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The primary source of global captive insurance news and analysis

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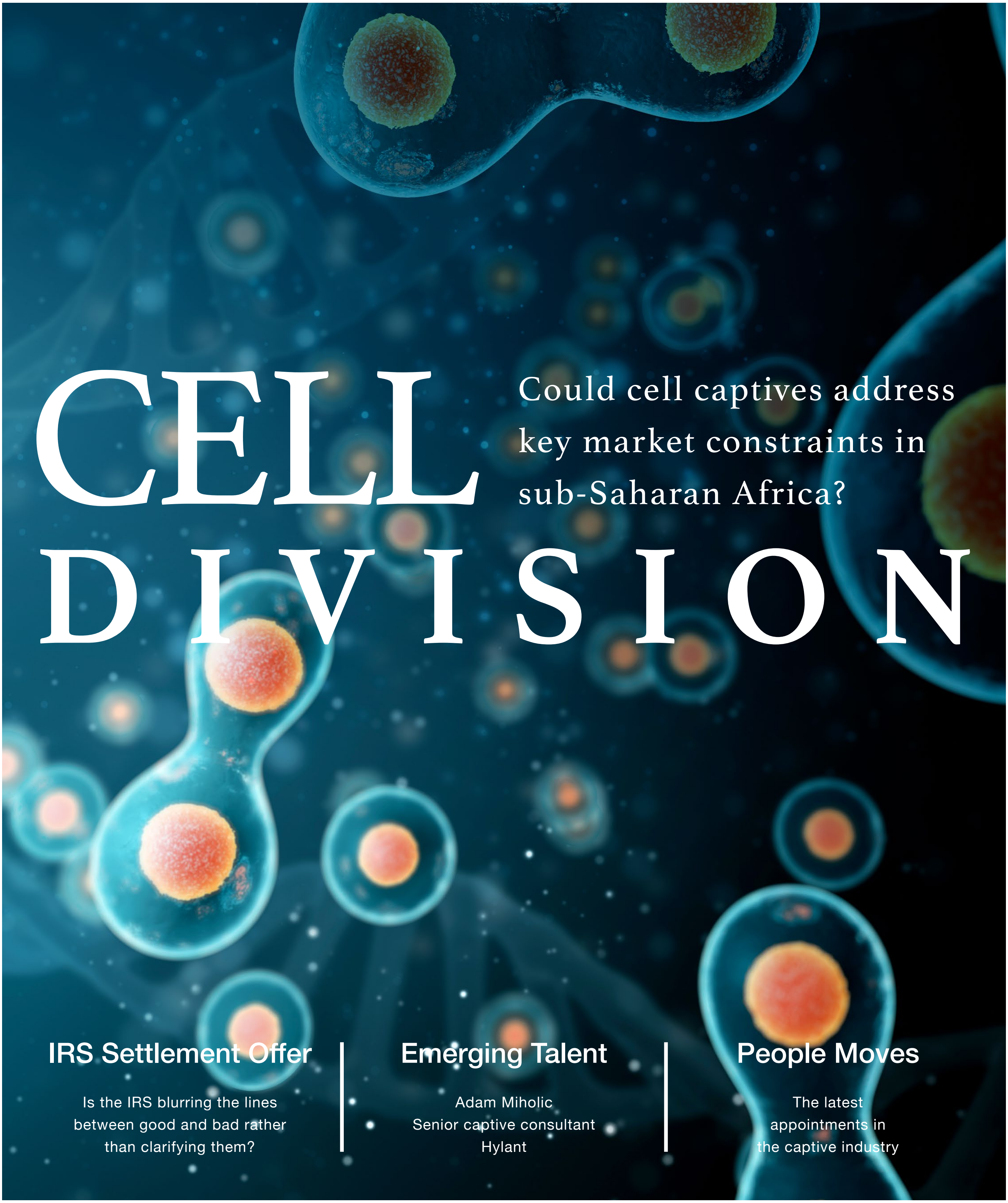

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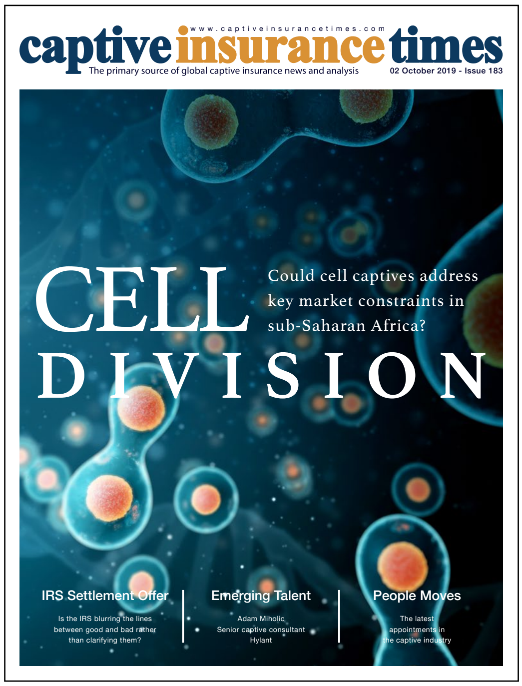

