the London market shows SCOR's confidence in the UK's ILS regime and our commitment to the cat bond market, as well as our capacity to innovate."

MS Amlin's European subsidiary receives regulatory approval

Leading global reinsurer MS Amlin has received approval from the National Bank of Belgium (NBB) to redomicile its subsidiary, Amlin Insurance SE (AISE), to Belgium from the UK.

On 29 May, the NBB board granted AISE a license to conduct insurance and reinsurance activities from its Brussels office and associated branches in the European Economic Area (EEA), including offices in France and the Netherlands.

The licensing and approval is part of MS Amlin's Brexit preparations and is a milestone for the company.

The development will have no effect on the day-to-day operations of any of MS Amlin's trading entities.

Following the regulatory approval, MS Amlin will commence the process of redomiciling its entity operations to ensure it is fully operational from its new base in Brussels from 1 January 2019.

AISE CEO Kim Hvirgel said the regulatory approval supports the company's strategic vision of placing AISE at the heart of the EU.

Hvirgel added: "Brexit inevitably creates uncertainty for clients and brokers alike, but this move means MS Amlin will continue to be well placed to provide innovative solutions to our clients in the EEA during the Brexit transition period and beyond."

Ratings of HU and ProMutual subsidiaries updated

A.M. Best has affirmed the financial strength rating (FSR) of A (Excellent) and the long-term issuer credit rating (long-term ICR) for Medical Professional Mutual Insurance Company's (ProMutual) and its wholly-owned subsidiaries.

ProMutual's subsidiaries include ProSelect Insurance Companies, Preferred

Professional Insurance Company, Coverys Specialty Insurance Company and the sponsored risk retention group (RRG), Coverys RRG.

All companies are members of Coverys Companies.

The ratings agency also assigned the FSR of A (Excellent) and the long-term ICR of "a" to Healthcare Underwriting Group (HU).

The outlook for all these ratings is stable.

A.M. Best recognises the implementation of a quota share agreement between HU and ProMutual.

In addition to substantial reinsurance support, HU will benefit from ProMutual's support for its policyholders through strong patient safety and risk management programmes.

ProMutual's ratings reflect Coverys' balance sheet strength, categorised as strongest, in addition to its marginal operating performance, neutral business profile and appropriate enterprise risk management.

The group has exhibited a declining trend in underwriting and overall profitability over the past three years, mainly due to an increase in claims severity, above-average expenses, soft competitive pricing and continued low-interest rate environment.

Despite the contribution of the group's investment returns to overall earnings, A.M. Best remains concerned by the current medical professional liability market conditions.

Gregg Hanson, CEO and president of Coverys, said the company was pleased with A.M. Best's rating.

Hanson stated: "Coverys' financial strength is fundamental to the continued operational services providing policyholders progressive risk management and enhanced patient safety programmes."

CEO and president of HU Joshua Salman commented: "We are proud to receive an A Rating from A.M. Best for HU."

"The recognition showcases Coverys' financial strength and the collective resources of Coverys companies and HU."

Fidelis launches special purpose reinsurer Socium Re for support

Fidelis Insurance Holdings has launched a new special purpose insurer, Socium Re, to provide collateralised capacity support for Fidelis' reinsurance portfolio.

Beginning 1 June 2018, Socium entered into a quota share agreement with Fidelis, under which it will reinsure a share of the company's worldwide excess of loss portfolio.

The vehicle has secured approximately $50 million of capital commitments, including approximately $5 million from Fidelis and capital from third-party investors.

The sidecar sits alongside Fidelis' rated quota share partners and the company intends to grow both strategies.

For the transaction, Fidelis partnered with Aon Securities, with Horseshoe Group handling the operational aspects and Willkie Farr & Gallagher acting as legal counsel.

Fidelis' executive head of partnerships and international reinsurance, Philip Vandoninck, said it was an important step in the development of the company's business strategy.

He stated: "We have been pleased with the capital markets interest in our reinsurance portfolio and received commitments at almost double the targeted capital raise amount."

"In 2017, Fidelis' reinsurance portfolio significantly outperformed the market, and this will have positively influenced investor interest in this transaction."

Guernsey and London ILS markets can be complementary

The Guernsey insurance-linked securities (ILS) sector believes that it can work closely with the developing market in London, following a roadshow earlier this year that saw visits from lawyers and industry representatives in both Zurich and London.

London's ILS regulations entered into force in December 2017 and have been slow to take off since.

