captive insurance times
The primary source of global captive insurance news and analysis
Issue 166 06 Feb 2019

Welcome to the party

Could Illinois be set to arrive on the captive scene?

Emerging Talent

Hear from Lucy Zhang of SIGMA Acturial

European Expansion

SRS Europe team members discuss the company's expansion into Europe


THE
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INNOVATION
EXPERTISE
LOCATION
Like its translucent waters The Bahamas is the Clear Choice for captive insurance.
Located just off the coast of Florida, The Bahamas captures everything that captive owners are looking for --- expertise that nurtures innovation to meet market needs and an idyllic environment to meet, live and do business.

Regulatory risks are greatest obstacle to captive insurance in 2019

Regulatory risks, such as the Internal Revenue Service (IRS) and the US government, will be the major obstacle for captive insurance companies in 2019, according to John Talley, captive programme manager for the Missouri Department of Insurance.

Talley predicted that captive formations would continue to be strong this year, growth that would be fueled by different industries, some new to the idea of alternative risk financing.

However, he highlighted regulatory risks as the major obstacle for captives.

Talley said: "Regulatory risks, such as the IRS, will continue to be the leading issue affecting captive formations and operation."

"The other regulatory risk will be the US government in general. No one knows what will happen next."

He also suggested that emerging risks such as cannabis and new technology would continue to have an effect on the captive market in 2019.

Talley explained: "Since Missouri has passed a medical marijuana law, I have already fielded some inquiries concerning the development of captives servicing the industry. I see that continuing."

He said: "I think the growth of technology in the production and distribution of insurance, in general, will have a massive effect on the insurance industry."

"How that will translate to the captive industry remains to be seen."

"Regarding blockchain technology, it will influence the captive industry, but I do not have any idea what form it will take." CIT

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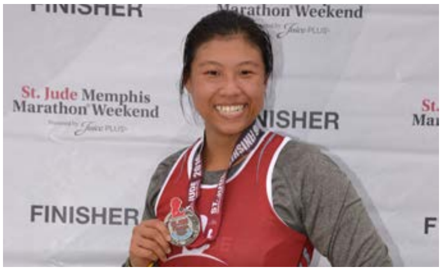
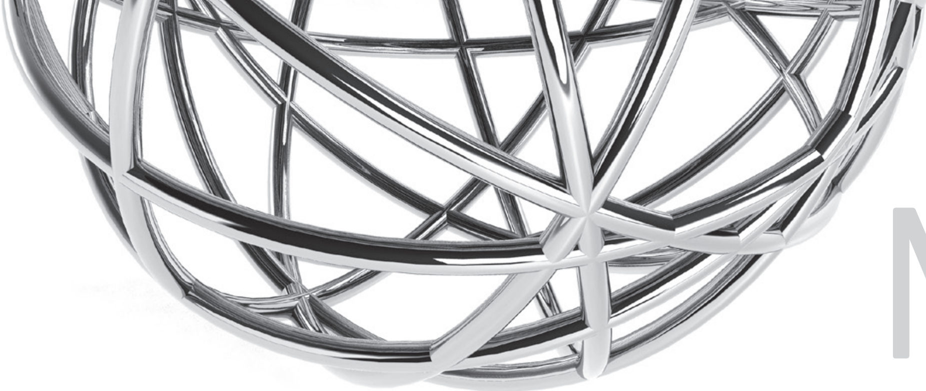




Bermuda welcomes 19 new captives in 2018

Bermuda licensed 19 new captive reinsurance companies last year, an increase on the 17 captives licensed in 2017, according to figures from the Bermuda Monetary Authority (BMA).

The increase in formations is impressive due to the difficult market conditions, which have seen many domiciles report reduced growth in 2018.

BMA statistics showed that there was a year-on-year increase in total (re) insurance registrations in the domicile, up to 75 in 2018 from 58 in 2017.

The largest growth was in the commercial reinsurance market, where there were 28 new registrations, in comparison to the 17 in 2017.

The number of special purpose insurers also increased year-on-year, from 24 in 2017 to 28 in 2018, a growth that Craig Swan, managing director of supervision (insurance) at BMA, said was not surprising due to the domicile's strength in the insurance-linked securities (ILS) market.