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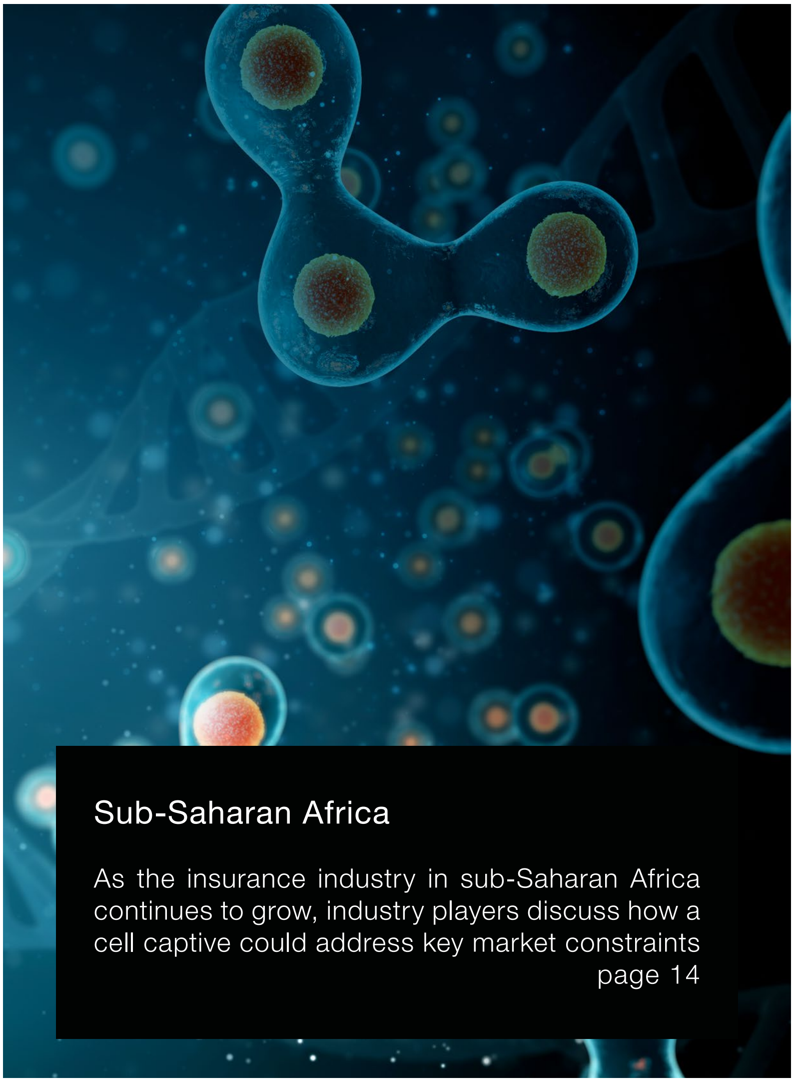

Marsh launch new solution to help improve claim outcomes

Marsh has launched blue[i] claims, an enhanced analytics platform designed to help clients achieve superior claims outcomes.

Blue[i] claims is an analytics solution that aims to harness artificial intelligence and other advanced technologies to enable their clients to measure, manage, and minimise their total cost of risk.

The platform will initially focus on US workers' compensation risks, which according to Marsh, costs employers nearly $100 billion annually.

Clients will be able to implement solutions across their workers' compensation programmes designed to get injured workers back to health and work.

Sri Sridharan, US chief claims officer, Marsh said: "At Marsh, our goal is to help our clients' most valuable asset, their employees, have a positive result following an adverse life event."

Sridharan added: "With the launch of blue[i] claims, we will be able to leverage data to derive unique insights and deploy innovative solutions clients need to achieve better claims outcomes and ultimately lower their total cost of risk." ■

Holmes Murphy acquires captive management firm

Holmes Murphy has expanded its international presence with the acquisition of Global Captive Management.

Global Captive Management manages several captive programmes of Innovative Captive Strategies, a Holmes Murphy subsidiary.

As part of the acquisition, Global Captive Management will continue to operate under its current name, structure, and employees. Peter MacKay will continue leading the team and supervise day-to-day operations.

Dan Keough, Holmes Murphy Chairman and CEO, and Tom Stewart, Innovative Captive Strategies president, will join Global Captive Management's leaders to oversee governance and management responsibilities.

Keough said: "Our relationship with GCM has strengthened over the years, and we are confident that this partnership will position us to be even more competitive as we embrace future business opportunities."

Stewart added: "This acquisition is an extension of our current management presence and allows us to round out our international captive capabilities."

"This aligns with our long-term goals, and we couldn't be happier to bring Global Captive Management onboard."

In addition, Holmes Murphy, along with M3 Insurance, PayneWest Insurance, ABD Insurance & Financial Services, Conner Strong & Buckelew, and Assurance, recently launched BrokerTech Ventures, a programme specifically for investors and innovators building the next generation of technology solutions for insurance agencies and brokerages.

BrokerTech Ventures will deploy a highly intentional accelerator curriculum, as well as a veteran mentoring network, seed funding for a portion of the chosen startups' research and testing, and a distribution platform to deploy the technologies.

Keough said: "BrokerTech Ventures will alleviate some of these pain points by creating an 'innovation hub' for startups to test broker-centric ideas and products while bringing new and innovative ideas and solutions to our customers." ■

Reinsurance Collateral Trusts

The limitations and costs associated with traditional collateral options such as Letters of Credit have dramatically fueled the growth of alternative risk transfer strategies amongst insurers, reinsurers, captives and corporations. Fluid regulatory, financial and risk management environments demand lower-cost collateral solutions – solutions that afford maximum flexibility with minimal effort to set-up and maintain.

It's a need that has given tremendous traction to the insurance-linked securities (ILS) market and in particular the emergence of reinsurance collateral trusts.

The SunTrust advantage

SunTrust has a long history of escrow, trust and risk management excellence and expertise, with both domestic and international coverage. We work with large and small carriers alike to help mitigate risk for their insurance business needs.

Our collateral trust product at SunTrust can help you with the following insurance needs:

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- Regulation 114 Trusts
- Captives
- Surety Bonds
- State Statute Trusts
- Collateral/Depository Accounts

Our expertise, however, is only one aspect of what differentiates our reinsurance trust business from other firms. Additionally, we excel because of:

- **A Dedicated Single Point of Contact** – we steadfastly believe in the value of a dedicated client manager who knows the unique challenges of your business and quarterbacks your relationship with the bank.
- **Rapid Response Times** – while other banks can take weeks to respond, SunTrust can typically resolve covered loss requests in a matter of 24-48 hours; and because we're a custodian for the collateral that secured the contract, insurers get paid immediately.
- **Operational Efficiencies** – from pre-arranged agreements with major insurance carriers to streamlined onboarding and KYC processes, our knowledge of the reinsurance trust business helps ensure that things are done right and done fast.

To find out more about how SunTrust can support and enhance your reinsurance business, please contact:

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Why choose an Insurance Trust?

- **Improved Credit Availability** – an insurance trust has no adverse impact on your available credit.
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- **Convenience** – insurance trusts are tri-party arrangements that require no annual renewals.
- **Reduced Liability Concerns** – insurance trusts may limit the range of acceptable investments; this is done to ensure adherence to all regulatory requirements.