Peter Child, managing director of Artex Risk Solutions in Guernsey and chairman of the Guernsey International Insurance Association's market development committee, was part of the roadshow.

Child said that, despite London normally being a competitor, if the English capital can make a contribution to aid the growth of the ILS market it should be good for all involved.

He added: "We gained the view from those that we spoke to is that London could be seen as complementary to Guernsey's ILS sector."

"While there is demonstrable political will to see the London ILS offering thrive, maintaining its insurance sector's reputation as a full-service centre capable of delivering a full range of insurance and reinsurance services, it is clear that the ILS sector is developing fairly slowly."

Chief executive of Guernsey Finance, Dominic Wheatley, who also took part in the roadshow, said Guernsey was unmatched in it's "unique combination of funds, trust and insurance management expertise, and its ability to deliver bespoke complex products with consistent high quality".

Wheatley continued: "Following the claims of 2017 the market is strengthening and we are seeing real signs of the permanence of ILS as a key part of the reinsurance market."

New round of captives inducted into Bermuda hall of fame

Eleven captive insurance companies have been admitted to Bermuda's Captive Hall of Fame as a result of completing 25 years of business from the island.

The hall of fame, which was launched by the industry in 2016 to honour captive entities with a quarter-century commitment to the Bermuda market, now contains more than 200 companies.

The latest group of companies to join, all of which were established in Bermuda in 1993, are: Comerica Assurance, Griffin Insurance, ICW, Pennsylvania Manufacturers' International Insurance, Surrey Reinsurance, Traders Insurance, Tyson International, VMC Indemnity, Windsor Insurance, XPO Bermuda Captive (formerly Con-way Insurance), and GIG Reinsurance.

The new inductees were celebrated at the 2018 Bermuda Captive Conference, between 11 and 13 June.

Conference chair Michael Parrish said: "Our Captive Hall of Fame not only is a tribute to companies that have made a significant contribution to the island's economy, community, and reputation but also reflects the evolution of Bermuda's globally significant insurance market."

He added: "It's a testament to the spirit of innovation that is the foundation of this industry."

Ratings of WM captive NGIC affirmed by A.M. Best

National Guaranty Insurance Company of Vermont (NGIC) has had its financial strength rating of A- (Excellent) and its long-term issuer credit rating of "a-" affirmed by A.M. Best.

The outlook of these ratings remains stable.

The ratings support NGIC's integral role as the captive insurer of Waste Management (WM), a leading company in the waste management industry.

NGIC benefits from the parental support and robust risk management strategies afforded to it from WM as important factors of the company's overall financial assurance programme.

The captive's ratings reflect its balance sheet strength, which is categorised as very strong, as well its strong operating performance, limited business profile and appropriate enterprise risk management.

Offsetting these factors partially is the large percentage of policyholder surplus loaned back to WM in the form of a 24-hour demand note that has caused liquidity measure to underperform its peers.

Capital levels are monitored by the Vermont Department of Financial Regulation, which requires the company to maintain a certain aggregate exposure to capital ratio.

The nature of the relationship between NGIC and its parent company means changes in WM's credit risk can impact the captive's ratings, as it is dependent on WM's ability to support its credit risk profile, competitiveness and risk management.

The ratings agency's view of third-party credit ratings and market-based credit risk measures of WM indicates stability, resulting in NGIC's outlooks remaining stable.

Positive rating movement may occur if the captive's operating performance materially improves while sustaining the appropriate level of risk-adjusted capitalisation.

The rating may be impacted negatively if the company's balance sheet strength deteriorates materially to levels that do not support its risks.

Additionally, negative ratings could occur if WM experiences financial distress and deterioration to its credit profile.

North Carolina considers new 'foreign' captive tax exemption

The North Carolina General Assembly is considering legislation to exempt 'foreign' captive insurance companies from all state taxes.

'Foreign' captive insurance companies are those domiciled outside of North Carolina but within the US.

North Carolina does not currently tax captives that do business in or write coverage in the state but are chartered in other states.

The specific tax exemptions are for premium taxes, corporate income taxes, franchise taxes, privilege taxes and insurance regulatory charges imposed by the North Carolina Department of Insurance.

The considered legislation would also prohibit the North Carolina Department of Revenue from taxing premiums taxes, for example, by a captive domiciled outside of North Carolina doing business and insuring a risk located in the state.