Swan commented: "Bermuda remained the leading jurisdiction for the issuance of ILS in 2018, so, it was not a surprise that registrations of special purpose insurers increased year-on-year."

"The BMA's 2018 reinsurance registrations tell a very positive story about the health of Bermuda's reinsurance market."

Swan explained: "We have seen growth in the long term reinsurance space."

"The BMA registered 15 new long term (re)insurers in 2018, compared to six registered in 2017."

ILS outlook positive following continued growth in 2018

The outlook for the insurance-linked securities (ILS) market is positive, following continued growth in 2018, according to a report from Willis Re.

The ILS market update Q4 2018 reveals that, despite a slow down during the final quarter of last year, the market reached $93 billion of outstanding non-life capital, up from $88 billion in 2017.

The report also shows that non-life catastrophe issuance remained strong, in the face of multiple smaller catastrophic events in 2018 and a meaningful series of catastrophes in 2017.

Around $9.2 billion of new capital was delivered, meaning 2018 was the second most active calendar year ever.

Some $535 million in bonds were issued during Q4, $125 million of which provides protection from California wildfire liability, $200 million grants peak multi-peril protection, and $210 million covers US earthquake (workers' compensation).

The report suggests that within the ILS space, the lines of demarcation are blurring as ceding companies and intermediaries look to the range of catastrophe bonds, sidecars, and other collateralised ILS, to identify the best tools to meet challenges, develop new solutions and refine existing structures.

According to the report, this blurring should aid the market to overcome concerns including prompt loss reporting, valuation accuracy, collateral release and rollover, and increasing volatility.

It emphasises that there are real challenges that need to be addressed, but solutions for them seem to be close at hand.

William Dubinsky, managing director and head of ILS at Willis Towers Watson

Securities, said: "We are seeing the convergence of convergence."

"The overall ILS figure is today a much more meaningful measurement of market size than focusing on cat bond and sidecar issuance alone."

"ILS capacity and products are growing organically and dynamically as gaps between different products and subsectors fill in, and innovation and market necessity create new capacity and products."

He said: "Our confidence in the speed that new solutions will emerge gives us a favorable outlook for ILS in 2019."

Texas amends captive regulation

The Texas Department of Insurance (DoI) has amended its captive insurance regulation to implement the changes passed into law by the Texas legislature in 2015 and 2017.

The amendments, effective 7 December 2018, are necessary to implement changes made by HB 1944, passed into law in 2017, and SB 667, passed into law in 2015.

Additionally, HB 1944 enacted provisions allowing a captive insurance company to be formed as a captive exchange and authorising the secretary of state to form a captive insurance company prior to receiving DoI approval of the captive's formation documents.

It also allows the commissioner to waive the actuarial opinion required with the annual report for a captive insurance company that has less than $1 million of net written premium or reinsurance assumed or has been in operation for less than six months, allows the DoI to approve distributions for policyholders of the captive insurance company, and provides a procedure for determining acceptable qualified jurisdictions and rating agencies for reinsurance transactions under Insurance Code section 964.052(f).

Also implemented by the amendments, SB 677 means the DoI can approve dividends and distributions to holders of equity interest in a captive insurance company.

Additionally, the amendment adopted by reference alterations to the annual report and altered the sections that reflect current department style guidelines.

Ratings of Sony captive upgraded

A.M. Best has upgraded the financial strength rating from A- (Excellent) to A

(Excellent) and the long-term issuer credit rating from "a-" to "a" of PMG Assurance, the captive insurer for the Sony Group.

The outlook of the Bermuda-based captive's credit ratings remains stable.

The ratings are reflective of PMG's "very strong" balance sheet, in addition to its strong operating performance, limited business profile and appropriate enterprise risk management.

The balance sheet strength is evidenced by the captives risk-adjusted capitalisation, excellent liquidity, and conservative investment strategy.

The ratings also reflect PMG's strategic position as the captive insurance company for the Sony Group, whose ultimate parent is Sony Corporation.

A pure captive of Sony, PMG's role is to meet certain global insurance requirements and provide risk management services to Sony Group members.