SUNTRUST®

Guernsey captive inquiries on the rise

Guernsey has experienced a big increase in inquiries into captive insurance in the second half of this year.

Industry figures showed that the level of significant inquiries received during the summer “easily surpassed” those in recent years.

Dominic Wheatley, chief executive of Guernsey Finance, said: “We are already seeing formations off the back of that.”

Wheatley revealed that Guernsey is responsible for more than a third of the European captives market and for more than half of all new captives established in Europe in 2017, with nine new formations.

In 2018, that number dipped to five, but the Guernsey industry is expecting to exceed that figure this year.

Wheatley explained: “Increased interest was expected as market conditions harden, but was proving stronger than anticipated. We are also seeing an increase in enquiries because of emerging markets such as China as well as interest from other parts of the world including North America, which is unusual for us.”

He suggested that the increased interest in Guernsey’s captives market dismissed fears raised in Bermuda that EU economic substance requirements were damaging the offshore captives industry.

“Substance demands have not impacted too much for Guernsey captives, because our economic substance regime is robust and as a jurisdiction, we have always managed captives properly.”

According to Wheatley, Guernsey offers “strong governance processes, competent and credible insurance skills, proper analytics and technical underwriting methodology, and adherence at all of the requirements of CFC rules wherever the captive-owning group is based”.

He added: “All this was verified when the EU code group confirmed that our corporate tax regime met their expectations and requirements as acceptable in terms of transparency and cooperation.” ■

Excellent ratings for COSCO Shipping captive

A.M. Best has affirmed the financial strength rating of A (excellent) and the long-term issuer credit rating of “a” of COSCO Shipping captive insurance (China). The outlook of these credit ratings (ratings) is stable.

The ratings reflect COSCO SHIPPING captive’s balance sheet strength, which A.M. Best categorises as very strong, as well as its adequate operating performance, neutral business profile and appropriate enterprise risk management.

The ratings also reflect the wide range of support the company receives from its parent, China COSCO Shipping Corporation, which A.M. Best perceives to benefit from strong government support.

COSCO Shipping captive underwrites mainly marine-related business for the group and its affiliates, as well as other risks stemming from the group’s operations including cargo, liability, and commercial property.

As measured by best’s capital adequacy catio (BCAR), COSCO Shipping captive’s risk-adjusted capitalisation remained at the strongest level in 2018 and is supported by very low underwriting leverage, a prudent reinsurance programme and a conservative investment portfolio, according to A.M. Best. The rating firm expected continued net profits from the company over the medium term, supported by its positive underwriting results and a stable stream of investment income.

Offsetting rating factors include the captive’s small net premium base due to its high reinsurance dependency, as well as a high-severity, low-frequency product risk profile. As a result of this, the captive is exposed to potential volatility in its underwriting results.

However, A.M. Best explained that this is mitigated partly through a robust reinsurance programme with a high-quality reinsurer panel.

A.M. Best noted that negative rating actions could occur if there is a reduced level of support from COSCO Shipping or a significant deterioration in COSCO Shipping’s financial strength or credit profile.

Negative rating actions could occur if there is a material decline in the captive’s risk-adjusted capitalisation or if there is a significant adverse deviation in the captive’s operating performance from its business plan.■

Washington OIC schedules Alaska Air's prehearing conference

The Washington Office of the Insurance Commissioner has calendared a prehearing conference for Alaska Air on 30 September.

Alaska Air's Hawaii-domiciled captive insurance company recently received a $2.5 million fine from Mike Kreidler, the insurance commissioner for the State of Washington, for unpaid tax, interest and penalties.

The fine handed to ASA Assurance, its insureds and affiliates, included a fee of $1.8 million for unpaid premium tax, $0.2 million in interest, and $0.36 million in penalties.

It also received a fine of $0.1 million against ASA for violating the state's insurance laws.

Seattle-based insurance lawyer, Steven Beeghly explained that he would be interested to see "in this prehearing conference that is largely related to case scheduling, if either party shows intent to bring a motion to test a legal theory, or if there is an indication of a possible settlement".

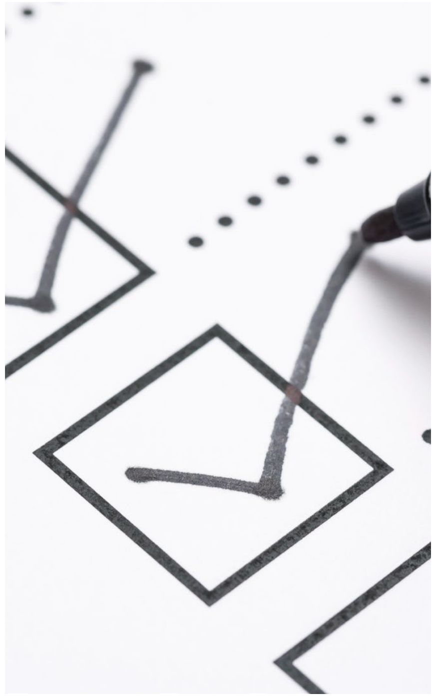
Beeghly said that he would also be interested to see if Alaska Air files for a stay of the administrative hearing "in hopes that potential new legislation may address some or even all of these issues".

The Washington Insurance Commissioner has published his five legislative priorities for the 2020 legislative session, and one priority is to address captive insurance for Washington State companies.

Beeghly added: "The commissioner has stated that he plans to introduce legislation relative to Washington State-based companies and how they can form and use their own captive insurance company in the 2020 state legislative session."

A statement, released by the Washington State Office of the Insurance Commissioner, explained that during the past year, the Office of the Insurance Commissioner began investigating Washington state-based companies who had formed their own captive insurance companies.

It said: "These companies have been cooperating in the investigations by the Office of the Insurance Commissioner and are working with the Office of the Insurance Commissioner on legislation for 2020." ■

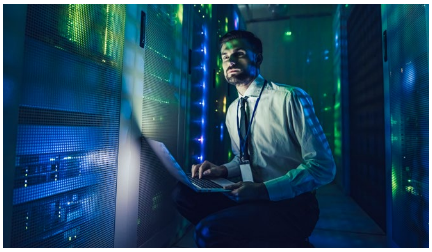


Captives on Washington's 2020 legislative priorities list

Captive insurance has been included in the Washington State Office of the Insurance Commissioner's 2020 legislative priorities list.