Originally contained in SB 715, the exemption language has now been absorbed into and combined with the annual State Budget Changes for 2018 to 2019, which is contained in the Conference Committee Substitute for SB 99.

Since the original Captive Insurance Act was passed in 2013, it has been the stated policy of both North Carolina and the North Carolina Captive Insurance Association (NCCIA) to encourage both 'foreign' captives and 'alien' captives, those domiciles offshore, to redomicile in the state.

As part of that policy, the NCCIA is considering advocating for a 'premium tax holiday' in 2019, as an incentive to attract both on and offshore captives into the state.

This incentive would offset the one-time costs of redomiciling, and the association has suggested it may spur health care providers, banks, and other organisations to relocate their captive to North Carolina.

Lloyd's European subsidiary receives regulatory approval

Lloyd's of London's European subsidiary, Lloyd's Insurance Company (Lloyd's Brussels), has received licence approval from the National Bank of Belgium (NBB).

The licence authorises the Brussels-based subsidiary to write non-life risks for all 27 EU member states and three European Economic Area (EEA) states after the UK has left the EU.

Lloyd's Brussels was set up after the UK government triggered Article 50 in March 2017, with the purpose of providing Lloyd's customers and partners with continued access to the innovative solutions of the Lloyd's market.

The company, which is regulated by the NBB and fully Solvency II complaint, will start writing business from 1 January 2019.

Vincent Vandendael will add the role of Lloyd's Brussels CEO to his current responsibilities as Lloyd's COO.

According to Vandendael, the approval marks an exciting step in the development of their Brussels operations.

He added: "The new subsidiary will mean that our customers within the EEA continue to have access to Lloyd's specialist policies, and it will also provide us with opportunities to continue to grow our business on the continent."

"Lloyd's Brussels will be at the forefront of our modernisation drive, with a platform in one of our most important markets that harnesses all the benefits of Lloyd's whilst utilising the latest technology, expertise, and talent available."

Lloyd's CEO, Inga Beale, said: "This will deliver certainty for all our customers, reassuring them they can continue benefiting from Lloyd's specialist expertise, innovative policies, and financial security post-Brexit."

"Since the UK referendum on EU membership, Lloyd's has been working hard to ensure that whatever the outcome of the Brexit negotiations our partners across the EEA will continue to enjoy access to Lloyd's unique offering."

Belgium minister of finance, Johan Van Overtveldt, stated: "By establishing an insurance company in Brussels, Lloyd's will significantly strengthen Brussels as a financial centre and build a bridge to London for specialised insurance and reinsurance."

He continued: "We are looking forward to welcoming more London-based insurance companies and brokers to Brussels, which lies at the heart of Europe and is home to the main European decision-making centres."

CIC Services selects CHSI Technologies to fuel growth

CHSI Technologies has been selected by CIC Services, a risk management consulting firm specialising in captive management, to provide enterprise insurance management software.

CHSI's Connections software will facilitate efficiencies in its operation and position the firm for future growth.

The implementation will be combined with integration to a third-party claims administrator to create a "seamless process" for managing this insurance customers' books of business.

Jim Leftwich, founder and CEO of CHSI Technologies, said: "We understand the unique requirements of this special industry niche, and we are pleased to contribute to CIC's short- and long-term growth."

Nate Reznicek, director of operations at CIC Services, said: "We are excited to see the efficiency gains Connections will provide so we can efficiently add new business, keep our operating costs low and focus on doing even more to improve on the services we provide to our clients."

Marsh: More firms using captives for emerging risks

Captive insurance vehicles are rapidly growing in popularity as risk managers seek alternative ways to finance emerging risks their organisations now face, according to a report by Marsh.

The 2018 Captive Landscape report found that cumulative growth in the number of Marsh-managed captives writing cyber liability rose by 240 percent from 2012 to 2017, while in the same period, the number of captives insuring employee benefits across multiple geographies grew by 550 percent.

Marsh also reported an 83 percent increase from 2012 to 2017 in the number of captives writing terrorism coverage backed by the Terrorism Risk Insurance Program Reauthorization Act of 2015 (TRIPRA).

Many organisations are examining their captives to see if they can take advantage of TRIPRA, which can also be used to cover cyber-terrorism perils in the US.

According to Marsh's report, 60 percent of captive owners surveyed maintain their captive as a formal funding vehicle to insure risks that the parent company has decided to self-assume. A further 42 percent said it was to provide access to the reinsurance market.

The report noted strong year-over-year growth in captives in the Asia Pacific region since 2012.