The upgrade in ratings is a response to Sony's improved credit risk profile, which has experienced a positive trend over the past several years.

Sony has made upgrades in terms of its earnings quality, increased cash flow and a significant reduction to debt.

The captive's strengths are derived from its underwriting focus, conservative operational strategy, and emphasis on risk management controls.

It primarily writes commercial property and marine for Sony, and employee benefits coverage for Sony employees.

PMG's operating performance continues to be strong, with favourable net income in four of the past five years predominantly from net underwriting income.

Due to the low frequency and severity losses, it insures the captive is susceptible to volatility in earnings, however, it mitigates its exposures through the use of a comprehensive reinsurance programme.

Hawaii welcomes eight new captive insurance companies in 2018

Hawaii licensed eight new captive insurance companies in 2018, according to statistics from the Hawaii Captive Insurance Council (HCIC).

HCIC's year-end 2018 statistics revealed the number of new licences dropped last year in comparison to 2017 when there were 17 new captives licensed.

Hawaii's reduced growth is in accordance with the majority of the global captive market, with many other domiciles reporting a similar drop in formations.

Five of the new captives licensed were pure captives, one was a reinsurance or excess insurance captive, one was a sponsored captive, and one was a risk retention group.

HCIC's statistics show that as of 31 December 2018, there were a total of 231 captives domiciled in Hawaii, of which 201 were US-owned and 30 were Asia Pacific-owned.

Of the 231 captives, 67 served the construction and real estate industry, 43 served telecommunications and manufacturing, 35 served financial services, 31 served health care, 29 served transportation and energy, and 27 served retail and other services.

CHSI Technologies launches captive management software

CHSI Technologies, an insurance software provider, has launched CHSI Connections Captive Manager, a new captive management module for its insurance practice management platform.

The cloud-based system is designed to provide captive managers with improved efficiency, transparency and compliance by allowing them to leverage the flexibility of a spreadsheet and access the power of a secure database.

The module offers captive insurers access to a complete customer relationship management solution and configure data elements within the connections system for the management of policy, premium and claims.

It includes analytics, dashboarding and reporting tools to aid the creation of policy documents, claims and financial reports, and board packages.

Lee Mashore, chief product officer at CHSI Technologies, said the company was excited to bring the "unique captive management tool to market".

He added: "This technology represents a wealth of ongoing feedback from our clients, who have been instrumental in helping us design the best possible solution for them."

Natural catastrophes caused $225 billion losses in 2018

Natural catastrophic events caused $225 billion in economic losses in 2018, according to the Aon Catastrophe Report.

The report, which evaluates the impact of global natural disaster events to identify trends, manage volatility, and enhance resilience, revealed that losses resulting solely from weather disasters caused $215 billion, a reduction from the record-setting losses of $438 billion in 2017.

The past two years have, therefore, resulted in the costliest back-to-back years on record for both economic losses solely due to weather-related events ($653 billion), and for insured losses across all perils ($237 billion).

According to the report, there were 394 individual natural catastrophe events last year, 42 of which caused economic losses of more than $1 billion.

Private sector and government-sponsored insurance programmes covered $90 billion of the losses, reducing the protection gap to 60 percent–its lowest level since 2005.

The year's biggest catastrophe was the tropical cyclone peril following multiple significant landfalling storms.

Andy Marcell, CEO of Aon's Reinsurance Solutions business, said 2018 was another active year for global natural disasters.

He stated: "While there was not a singular 'mega' catastrophe event, there were 42 billion-dollar events which aggregated to a slightly above-average year."

"The re/insurance industry continues to withstand the payouts backed up with $595 billion of capital but focus on managing the cost of changing climate and weather events by helping to close the protection gap."

Steve Bowen, director and meteorologist at Aon's Impact Forecasting team, commented: "Among the takeaways from the events of 2018 was the recognition that catastrophe risk continues to evolve."

"The complex combination of socioeconomics, shifts in population and exposure into vulnerable locations, plus a changing climate contributing to more volatile weather patterns, is forcing new conversations to sufficiently handle the need for mitigation and resilience measures."

Bowen added: "Natural disasters are always going to occur. How well we prepare can and will play a key role in future event losses."