Washington state law currently provides no statutory framework to allow the formation of captive insurance companies within the state.

A statement from the Washington State Office said: "We are introducing legislation in the 2020 legislative session that will create a statutory framework for how captive insurance companies can be formed by Washington state companies, who can form them and what taxes will be paid by them to Washington state." ■



QBE launches new cyber solution

QBE North America has launched an enhanced cyber solution to help protect customers from the growing risk of cyber threats.

The solution for cyber risk offers a holistic risk management solution for businesses that combines insurance with cyberattack prevention services as well as post-breach response assistance.

The solution's new admitted form has coverage for cyber liability; media liability for digital and electronic publication; data breach notification costs; asset rectification costs; regulatory defence and penalty costs; public relations fees; forensics; business interruption; and extortion and credit monitoring.

It considers risks up to $10 million across a number of business classes including financial services, healthcare, life sciences, information technology, telecommunications and manufacturing.

Steven Anderson, vice president, vice president and product leader of cyber, QBE North America, said: "This solution was truly developed with the business customer in mind. It's a paradigm shift from simply providing insurance to offering an integrated, holistic risk solution that helps improve the sustainability of our customers—making them more resilient to evolving cyber risks." ■

Crumbling foundations to receive next instalment of funding

Connecticut's State Bond Commission will consider adding $20 million in bond allotment to the Crumbling Foundation Solution Indemnity Company (CFSIC).

The non-profit captive has been set up in order to reconstruct crumbling foundations of homes in the northeast side of the State of Connecticut.

The funds have been requested by CFSIC to provide the fiscal year 2020 instalment of funding to capitalise the Crumbling Foundations Assistance Fund.

The addition of $20 million will mean $60 million has been provided out of the pledged $100 million. However, president of the CFSIC board, Steve Werbner said: "We could use the full $100 million immediately."

The CFSIC suggested that with the additional $60 million, they could allow the hundred people that are in queue to schedule their construction as well as having no reason to go into suspension between now and 2022.

Werbner commented: "The money is essential for us to continue the mission of repairing foundations. We have some 80 homeowners waiting in line for this funding to be released so that participation agreements can be signed between them and a contractor."

He added: "The need is there now the resources are required. We are grateful at a time when new debt items are being closely scrutinised that the governor has placed this item on the bond agenda for action."

Earlier this month, CFSIC announced that they will stop taking on new applications for crumbling homes as the captive does not have enough funding for the applications it currently has. ■

BLURRING THE LINES

On 16 September, the Internal Revenue Service (IRS) revealed it would be mailing a time-limited settlement offer for certain taxpayers under audit who participated in micro captive insurance transactions.

Under section 831(b) of the Internal Revenue Code, certain small insurance companies can choose to pay tax only on their investment income. Taxpayers eligible for this offer will be notified by letter with the applicable terms. Taxpayers who do not receive such a letter are not eligible for this resolution. Weighing in on the announcement was Sean King, founding principal of CIC Services, who suggested the IRS has decided "it benefits from blurring the lines between good and bad rather than clarifying them".

King explained that while abusive captive insurance arrangements do exist, "virtually nobody in the industry, and virtually no tax litigation attorneys working in this space, presently believe that the IRS is making any real, bona fide effort to distinguish the good from the bad".

The settlement requires substantial concession of the income tax benefits claimed by the taxpayer together with appropriate penalties—unless the taxpayer can demonstrate good faith, reasonable reliance.

The initiative is currently limited to taxpayers with at least one open year under exam. Taxpayers who also have unresolved years under the jurisdiction of the IRS Appeals may also be eligible, but those with pending docketed years under counsel's jurisdiction are not eligible.

King explained that as part of this strategy, the IRS has challenged many captive insurance arrangements that are likely perfectly legitimate, along with many that are not, and this policy has contributed to the present backlog of cases pending in tax court.

In addition, taxpayers who receive letters under this settlement offer, but who opt not to participate, will continue to be audited by the IRS under its normal procedures.

Potential outcomes may include full disallowance of captive insurance deductions, the inclusion of income by the captive, and imposition of all applicable penalties.

Taxpayers who are offered this private resolution and decline to participate will not be eligible for any potential future settlement initiatives.

The IRS said it will continue to assess whether the settlement offer should be expanded to others.

The IRS has revealed it also plans to continue to open additional exams in this area as part of ongoing work to combat these abusive transactions.

IRS commissioner Chuck Rettig commented: "The IRS is taking this step in the interests of sound tax administration. We encourage taxpayers under exam and their advisors to take a realistic look at their matter and carefully review the settlement offer, which we believe is the best option for them given recent court cases. We will continue to vigorously pursue these and other similar abusive transactions going forward."

King said: "Recognising that it has won the last three tax court cases in a row but almost certainly won't will all the pending ones, the service is now at its point of maximum leverage over taxpayers."