Last year, Marsh recorded a 24 percent increase in the number of Marsh-managed captives in Asia Pacific, largely driven by parent companies based in Japan, China, Hong Kong, and Singapore.

Marsh stated: "Consolidation due to merger and acquisition activity is partially behind the reductions and flat growth in the number of captives in North America and Europe."

The report also found that financial institutions continue to lead the way in both number of captives and premium volume.

It stated, however, that the increasing complexity of risk, emerging risks, and an uptick in mergers and acquisitions have led other industries to adopt or expand the use of captives.

These include life sciences, communications media and technology, as well as retail transportation and power and utility.

The report examines 1,100 captives managed by Marsh Captive Solutions globally.

Last year, the 2017 report found the number of owners using captives for cyber liability programmes increased by nearly 20 percent in 2016, representing the fastest growing non-traditional risk in Marsh-managed captives.

It also found extra-large captives made up only 20 percent of the total in 2016, due to consolidation within certain industries, such as healthcare.

Commenting on the 2018 report, Ellen Charnley, president of Marsh Captive Solutions, said: "As the global risk landscape becomes more complex, organisations are increasingly using captives to help accelerate their corporate objectives, reduce volatility, protect human capital, and boost financial certainty."

She added: "Captives offer unrivalled flexibility in financing emerging and high-severity risks, such as cyber risks, terrorism, and employee benefits. We expect this growth to continue, as more organisations adopt innovative new ways of placing captives at the core of their risk management strategies."

RFIB owner CCP TopCo rebrands to Risk Transfer Group

RFIB owner CCP TopCo has rebranded itself as Risk Transfer Group (RTG) and will utilise its Limehouse Agencies holding company to both acquire and set up captives and managing general agents.

The rebranding is part of a strategy to double revenues to £100 million in three years.

Currently, revenues at RTG are approaching £50 million, and the firm is launching an additional strategy to grow revenue to £100 million by 2021.

RTG is also planning to announce a new acquisition in the next quarter and will create a UK captive management business later in 2018 to support its growth plans.
Steven Beard, CEO at CCP TopCo, said: "We are delighted to announce the launch of the Risk Transfer Group and our plans to double revenues to £100 million by 2021."

He added: "RFIB is currently outgrowing the market organically and RTG will allow us to complement our healthy growth in the broking sector through the addition of Managing General Agents (MGA) and a captive business."

"In the MGA space, we see opportunities to serve both insureds and carriers through a combination of acquiring MGA businesses, and investing in talented entrepreneurial teams." **CIT**

Culture of innovation

Delegates gathered in St Louis, Missouri, for the 8th annual Western Region Captive Insurance Conference, which brought together industry leaders to help develop a 'culture of innovation'

Ned Holmes reports

St Louis, Missouri, played host to the 8th annual Western Region Captive Insurance Conference (WRCIC) as delegates from across the US gathered in the Gateway City to "Play Ball!" at the event hosted by the Arizona, Utah, and Missouri captive associations.

The conference may have been down in numbers slightly from the previous year, but that made it a closer, more personal affair. To borrow the conference's baseball theme, it felt like you had more time at bat with other industry professionals.

According to Mike Grubbs, WRCIC committee chair, this increased "facetime" was a big positive for delegates.

He explained: "Attendees advised they were able to get a lot of productive meetings aside from the conference presentation."

Alan Fine, WRCIC board member and committee member, added: "Like any conference it's not just about the education."

"Rather, it is about the ability to make new connections, visit with friends and colleagues, and have more meaningful discussions and exchange of ideas that is facilitated by being face-to-face with others in the industry."

He continued: "Participating in the sessions and looking around the room, the words of one of our speakers absolutely rings true—the participants in this conference are amongst the leaders in this industry."

Building a culture

Leadership was the key theme that keynote speaker Jimmie Blackmon, one of the most combat experienced leaders of the modern era, spoke at length about. Blackmon stressed the importance of building a 'culture of innovation' in which everyone was empowered and challenges could be approached and solved in the most effective manner.

He repeated the same questions that he posed to himself before heading to Afghanistan, 'do we have the agility or flexibility we need?' and 'are our strategies optimised today?', suggesting that these could be applicable to captive insurance leaders.

Building this culture of innovation was a theme echoed in the conference schedule, which approached a number of challenges faced by the industry.