Delaware welcomes 46 captives in 2018

The Delaware Department of Insurance (DoI) licensed 46 new captive insurance companies last year, a drop from the 117 captives licensed in 2017.

The DoI's statistics showed that of the new captives licensed, 30 were on conditional licences.

Conditional licensing legislation was passed in October last year and allows selected captives to receive a conditional licence on the same day they submit an application, with six months to establish a permanent licence in the state.

Delaware is the first state to offer such a licence, which allows captives to conduct business while their application is reviewed.

The DoI statistics also showed that captives domiciled in the state generate over $12.5 billion in annual premium.

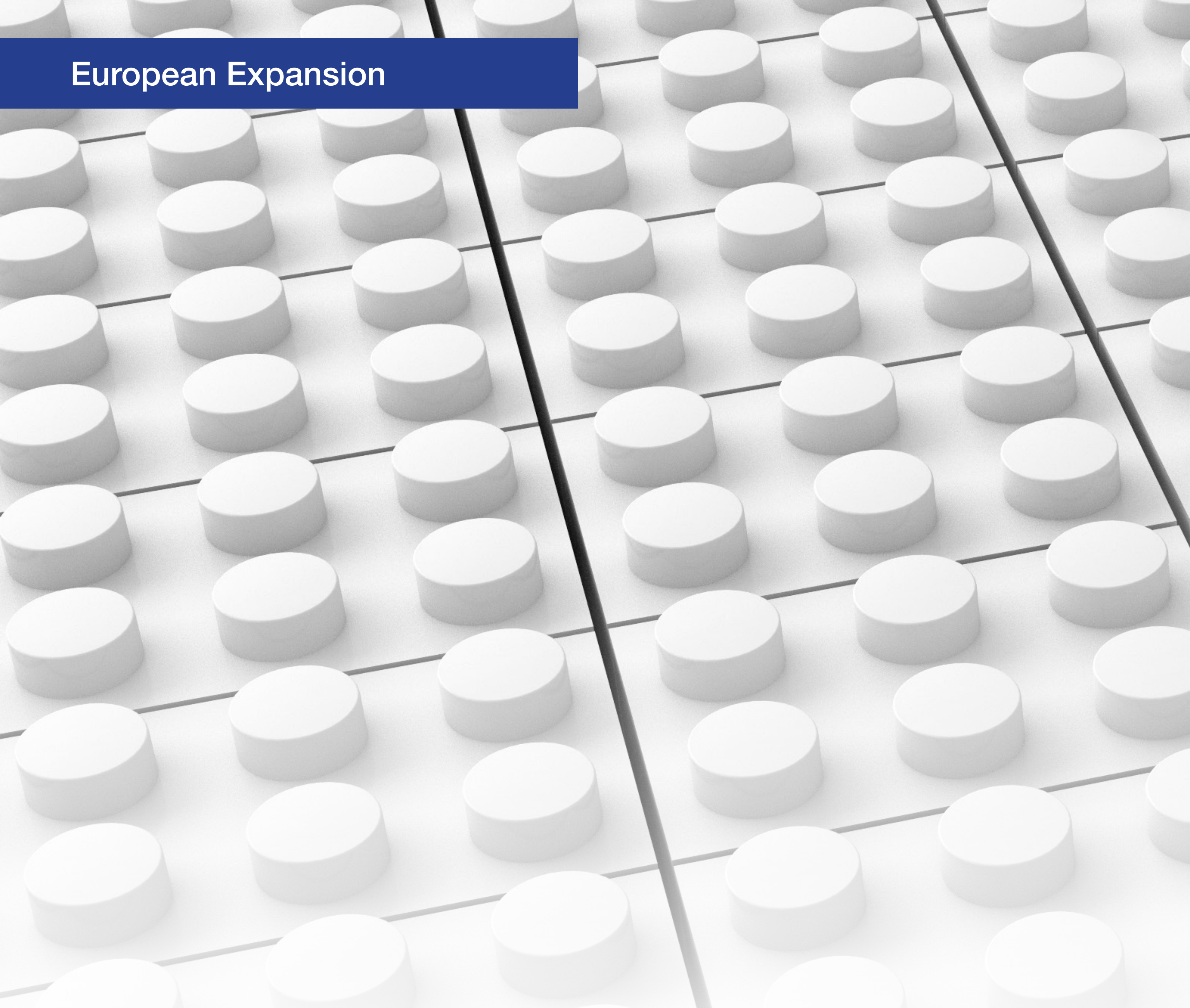
According to the DoI, Delaware ranks third in the US and fifth in the world in terms of captive domiciles, and is one of just four domiciles that are International Center for Captive Insurance Education trained.