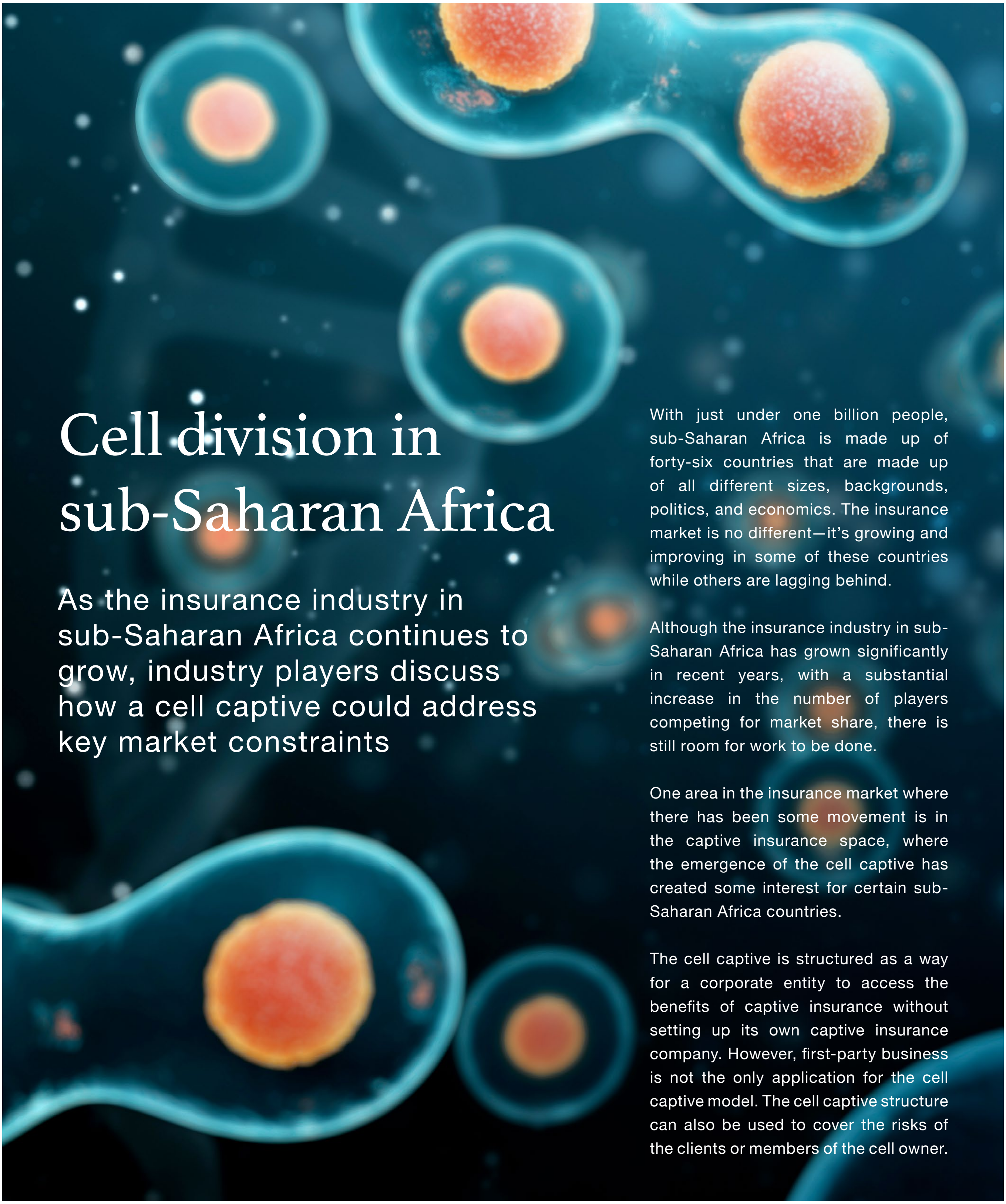
"By offering standardised settlements to taxpayers under audit now, before more taxpayer-friendly judgements come down, the IRS hopes to raise money that it otherwise might not and also to avoid the cost of prolonged case-by-case, year-by-year taxpayer audits."

He noted that for taxpayers with "questionable structures or those who lack the stomach to resist, these settlement offers must seem very reasonable and welcome. But for everyone else, they likely won't mean much".

Micro captives have come under scrutiny by the IRS for several years, appearing on the IRS' 'Dirty Dozen' list of tax scams since 2014. In 2016, the Department of Treasury and IRS issued Notice 2016-66, which identified certain micro-captive transactions as having the potential for tax avoidance and evasion.

The IRS has recently won three court cases against captive companies regarding tax. Following these cases, the IRS has decided to offer settlements to taxpayers currently under exam. Tax law allows businesses to create captive insurance companies to protect against certain risks. Under section 831(b) of the Internal Revenue Code, certain small insurance companies can choose to pay tax only on their investment income.

In abusive micro captive structures, promoters, accountants or wealth planners persuade owners of closely-held entities to participate in schemes that lack many of the attributes of genuine insurance. ■



Cell division in sub-Saharan Africa

As the insurance industry in sub-Saharan Africa continues to grow, industry players discuss how a cell captive could address key market constraints

With just under one billion people, sub-Saharan Africa is made up of forty-six countries that are made up of all different sizes, backgrounds, politics, and economics. The insurance market is no different—it's growing and improving in some of these countries while others are lagging behind.

Although the insurance industry in sub-Saharan Africa has grown significantly in recent years, with a substantial increase in the number of players competing for market share, there is still room for work to be done.

One area in the insurance market where there has been some movement is in the captive insurance space, where the emergence of the cell captive has created some interest for certain sub-Saharan Africa countries.

The cell captive is structured as a way for a corporate entity to access the benefits of captive insurance without setting up its own captive insurance company. However, first-party business is not the only application for the cell captive model. The cell captive structure can also be used to cover the risks of the clients or members of the cell owner.

Cell captive landscape

A recent report published by Cenfri highlighted how the introduction of the cell captive could address key market constraints and the steps and considerations to design a cell captive framework to meet the desired use cases.

The report found that cell captives have scope to support the development of insurance markets in emerging economies. Four use case examples included specialised risk management, retail innovation, insurance market participation, offshore financial centre development. Richard Eales, managing executive, Guardrisk Insurance, explains that currently the cell captive concept is not widely used in other parts of sub-Saharan Africa as, either the legislation does not allow for it, or insurers try and run cell captives from within an ordinary insurance company.

Currently, only South Africa, Mauritius, Namibia and the Seychelles have any significant regulatory frameworks in place to accommodate cell captive structures.

In Mauritius, the cell captive structure is successfully leveraged for first-party insurance whereby a cell owner insures its own operational risks.

By contrast, the cell captive landscape in South Africa largely consists of third-party cell captives.

Other countries, such as Namibia (third-party) and the Seychelles (first-party), have also developed preliminary regulation.

According to Jeremy Gray, senior engagement manager at Cenfri, across insurance markets in sub-Saharan Africa, insurance providers continue to be confronted with challenges that stifle the growth and efficiency of the sector.

Cell captives provide alternative solutions that may enable regulators to overcome these.

Market constraints

Some key challenges in sub-Saharan Africa include highly fragmented insurance markets, lack of innovation, informality in the insurance sector and barriers to establishing an offshore financial hub.