Covering the bases

Arthur Koritzinsky, managing director of Marsh’s captive solutions group, said captives could be the only way of gaining cost-effective terrorism insurance that covers nuclear, biological, chemical and radioactive impacts (NBCR).

Speaking during a session covering terrorism insurance at the conference, Koritzinksy said: “Using a captive to write NBCR may be the only affordable way of getting it.”

Fellow panellist, and the Missouri Department of Insurance’s captive programme manager, John Talley added: “Some commercial insurance companies are not offering NBCR coverage in their terrorism package.”

“What does a company do in that circumstance? Well if they have a captive, they can use that. Captives can provide NBCR because Terrorism Risk Insurance Act (TRIA) and the Terrorism Risk Insurance Program Reauthorisation Act (TRIPRA) authorise federal backstop reinsurance.”

According to TRIPRA, as long as NBCR is covered in the underlying policy it will be covered by TRIA.

TRIPRA ends in 2020, but it is thought that it will be quickly reauthorised at that time, similar to the reauthorisation in 2015.

Questions still remain over whether there would be any alterations to the Act in that event, but it is thought to be unlikely we would see any clarifications in the way ‘terrorism’ is defined in the act.

It is suspected that the trigger, the minimum amount of damage required to result in compensation for insurance companies, would continue to increase (it is currently at $160 million and is increasing $20 million annually).

Creative tactics

The ‘culture of innovation’ that Blackmon described in his keynote speech was reiterated by Bob Davidson, managing director of captive consulting and underwriting at ICG Captive Services, who said captives need to be creative to help clients solve their problems.

Speaking in the ‘Brightest Opportunities in the Captive Industry Version 2’ session, Davidson said being creative was vital to success in the captive industry.

He explained: “In order to be a winner in the captive marketplace we’re going to have to think more creative, we’re going to have to be more competitive with ourselves.”

“We have to be creative, as we go out and sit down with clients we have to help them solve their problems.”

“It is not about me selling you a captive, it is about me helping you understand how a captive can help solve your problems, how it can benefit your bottom line, how it can make a difference in your operations.”

“In order to be a winner in the captive marketplace we’re going to have to think more creative, be more competitive with ourselves, and solve problems. There is no better time than today to be in the captive industry.”

Davidson added: “What we have to do as professionals, as the vanguards of this industry is differentiate. We want to change the playing field to our advantage.”

The panel also featured vice president of Pro Group Captive Management Services, Renea Louie, and Nicola Neilon, shareholder and CPA at Casey Neilson.

Louie said educating yourself and your clients was important in helping a captive to thrive.

She stated: “In order to succeed in today’s ballgame, we must get smart, educate ourselves and our clients. You have to know your playing field.”

“Companies are getting so much chatter from so many places, a lot of conflicting information, but we need to make sure we are giving them correct and accurate information.”

“We are resilient, we are thought leaders. Business is moving forward, business owners need us.”

She added: “We can empower our client to take ownership of their destiny.”

Stiff competition

The final session of the conference brought insurance department leadership from five of the states in the Western Region, Utah, Missouri, Arizona, Montana and Kentucky, together for the ‘Regulator Round-Up’.

One of the themes discussed was the growing number of US states with captive legislation, Utah director of captive insurance Travis Wegkamp said domiciles will have to learn to deal with the increased competition brought by this increase.

Wegkamp said the rise in competition would have both advantages and disadvantages.

He explained: “Competition can help each state become the best domicile it can be but there is also the threat that that competition could go too far with states cutting corners or relaxing their legislation too much, which may allow captives to go too far and show the captive industry in a negative light.”

“I think that is an important line to learn to walk.”

Another panellist, Oklahoma director of insurance James Mills, said an increased number of US states with captive legislation could bring industry-wide benefits.

He said: “As we add states to the list of domiciles, we add a lot of credibility to the captive industry.”

“That credibility expands into the exposure that we get, which may see us move into new areas. Rather than cutting up the same piece of the pie, we are going to give them another pie to add to the table and expand this in everybody’s interest.”

“We think this is something that will benefit the nation as a whole.”

Mills said learning from other domiciles had helped Oklahoma shape their captive law and would be a key to the new domiciles’ success.

“The domiciles which take the captive industry seriously will take on those best ideas of their peers, which will mean we grow together and become a better captive industry together.”

He added: “On the whole, I think we are going to see a lot of development from the states picking things up.”

An expanded roster?