Delaware insurance commissioner, Trinidad Navarro, commented: "Captive insurance formations faced a number of challenges in 2018, due to recent changes in tax law."

He said: "Despite the headwinds, Delaware's having knowledgeable captive regulators continues to attract quality applicants."

"We are committed to licensing captive insurers with sound business plans formed by reputable individuals. I thank my captive team for its hard work to make Delaware a leading captive domicile."

Navarro also praised the state's General Assembly, Governor John Carney, and the Delaware Captive Insurance Association for helping get the conditional licensing legislation passed.



On board with the future

Just over a year on from the launch of its European office, SRS Europe's four person team, Stuart King, Annette Heaney, Malcolm Cachia and Mary McMorrow, discuss the company's future expansion

How was 2018 for SRS Europe?

Stuart King: Last year went according to plan. We needed an operational set up and we have that now. We also have four full-time employees and are supported by the other 100 employees in the group. We now move into 2019 with a fairly sizable investment commitment from SRS group. We have the operational delivery platform ready and we have some key professionals in place, so it is about scaling.

What is SRS Europe's strategy moving forward?

King: The implementation of our strategic plan is on track. Infact dare I say ahead of plan. We are culminating on the overarching strategy to provide independent premier level bespoke risk finance advisory backed up by solid captive management service.

It is a successful and proven business model at SRS Group so we are simply exporting to Europe.

The whole idea is that we get a highly reputable, highly professional, and high quality product out to the captives that need it at the higher end of the market. Working independently to solve complex risk finance needs of emerging risks and supporting clients challenge intermediaries for more effective risk financing strategies.

You are going to see a lot more staff additions to SRS Europe in the coming years. Much of that is down to giving people a platform to do innovative and new stuff so I think you will see quite a few big names joining us.

Annette Heaney: We felt that setting up a central servicing hub, availing of the standardisation of Solvency II making that a more linear and agile way of offering our services. That is when we decided to acquire Ark Insurance Management in Malta.

We will have a team of people specialised in the operational reporting activities and then by acquiring a regulated entity we will service clients across Europe, passport them through the regulated Maltese entity, and set up branches under freedom of establishment basis across all the major domiciles within Europe, commencing with the main ones like Luxembourg, Netherlands, Sweden, and Ireland.

We would then have local representatives on the ground within the local branches that would be available to serve with the clients and have the local linguistic, regulatory and legislative competency to service our clients there.

Malcolm Cachia: What we are trying to do in Malta is do most of the execution work, and build a lean and modern business model. Whereby, we will support the people on the ground servicing our international bays of clients and build a high standard, operating platform to roll out our services in Europe via the people on the ground in the branch operations on a consistent basis.

The aim is to build a centre of excellence to provide the full suite of insurance management services, and an outstanding end-to-end captive management service. Incubating new ideas with a regulator that is very supportive to innovation.

Mary McMorrow: At the moment we are three years into the Solvency II reporting cycle and I think it’s an opportunity to look at things with a fresh pair of eyes. From the captive perspective, I think there really is an appetite for a more meaningful proportionality and more uniformity across the domiciles–that is something that I think we are really equipped to do given the expertise and the presence of SRS Europe that we are going to have next year.

For the moment our plans for the first half of this year, we are starting off on a local basis and organising meetups amongst the independent non-executive directors in Dublin, which will extend to other insurance players as well as captive owners. We are going to cast the net out and hopefully come up with some salient topics how we can guarantee that governance is working as it should be.

What are your key areas of focus in 2019?