Matthew Dunn, a senior researcher at Cenfi, explains that high levels of fragmentation result in many smaller players lacking the necessary capacity in terms of capital and skills to innovate and efficiently offer products that offer both individual consumers and enterprises value.

Dunn suggests that cell captives enable corporates to develop niche insurance offerings without the need to set up a dedicated insurance licence. He says: "It facilitates specialised coverage for unusual or hard-to-insure risks in cases where conventional insurance channels are unable to meet specific product requirements or lack the capacity to cover the risk."

In terms of innovation, Dunn notes that cell captives can support retail innovation and offer an alternative pathway to market, with lower compliance requirements, for innovators.

He comments: "A third-party cell captive structure creates the incentive for cell owners to innovate to meet the needs and realities of their client/membership base. This it does by allowing them to share in the benefits of insurance, exercise autonomy and operate outside of the legacy systems of insurers, without having to become an insurer in their own right."

In addition, Dunn states that cell captives can also enable insurance market participation. He says: "In cases where insurance capacity is constrained or regulators are keen to avoid further fragmenting the local insurance market by issuing additional licences, cell captive structures can provide an alternative operating space, as cell owners, for prospective players."

He adds: "Alternatively, it can provide a pathway into the insurance market for prospective new insurance licensees while they build up capital, skills and experience."

> "Cell captives can provide products that are tailor-made to clients' needs because cell owners understand what their customers want"
>
> Richard Eales, managing executive, Guardrisk Insurance

"In this way, it encourages broad-based market participation and can serve formalisation objectives."

Cell captives can also support offshore financial centre development. Dunn explains for emerging domiciles, the introduction of cell captive arrangements can be a potential driver of insurance industry growth beyond the local insurance demand.

He says: "In this way, offshore domiciles can generate additional revenue streams for the local economy."

Sub-Saharan Africa

- South Africa, Mauritius, Namibia and the Seychelles are the only countries to have any significant regulatory framework in place to accommodate cell captive structures
- Key challenges in sub-Saharan Africa include highly fragmented insurance markets, lack of innovation, informality in the insurance sector and barriers to establishing an offshore financial hub
- For the cell captive to be effectively deployed and regulated in sub-Saharan Africa, it requires the coordination of three parties, the regulator, the cell captive insurer and the cell owner
- Countries looking to introduce a regulatory framework for cell captives need to consider separation of assets, capital requirements, governance, supervisory oversight, and stimulation of market conditions

Regulators

For the cell captive to be effectively deployed and regulated in sub-Saharan Africa, it requires the coordination of three parties, the regulator, the cell captive insurer and the cell owner.

According to Gray, based on a subset of sub-Saharan Africa countries where we have been able to review the insurance legislation and regulation in detail, "it would seem that cell captives would be permitted under many sub-Saharan Africa countries existing regulatory framework".

He notes: "There seem to be no prohibitions to the cell captive model, however, to operate a cell captive model would require regulators to approve the operating model."

A number of insurance regulators on the continent are currently considering how to be more flexible to allow new types of innovation, in both products and operating models, develop within their markets and so are increasingly open to allowing new concepts to be tested within their markets.

Gray suggests that regulators can "proactively nudge the market to consider cell captives by developing a clear regulatory framework".

He says: "This would remove regulatory uncertainty for potential entrants and make explicit to market players and entrants the cell captive as an option."

Gray reveals that Namibia is in that process and a couple of other sub-Saharan Africa regulators have indicated that they are considering similar. Countries looking to introduce a regulatory framework for cell captives need to consider separation of assets, capital requirements, governance, supervisory oversight, and stimulation of market conditions. According to Dunn, creating clear parameters around the legal separation of cellular assets and liabilities and ensuring that adequate recourse mechanisms are in place are "key considerations in ensuring sustainable cell captive operations".

Meanwhile, Eales explains that the regulatory framework needs to ensure that the capitalisation of the cell captive is suitable and appropriate.

He adds that the framework should stimulate market conditions that promote the development and sale of appropriate products that meet consumer needs and requirements.

A cell captive arrangement is composed of a number of actors that interact across activities in the provision of insurance products and services. Dunn notes that the level of supervision will depend on the cell captive structure.

He comments: "Supervisors should be aware that the regulatory risk inherent in a cell captive insurer can vary substantially based on the type of cell captive structure in place."

The future of cell captives in sub-Saharan Africa

Cell captives have the potential to help address some key challenges in sub-Saharan Africa markets and direct consultations with regulators in sub-Saharan Africa have provided early indications that there is a willingness to explore the concept further, according to Gray.

However, Gray adds: "We are of the opinion that for cell captives to take off in sub-Saharan Africa, key parties across several jurisdictions must take the lead in creating a demonstration case for other market players and other countries.

This can be in the form of a proactive regulator developing the necessary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"With rapid technological change, there are suggestions that the cell captive model may be increasingly relevant to facilitate innovative market entry"

Jeremy Gray, senior engagement manager, Cenfri

regulatory framework or private insurers taking the concept to regulators and requesting the opportunity to pilot the model, thus enabling regulators to learn from and grow more comfortable with the model."

The rate of growth of cell captives in South Africa, which in turn is supporting the growth of the insurtech industry, strongly indicates that even in jurisdictions with established cell captives, there is continuing room for growth, according to Dunn.

He says: "Particularly in the changing digital economy, with rapid technological change, there are suggestions that the cell captive model may be increasingly relevant to facilitate innovative market entry."

In Mauritius, cell captives are already being used to extend its position as an offshore hub for African markets to the insurance sector, based on a protected cell captive (PCC) framework.

By adhering to international insurance standards and relying on sophisticated systems for the administration of capital in cells, Gray believes Mauritius is "well-positioned to experience growth in the number of cell captives in future".

In contrast, Gray says the Seychelles, "may take a longer time to grow the number of cell captives operating locally as the regulatory framework remains in its infancy and competition with more advanced offshore domiciles, such as Guernsey, is high".

In Namibia, cell captive regulation also remains "nascent and regulators do not currently appear to be prioritising the expansion of cell captives in the market. As a result, slower growth is expected," according to Dunn.

Landscape 10 years from now

Over the next 10 years, Eales suggests that cell captives will continue to play a big role in the insurance space, especially in consumer insurance.