Fine said he considered the conference “an incredible success”, despite the slightly reduced numbers. He explained: “This conference not only showcased our region’s captive insurance market and the excellence that resides within it but also that of our sister domiciles. I’m really looking forward to next year!”

Next year’s conference, which will take place 20 to 22 May 2019 in Scottsdale, Arizona, may have a slightly different look to it as there were murmurings that the WRCIC may grow, with more associations from domiciles in the region, such as Kansas, Montana or Nevada, joining as hosts.

Fine commented: “We would be honored to have any or all of these domiciles and the members of their associations join us. Any time one has the ability to exchange ideas with a broader segment of the industry, it can’t help but lead to a positive experience.”

“I believe that the participants in the WRCIC would benefit from having any or all of these domiciles join us at our conference, whether on a one-time basis or as members of our Association.”

He concluded: “We would welcome the opportunity to engage in discussions as to how we could potentially make this happen.” **CIT**

Emerging Talent

Showcasing the new generation of captive professionals

Patrick Womac, admissions coordinator, Tennessee Captive Insurance Section

Personal bio

Patrick, a native of Tennessee, lives outside of Nashville with his wife and daughter. When not engaged in captive insurance, Patrick enjoys exploring historic sites with his family and experimenting with all things culinary. Patrick is also an avid auto enthusiast, with a particular interest in classic German cars and motorcycles.

Professional profile

Patrick is the admissions coordinator for the Tennessee Captive Insurance Section where he guides new captives through the formation process. Before working in captive insurance, Patrick studied Political Science and Sociology at Middle Tennessee State University then earned his Juris Doctorate at the University of Tennessee, College of Law. He then worked in elder law where he developed strategic plans to help aging clients achieve their financial and medical needs. A family move to Nashville landed him in the captive industry.

What has been your biggest highlight in the captive industry so far?

I think the biggest highlight is that the captive industry actually helps people and businesses in a meaningful way. A company's captive helps better manage risk by protecting its employees; allows the owner to focus on his or her business and not the varying requirements of sourcing traditional insurance; and generates savings that can be invested back to the company to hire more employees, make more widgets, or provide better service to their customers.

What/who have been your influences in the captive industry?

The industry in Tennessee has influenced me greatly. Both the captive regulators and private industry in Tennessee have a passion for captive insurance that is impossible to ignore, and I'm glad I have been part of its growth. I also realise the importance of younger professionals, such as myself, learning about the industry and its regulation to further promote its development.

What is your impression of the industry?

The industry seems very close knit, almost family like—which may be daunting to a newcomer, but everyone I have met has been friendly and accepting.

As for the direction of the industry, I think growth will come from smaller company formations and creative innovations from large established companies.

What are your aspirations for your career in the captive industry?

From a young age I was taught to use my skills to help those around me. I also thoroughly enjoy engaging with people and seeing what makes them tick, whether in a professional setting or in line at the supermarket.

I aspire to be in a position where I can learn what keeps business owners up at night and what dreams they have for their companies, then demonstrate how captive insurance, either directly or indirectly, can help them achieve their goals. **CIT**

“

Patrick Womac is an especially impressive asset to our industry given his knowledge, professionalism and positive outlook on this ever-changing facet of risk transfer and risk funding.

For professionals like me who are in the twilight of our careers, it is comforting to know and observe emerging talent like Patrick, for I know that our industry will be in good hands and that

the merits of captive ownership will be heard with loud voices more eloquent and with moreconviction than our own

”

Robert Davidson
Principal
Davidson Risk Consulting

Patrick Womac

Diverse and dynamic

Artex International CEO Nick Heys and Artex Singapore office chief executive Vic Pannuzzo discuss the launch of company's new Singapore office and its strategy in the region

Ned Holmes reports

In January, Artex opened an office in Singapore to oversee the growth and development of its captive and risk solutions services in Asia Pacific. The new office is the company's first in the region, and Artex CEO and president David McManus predicts it could help the company realise the market's untapped potential.

Five months after the office opened, I spoke to Artex's Vic Pannuzzo, who has significant captive management experience in the region and was brought in as the office's chief executive, and Artex International CEO Nick Heys, about the launch and Artex's strategy in the region.

Why did Artex decide to launch a Singapore office?

Nick Heys: We see opportunity in this diverse and dynamic region, which is a mix of mature and emerging markets.

As one of the largest captive managers affiliated with one of the largest insurance and risk firms, we also need to establish a presence in the region to serve existing and prospective clients.

What are the main objectives for this branch in 2018?