King: One of the benefits of Solvency II is that everybody has to be involved in the captive board. Owners are now required by regulators to know a lot more about their captive. Owners are challenging service teams more and I am not convinced they possess adequate experience to answer many complex risk finance questions, particularly for emerging risks. You get a lot more airtime with the CEO now from the captive owners. This is an opportunity for us.

Premium pricing in the market is trending upwards given the unusual level of natural catastrophe losses, capacity is also tightening. This will inevitably benefit the captive industry. What you will find in 2019 generally, captive owners will look to their captive to be more central to the risk finance strategy. Conversations at board level in the captive will generate some new and interesting ideas. One such initiative SRS is backing is and Carbon Risk Solutions.

Can you tell us about your work on proportionality for captives in Solvency II?

King: Solvency II has a review period coming up. Captives are onerously applied the same conditions as a commercial insurer. From the proportional governance standpoint we think captive owners are being unfairly treated. We are currently engaging with stakeholders like the European Captive Insurance and the Reinsurance Owners Association and the team at Federation of European Risk Management Associations to try to identify how best to get governance proportionality for captive owners across Europe onto the European Insurance and Occupational Pensions Authority’s agenda. There needs to be a proportionate approach to ensure captive owners can focus management efforts to grow their captives.

I am pretty confident. I don’t think it will happen in 2019, but, maybe 2020. We are gathering a consensus amongst stakeholders to determine the best approach and really take another go at getting proportionality on the agenda for captive owners

Have you set particular targets that in 12 months you want to have achieved?

King: If we speak in a year’s time and we have management teams in Netherlands, Luxembourg, Ireland, and maybe an acquisition or two in Guernsey or the Isle of Man we would be pretty pleased with that. Lets see. **CIT**

Emerging Talent

Lucy Zhang, actuarial analyst, SIGMA Actuarial Consulting Group

Personal profile

Originally from China, I now live in Nashville, Tennessee, with my husband and two cats. I enjoy cooking, travelling, and being active. I also enjoy teaching my cats tricks, albeit with a low success rate. Currently, I spend my weekends running on the trails with my husband as we train for our first ultramarathon.

Professional profile

I graduated from University of California, Los Angeles, with a bachelor's degree in math/applied science.

While completing my master's degree at Middle Tennessee State University, I was fortunate enough to land an internship with SIGMA and upon graduating, joined the team full time.

My current role is as an actuarial analyst at SIGMA. My consulting services with SIGMA involve the preparation of actuarial reserve analyses and loss projections for self-insurers, large deductible programs, and captives across a range of industries.

How did you end up in the captive industry?

A family friend who is an actuary introduced me to the insurance industry. As I enjoy problem solving and numbers, I felt actuarial science would be a perfect career fit. It was during my internship that I was exposed to the captive industry.

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

I would have to say my colleagues have influenced me and helped me grow. The environment at SIGMA is like a family–my co-workers with significant actuarial and captive experience are always helpful and willing to pass on knowledge and advice.

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

Actuaries are an integral part to the captive industry. Actuarial jargon can seem very foreign at times and I strive to communicate results in a such a way that clients not necessarily familiar with actuarial principles can understand. In recent years, there have been significant developments in China's captive industry and I hope that my skills and experience can help Chinese clients achieve their goals.

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

Have an open mind and always ask questions. There is a vast amount of information and people in this industry are friendly and willing to help. This is a challenging but rewarding industry.

Lucy Zhang

> "Lucy Zhang joined SIGMA Actuarial as an intern while in graduate school and we quickly realised that SIGMA would benefit by having her join us full time. Her ability to both analyse liabilities and explain the methodologies and results to captive clients highlights her growth into a valued member of our captive analytics group. Expect to see Zhang's name as an emerging leader in analytics and metrics for the captive industry"

Al Rhodes, president and senior actuary of SIGMA Actuarial Consulting Group

Welcome to the party

Illinois has had a quiet captive insurance history, but after enacting landmark captive reform in late 2018, could it be set to arrive on the captive scene?