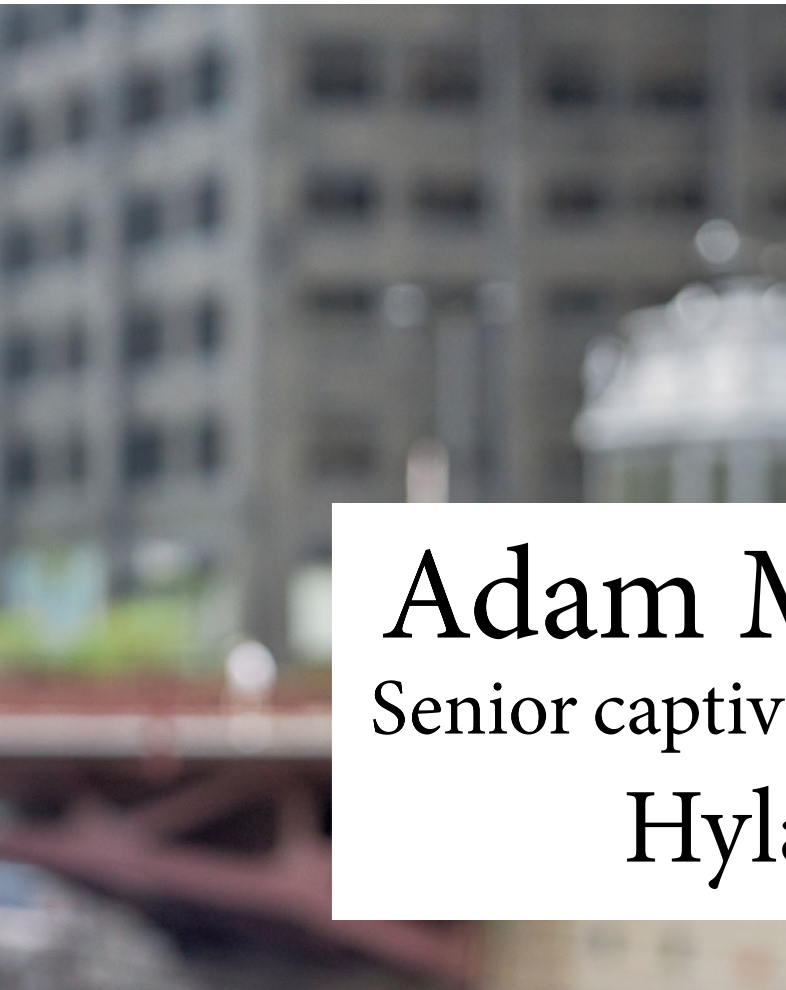
Eales explains that cell captives "can provide products that are tailor-made to clients' needs because cell owners understand what their customers want".

Given the clear use cases for cell captives in the sub-Saharan Africa market, particularly with third-party cell captives, in small developing markets that also want to encourage innovative entry, Gray suggests it is likely that at least a few regulators on the continent will begin permitting this model to operate within their jurisdictions within the next two to three years.

Dunn adds: "The demonstration case provided by these jurisdictions should present learning opportunities and greater comfort for more regulators on the continent to adopt the model. Within 10 years, hopefully, we will have seen the cell captive model spread more widely across the continent." ■

"The demonstration case provided by these jurisdictions should present learning opportunities and greater comfort for more regulators on the continent to adopt the model"

Matthew Dunn, senior researcher, Cenfri



Adam Miholic

Senior captive consultant

Hylant

Personal Bio: I was born and raised in Chicago, Illinois. I am married to Lauren, and we have a beautiful nine-month-old baby girl named Sloan. We also have a “fur-baby,” a black Lab named Comiskey. As you can see from the Lab’s name, I am a White Sox’s fan. Besides spending time with my family I am passionate about sports. Both coaching and being a fan. I also enjoy woodworking as a hobby.

Professional Bio: I’m a senior captive consultant at Hylant working with clients and prospects to model and evaluate various captive insurance structures that will best protect and finance risk for corporations of any size and industry. With over eight years’ experience, I have extensive knowledge leading captive feasibility and modelling projects for group captives, cell captives, risk retention groups and both large and small single-parent captive entities.

I have also worked with other insurance brokers in various roles including vice president captive solutions and director of alternative risk.

How did you end up in the captive industry?

As a commercial lines account manager for a brokerage firm, I had many clients who were captive owners or members of a group facility.

I started to see the values and benefits attributed to captives from the user-side and really enjoyed working with my clients on that aspect of their programme.

After receiving my MBA and looking to expand my career into a more strategic role, I had the opportunity to join a large consulting company where I was responsible for educating prospects on the various types of captives.

My roles and responsibilities have grown exponentially since then, and now I consult current and prospective captive owners on potential opportunities, lead feasibility analyses, and aid in captive implementation across all industries and geographies.

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

Having the opportunity to work with and for some of the largest companies in the world.

I genuinely find the thrill of consulting for and working with such a diverse pool of companies to be one of the most interesting parts of my job.

Being able to learn more about the inner workings of the organisations, meeting some of the most influential corporate leaders of today's business, and then helping the company determine the most effective way to finance risk in order to better protect their company, products, and clients have been tremendously impactful.

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

There are too many individuals in this industry to list who have in some way influenced my career and challenged me to excel in the captive arena. In some ways, my influence has been the collective industry itself.

After attending a few of the conferences such as the Captive Insurance Companies Association or the Vermont Captive Insurance Association, it was immediately apparent that individuals in the captive space are passionate about this industry and put a lot of stock in both individual and overall industry advancement. Surrounding myself with dedicated, knowledgeable, and enthusiastic professionals continually inspires me to follow suit.

What is your impression of the industry?

The captive industry is equal parts innovative, challenging, and gratifying. Because captives transcend both geographical and political borders, the industry is often in a constant state of change.

In order to best serve and protect captive owners, innovation is necessary.

In the rapidly evolving risk market, captives have been a constant, often being the first financing tool companies look to for control, flexibility, and protection from market woes.

It is challenging for captive professionals to stay abreast of so much change and be prepared to jump in and aid clients in the midst of transition. However, this has provided me with a very gratifying professional experience.

Helping companies protect both financial and organisational capital is a fantastic by-product of the work done by captive professionals.