Heys: We have been busy establishing systems and processes and responding to opportunities throughout the region.

Apart from letting the markets know that Artex has expanded its global presence to this region, our main drivers are to create brand recognition in the region, develop the office infrastructure including systems and processes, build on existing and new captive and advisory pipelines, and promote the full suite of Artex products and services.

Do you believe that Asia represents an untapped market for captive insurers?

Vic Pannuzzo: We need to look at Asia differently from the rest of the Asia Pacific region. Within Asia the landscapes can be very different, for example, Japan is a mature market with a fairly consistent approach to captive structures, China is developing but with different needs than what you might expect from a growing market, and let's say the Philippines is a different proposition as well. We seek to develop bespoke service models and local strategies to respond to the different needs of each market within Asia.

The Asia market will grow as economies expand and organisations grow and become more discerning about what they expect from their service providers or suppliers. Our clients and broker networks are looking for innovation and sustainability. Captives have a key role to play.

Will you be targeting business in Australia and New Zealand?

Pannuzzo: These markets are key to our strategy in the region. We are looking at penetrating the traditional corporate segments, as well as the middle market, with products and services that have been successful for us in other parts of the world.

An important feature of these markets is that they are mature where insurance buyers are very sophisticated. Innovation will be the driver for captive and other alternative risk transfer solutions as finance, insurance and risk managers continue to challenge the

> As one of the largest captive managers affiliated with one of the largest insurance and risk firms, we also need to establish a presence in the region to serve existing and prospective clients

Nick Heys, CEO, Artex International

insurance procurement cycle and process and look for new ways of managing and controlling their total cost of risk.

We understand it is a very competitive landscape but we see opportunity with existing and prospective captive owners as we bring a fresh independent approach to captive and risk advisory services.

Is there space for growth in those markets?

Heys: We have identified that there are opportunities in the corporate and middle market, as well as alternative risk transfer structures. The insurance-linked securities (ILS) market is another area that we believe will grow as the alternative capital market becomes increasingly more accessible and important to insurers and other organisations. The Singapore authorities are actively promoting the ILS market by announcing incentives to attract sponsors.

Vic, how have your first four months been at Artex?

Pannuzzo: I'm spending a lot of my time getting to know the people and the talent. What has surprised me the most is the level of support I have received from everyone I have met. I keep hearing that Artex, and Gallagher, its parent company, are a 'corporate business with a family culture' and having been here 4 months I can genuinely feel the camaraderie that this norm engenders.

It helps to be welcomed and makes the process of getting things done much easier and rewarding.

I have now been in the industry too long to mention and it's great to meet prospects and clients together with colleagues I have known from my years in the industry. Settling in has been no challenge.

How well equipped do you believe Artex are to expand into the Asia Pacific market?

Pannuzzo: I knew of Artex and their reputation before joining them as they already manage some large Australian owned captives, so although they did not have an office in the region they were already managing captives originating from the region. This fact in itself helps answer the question.

My experience comes from working with the two largest captive managers and I'm now with the third largest captive manager and believe that together we can offer the resources, systems and processes to manage captives effectively and efficiently as well as provide innovation that comes from focusing on independent insurance led advice and services.

We firmly believe that a captive manager needs to add value throughout the various elements of the risk financing process. **CIT**

> Our clients and broker networks are looking for innovation and sustainability. Captives have a key role to play

Vic Pannuzzo, chief executive, Singapore office, Artex

Captive industry dates for your diary

TCIA Annual Conference

Tenessee

June

19-20

tncaptives.org

VCIA Annual Conference

Vermont

August

07-09

vcia.com

NCCIA Annual Conference

North Carolina

August

20-22

NCCIA.org

NRRA National Conference

Chicago, Illinois

October

03-05

riskretention.org

Coming and goings at Wilmington Trust, BIMA, MAXIS GBN and more

Wilmington Trust has appointed Michael Ramsey as client development officer for its insurance collateral solutions team, part of the company's global capital markets division.

In his new role, Ramsey will be responsible for developing both the corporate large deductible trust business and the corporate captive trust business globally.

He will also assist with the reinsurance, retrocession, catastrophe bond and insurance-linked securities businesses.

Ramsey, who has over 25 years of experience in sales and business development, was previously business development officer for Wells Fargo's collateral trust division.

Todd Winchel, product leader for Wilmington Trust's insurance collateral solutions team, said Ramsey was a welcome addition to the team.