Illinois does not have a history of strength in the captive insurance marketplace. That is not to say that it has seen no action in the industry—there are currently three captives (all pure) domiciled in the state—nor that it lacks any of the characteristics that may make it a good option. It is the state with the fifth highest GDP and the home to the third largest US city, Chicago, but in previous years, underdeveloped captive insurance legislation and high self-procurement tax has meant the state hasn't been viewed as a feasible domicile for captives. Now, however, revelatory regulatory changes made in 2018 mean the jurisdiction may soon become recognised as a viable option for captives.

Regulation revelation

On 27 November 2018, Illinois adopted SB 1737, a reform of the state's captive insurance regulatory framework that saw it follow in the footsteps of success captive domiciles, such as Vermont, Hawaii, and South Carolina, in providing a substantially improved environment for companies looking for captive solutions.

The landmark bill, the potential impact of which should not be underestimated, did not pass without its issues. After being passed by the Illinois General Assembly on 31 May last year, the bill was vetoed in August by Governor Bruce Rauner due to the "concerning" regulatory barriers it imposed on short-term limited-duration health plans and workers' compensation insurance. Rauner was, however, in support of the updates to the captive regulatory structure, and following the state Senate's unanimous vote to override his amendatory veto, it was passed in late November.

The bill amends the state's captive law in a variety of ways. One of the key changes is that it provides the Illinois director of insurance with the authority to set minimum capital and surplus for captives licensed in the state, based on criteria deemed to have a significant impact by the director. The capital or surplus requirements must not be less $250,000 for pure captives (down from $1 million previously), $500,000 for industrial insured captives, and $750,000 for association captives.

Additionally, it authorises captives to write insurance that covers the risks of a 'controlled unaffiliated business', an unaffiliated entity with whom an affiliate of the captive has a contractual relationship, and the risks of a captive's affiliates.

The bill also permits captives to meet the minimum capital and surplus requirements using Illinois bonds, US-backed securities or an irrevocable bank letter of credit approved by the director.

Captives are authorised to issue contractual reimbursement policies to affiliated certified self-insurers (as long as they were authorised under the Illinois Workers' Compensation Act or an analogous law of another state) and to affiliates insured by workers' compensation insurance policies with a negotiated deductible endorsement.

The bill also offers enhanced lending flexibility to Illinois-licensed captives, providing that the captives may make loans to their affiliates. Additionally, it authorises captives to accept risks from and cede risks to, or take credit for, reserves on risks ceded to an approved affiliated captive insurer or captive reinsurance pool—with the approval of the director.

Another key change is the reduction of the self-procurement tax. The premium tax rate for contracts of self-procured insurance has dropped from 3.5 percent to 0.5 percent of gross premium.

The bill, which was supported by the Illinois Department of Insurance, key industry groups, and several large Illinois-based taxpayers, has been very well received by the captive industry. In a blog post prior to its enactment, Mary Kay McCalla Martire, Thomas Jones, and Lisa Kaderabek from McDermott Will & Emery referred to it as "a positive step forward" and an "important and exciting development for the captive community".

They suggest that the bill will mean the state will "certainly warrant consideration by Illinois-based enterprises that have previously had no real option but to locate their captives elsewhere".

Victoria Fimea, Gallagher senior vice president, legal counsel and head of regulatory department for North America, said the bill's implementation shows Illinois has "finally succeeded" in amending "captive insurance statute to make Illinois a more attractive jurisdiction".

Fimea praises the state Department of Insurance and legislature for being "responsive to industry concerns concerning its statute".

Untapped potential

With the amendments to the captive statute now embedded, Illinois has reasons to be optimistic, with hopes it can emerge into the captive market with a vigour similar to the reemergence of its Chicago Bears, which returned to the NFL playoffs this year, after an eight year hiatus.

The state has the fifth highest GDP, is the sixth most populous, is home to myriad companies, large and small, and has the advantage that many captive insurance service providers already have a presence in the state.

Fimea suggests it is "a logical jurisdiction for captive growth", and argues that its prior captive law, which was for so long its achilles heel, could now be viewed as a strength because it means the market has great "untapped" potential.

While it does offer an untapped market, the freshness of its captive legislation does mean that Illinois lacks experience in the captive market, which Fimea highlights as a key obstacle in its growth.