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

I would like to continue to grow in the captive industry both personally and professionally. There is so much I can still learn and so many more people I want to work with.

I have always believed that taking the time to really learn from the best and surrounding myself with great colleagues and mentors will eventually lead me to where I am supposed to be.

I want to continue to contribute to the captive world and leave my mark on clients, companies, and the industry through innovation and education.

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

Bring your talent and experience here. One of the best characteristics of the captive industry is that it incorporates so many supportive industries—from general business and risk management to legal, actuarial, financial, and so much more.

If you have a passion and willingness to learn you will be welcomed with open arms by the captive community. ■

"I have been fortunate enough to work with Adam on a number of occasions—including professional development committees, conference task forces and as members of the CICA mentorship programme. As a rising captive professional, Adam is someone I respect and whose insight I value greatly. He is extremely smart, thoughtful and driven—characteristics that will continue to serve both him and our industry well in the future."

Ian Davis
Director of financial services
Vermont Department of Economic Development

Industry Events 2019

Don't miss your copy of Captive Insurance Times

Insurance Innovators Summit London	FERMA Berlin, Germany	ICRMC Bermuda
November 13-14	November 17-20	December 04-06

For more information on the events listed visit captiveinsurancetimes.com

The latest moves in the captive industry

Risk Strategies has appointed Brad Gabbard as a senior vice president to its national health care practice.

Gabbard brings clients with significant experience in developing and administering alternative risk-financing vehicles, such as self-insurance trusts, captive insurance companies, risk retention groups and high deductible programmes.

He previously worked as an executive vice president and health care practice leader for Willis Towers Watson's Columbus in Ohio.

In addition, he served at Aon Risk Services for nine years, where he focused on the healthcare industry.

Commenting on his appointment, Gabbard said: "I am excited to be joining Risk Strategies' national health care practice. Being part of a firm built on industry specialisation and joining a truly national, client-focused health care team that collaborates to deliver value across all areas of risk is exactly what I was looking for to best serve healthcare clients throughout the country."

Bob Dubraski, Risk Strategies' national healthcare practice leader, said: "Risk Strategies' health care practice is committed to hiring and retaining the best experts in the business in order to deliver superior service and advice to health care clients across the spectrum of risk." ■

Artex has revealed that Karl Huish, Jeremy Huish and Berri Walker have left the firm, effective 28 August.

In a statement, Artex said its "number one priority is to provide exemplary service" to its clients.

Executive vice president Kevin Heffernan has taken on the responsibility for the captive practice in North America. Heffernan will lead Artex's captive operations including domicile management across the US and people management of staff in Mesa, Arizona; Hawaii; Vermont; and South Carolina.

Working at Artex since 2005, he has extensive experience in captives including design, implementation and operations of captive insurance companies.

In the statement, Artex added: "This is a seamless transition and it will not affect how we run our business." ■

Andrew Hill is joining DARAG as group COO, based in London office, effective from 15 October.

Hill joins DARAG from Zurich Insurance, where he was based in their New York office as he led the legacy solutions' restructuring team in North America since 2017.

Prior to joining Zurich, Andrew worked in KPMG's financial sector transaction services team in London, specialising in the insurance sector.

His role primarily involved buy and sell-side due diligence, and the provision of sell-side transaction support to his clients.

Tom Booth, group CEO at DARAG, said: "The talent within our team and their in-depth understanding of the legacy and the wider insurance market is one of the key drivers of DARAG's continued success."

He continued: "Andrew Hill's broad experience in legacy, his drive and attention to detail, together with his familiarity of both the North American and European legacy markets will contribute greatly to DARAG's operational development."

Booth added: "We are very pleased to welcome Hill to our management team and I look forward to working with him on building out DARAG's footprint over the coming years." ■

Angela Kauth has been promoted to assistant captive director at Artex Risk Solutions, based in Rolling Meadows, Illinois.

Kauth has been with Artex since 2015 where she worked as a captive account representative.

She was responsible for the day-to-day account management of four large and complex group captives, managing warehousing and logistics, credit union, transportation, and other varied industry accounts each with their own set of insurance and risk management needs.

Previously, Kauth has worked at Arthur J Gallagher as brokerage services division intern. ■

Kerry Blight has been appointed the new CEO of the Gibraltar Financial Services Commission (GFSC).

Blight, who is also a member of the commission's board after being appointed last year, has over 30 years of experience in the financial services industry having served as CEO at Credit Suisse Gibraltar.

This appointment comes after the current CEO Samantha Barrass—whose second term as CEO ends August 2020—announced she is returning to the UK to pursue the next stage of her career.

In a statement, the GFSC said: "The commission's board and staff look forward to welcoming and working with Blight in his new role." ■

Tracy Hassett and Jason Palmer are set to join the Vermont Captive Insurance Association (VCIA) board in October.

Hassett is the president and CEO of edHEALTH as well as the president and CEO of Educators Health Exchange, edHEALTH's medical stop-loss captive.

Hassett previously worked as vice president of human resources at Worcester Polytechnic Institute, a founding member of edHEALTH.

Palmer is the director of Willis Towers Watson's global captive practice. Palmer is responsible for the operations of all US captive management offices in the group, as well as being the lead client executive on a portfolio of captive insurance companies.

Palmer has served on various committees for the Vermont Captive Insurance Association, National Risk Retention Association, and is on the board of directors of the International Centre for Captive Insurance Education. ■

Peter Hirs has been appointed as CFO for Zurich North America, based in Chicago.

Hirs has relocated from Zurich Asia Pacific where he served as CFO in Hong Kong.

He will succeed Dalynn Hoch, who has taken on a role as head of group mergers and acquisitions for Zurich, based in Switzerland.

In his new role, Hirs will lead North America's actuarial, controller, corporate tax, treasury, planning and expense management, as well as its business analysis and insight functions.

He will be a member of the North America executive committee and the group leadership team while continuing his membership on the group finance executive team.

Hirs joined Zurich as a senior project manager in group mergers and acquisitions in 2005.

Kathleen Savio, CEO for Zurich North America, said: "Peter Hirs has nearly 25 years of financial experience, coupled with strong leadership and strategic acumen."

'Those qualities will help us continue to deliver on our strong capabilities." ■