He stated: "Mike Ramsey is one of the rare insurance trust professionals that understand both the trust concept, as well as the nature of the business driving the need for collateral. He understands all of the moving parts."

Robert Quinn, head of client development for the insurance collateral solutions team at Wilmington Trust, added: "Having worked with Ramsey for years at a prior trustee, I am supremely confident in both his knowledge of the industry and ability to create value for his clients."

The Bermuda Insurance Management Association (BIMA) has appointed Kathleen Bibbings as its new president.

An industry veteran with over 30 years' insurance industry experience, Bibbings is currently the head of AIG's Bermuda captive services.

In her new role, she will be lead BIMA in its mandate, which includes engaging membership to attract new captive business to Bermuda and encouraging awareness of the island as a captive domicile.

In addition, Adrienne Hintz has been elected as the new BIMA secretary, Nicole Hallett as the new treasurer, as well as Page Rouse and William Wood as new vice presidents.

Bibbings succeeds outgoing president Grainne Richmond who has completed her two-year term.

Richmond said she is confident the association's leadership is in good hands moving forward.

She commented: "Kathleen Bibbings is a very well respected, knowledgeable and well known industry professional in the captive and insurance industry, and will bring a fresh perspective to BIMA and its industry stakeholders."

"I have very much enjoyed my two years as BIMA president, and appreciate all the support of my fellow executive members and industry counterparts."

Bibbings stated: "I'm excited to have been elected president by the executive of BIMA and I look forward to continuing the work initiated by our past president."

"I look forward to working with government, the regulator and various industry groups to guarantee a strong future for the Bermuda captive insurance industry."

He added: "It's also important that we provide education to attract young Bermudians to our industry to ensure Bermuda's continued success."

MAXIS GBN has made three organisational changes as part of the company's strategy to target new markets and continue with planned international expansion.

As part of the shuffle, David Schupak will head up the Western European market, in addition to his current responsibilities leading the UK, Middle East, and Africa region.

Schupak has been working in the global benefits industry for 20 years, having started with AIG in 1998.

Lilia Gaouar will be the new regional manager for Western Europe, reporting to Schupak and leading the Western European business development team.

Gaouar joined MAXIS in 2014 and has specialised in the Middle East, Mediterranean, and non-French African markets.

Sonia Rekik, who has 16 years experience in international health insurance markets, will take over Gaouar's previous responsibilities, transitioning from her current role overseeing the Mediterranean market and French multinationals and covering the Middle East and Africa.

MAXIS also added three new members to its business development leadership team, Thomas Lienert for the Northern, Central and Eastern Europe Region, Juliet Kwek covering Asia-Pacific, and Ricardo Almeida for the Americas.

Andrew Stocker, MAXIS GBN's head of distribution, said: "David Schupak's strong results in leading the UK market and successful track record in developing key network relationships across multiple regions make him a strong fit for these important new responsibilities."

"Lilia Gaouar has been a key driver of MAXIS GBN's success in the Middle East and South Africa and is well positioned to step into this management role."

Stocker added: "These organisational changes reinforce MAXIS GBN's commitment to our markets–particularly in important growth areas–as well as our commitment to the development of our people."

The Hanover Insurance Group has appointed Frank Baron as its president of alternative markets, a newly formed business unit in the company's domestic specialty group.

Baron will head The Hanover's specialty programmes, excess and surplus, and specialty brokerage business.

He will be responsible for helping the company expand its business across these specialties as well as providing its agent partners with a more seamless solution.

Baron has 30 years of experience in the industry and previously worked as executive vice president at Zurich, where he was in charge of the company's management solutions group.

Prior to joining Zurich in 2009, he held multiple roles at AIG, including director of the AIG Insurance School between May 2006 and October 2008.

The Hanover is a holding company for several property and casualty insurance companies, which together constitute one of the largest insurance businesses in the US.

Brian Salvatore, president of specialty at The Hanover, said the organisation was pleased to welcome Frank Baron.

Salvatore stated: "Frank Baron brings a wealth of experience and will leverage the strengths within our broad and innovative capabilities to deliver programmes, captive and fronting solutions and non-admitted placements, making it easier and more efficient for our partners to better serve their specialty clients."

Baron commented: "I am excited to join The Hanover and lead the new alternative markets unit."

He added: "The Hanover has earned a strong reputation among independent agents and brokers. I am looking forward to working with the domestic specialty team to continue to drive underwriting and operational excellence for our agent partners and customers." **CIT**