She explains: "Though Illinois has made great strides with its captive legislation, it does not yet have dominant profile as a captive domicile. It will be important for Illinois to have a presence in the captive industry through visibility at captive industry conferences. It will serve Illinois well to be able to assure the captive industry that it has the internal resources, staff and support to efficiently manage captives domiciled in Illinois."

"The Illinois Department of Insurance will need to enhance its website so that the captive industry may easily find information about domiciling a captive in Illinois. Should the industry grow in Illinois, then a formal and organised captive association will most assuredly develop."

Action over words

As important as the adoption of the legislation has been, what is vital moving forward is that the Illinois Department of Insurance does not rest on its laurels, and is active in supporting the legislation and dedicating substantial energy to growing the state's captive market.

Should it do this, Fimea predicts the Prairie Dog State will "leap in the standings of domiciles based on number of captives".

Jones, McCalla Martire, and Kaderabek's conclusions are on a similar note. They argue that whether Illinois is able to become a favored captive jurisdiction remains to be seen and will depend upon whether the Illinois Department of Insurance acts in a supportive manner in adopting regulations, handling applications and providing interpretations, as well as whether service provider infrastructure develops. CIT

Captive industry dates for your diary

World Captive Forum

Miami, FL

February/March

30-01

businessinsurance.com

CICA 2019 International Conference

Arizona

March

10-12

cicaworld.com

Bermuda Captive Conference

Bermuda

June

10-12

bermudacaptiveconference.com

VCIA Annual Conference

Vermont

August

05-08

vcia.com

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ACTIVE CAPTIVE MANAGEMENT

BPS elects Bryan Hudson as first board chair

Bauknight Pietras & Stormer (BPS) has elected Bryan Hudson as chair of its first board of directors.

Hudson, a shareholder of BPS since 2013, leads the firm's property and casualty insurance practice, with a focus on regional and national clients including commercial carriers, mutual insurers, captive insurance, and risk retention groups domiciled in the US.

BPS, which has now reached a team size of 70, has implemented this new board of directors to support its growth.

BPS managing shareholder, Russell Bauknight, said the move was motivated by a desire for formal governance.

He explained: "As we approach nearly three decades in business, the shareholders saw the need for additional structure in our approach to the firm's overall strategy and decision making."

"BPS is now a leading regional firm with a client base that is increasingly specialised and often national in scope.

Bauknight added: "We want to continue to grow and strengthen our position as a preferred tax and assurance consulting firm and employer."

He added: "A board of directors, with Bryan Hudson as the board chair, gives us the leadership level oversight BPS needs to achieve our goals."

Hudson added: "BPS has achieved tremendous success over the last 28 years, but like every business, we need to continue to challenge ourselves to be proactive and strategic in an increasingly technology-driven business environment."

"I look forward to providing leadership and oversight on the BPS board and for our firm."

Mercer Marsh Benefits adds international leader

Marsh & McLennan Companies' (MMC) international employee benefits (EB) business Mercer Marsh Benefits (MMB) has appointed Hervé Balzano as leader of MMB international, effective 18 March.

Balzano will be responsible for ensuring the company meets the increasing demand for health and EB, especially in global growth markets.

Additionally, he will lead MMB in enabling firms to balance the need to attract and retain top talent by expanding their benefits offering while managing medical cost inflation.

Balzano will be based in London and also serve as MMB leader for Europe.

He brings more than 20 years of international experience in the insurance and EB industry and has previously held roles at AXA and Groupe Henner.

Balzano will report to Flavio Piccolomini, president of Marsh's International Division, and Martine Ferland, currently group president of Mercer and, from 1 March 2019, president and CEO.

Ferland commented: "As firms around the world compete for talent and seek to increase workplace engagement, they are increasingly looking to their EB programme to give them a competitive advantage."

"With his long experience in building compelling solutions globally, Hervé Balzano is well-placed to lead the rapidly-expanding MMB business."

Piccolomini added: "Firms want to assist their employees to maintain a healthy lifestyle while effectively managing the increases in associated health-related costs, which are often well above inflation."

"By ensuring we bring together our full suite of consulting, broking and technology solutions and services, Hervé will ensure we are able to meet the challenges of this fast-evolving sector."