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19 February 2020 - Issue 192

CICA president Dan Towle says the industry needs to have a laser-sharp focus on captive basics

BUILDING on the BEST

Market Focus

AXA XL's Marine Charbonnier discusses the hardening market, and what the next 12 months will bring

Emerging Talent

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Actuarial analyst
SIGMA Actuarial Consulting

Latin America

With GDP growth on the cards in Latin America, will the region's captive insurance industry follow suit?

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Published by Black Knight Media Ltd

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Published by Black Knight Media Ltd
Company reg: 0719464

Cover Image

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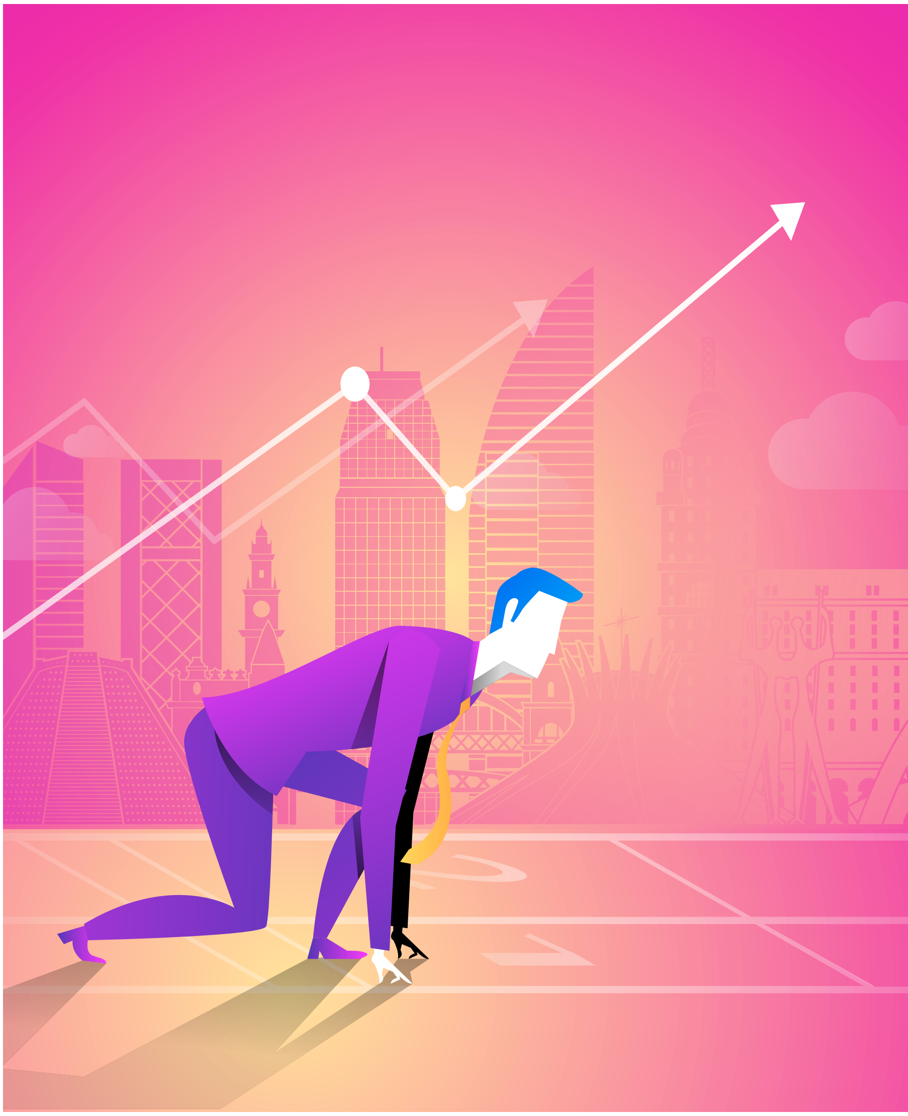
In this issue



OECD releases BEPS transfer pricing guidance

The Organisation for Economic Co-operation and Development (OECD) has released transfer pricing guidance on financial transactions, developed as part of Actions 4, 8-10 of the base erosion and profit shifting (BEPS) Action Plan.

The report, released on 11 February, was described by the OECD as "significant" after transfer pricing guidelines were included for the first time in the guidance on the transfer pricing aspects of financial transactions.

The OECD explained that the release of the report will contribute to consistency in the interpretation of the arm's length principle and help avoid transfer pricing disputes and double taxation.

The guidance describes the transfer pricing aspects of financial transactions and includes a number of examples to illustrate the principles discussed.

Under these mandates, the committee on fiscal affairs produced a non-consensus discussion draft on financial transactions in July 2018.

The discussion draft aimed to clarify the application of the principles included in the 2017 edition of the OECD Transfer Pricing Guidelines, specifically the accurate delineation analysis under Chapter I, to financial transactions.

It also provided guidance with specific issues relating to the pricing of loans, cash pooling, financial guarantees, and captive insurance.

According to the OECD, the guidance contained in this report takes account of comments received in response to the public discussion draft. ■

APCAA endorses Alabama's captive internship programme

The Alabama Property and Casualty Adjusters Association (APCAA) has endorsed the Alabama Captive Association (ACA) "Risky Business" internship programme.

In an effort to engage and support the upcoming generation of insurance professionals, ACA provides college students with the opportunity to gain experience in multiple risk management environments during the course of an 18-week internship.

During the internship, selected students will spend five weeks in-office with Arsenal, five weeks with the Alabama Municipal Insurance Corporation (AMIC), and five weeks with the Alabama Department of Insurance (AL DOI), allowing interns to experience the multifaceted nature of the insurance industry.

The first week of the internship is an orientation to the programme, the second to last week is spent at the students' entity of choice, and during the final week of the programme, students will prepare a presentation on the topic of their choice focused on the knowledge they gained about the industry during the internship.

ACA's president, Norman Chandler said: "ACA is excited to partner with Arsenal, AMIC and AL DOI on this internship programme. We also want to express our gratitude to the APCAA for their endorsement."

Justin Law, managing director of the ACA internship programme, said: "With so few insurance-focused programmes in the State of Alabama, the 'Risky Business' internship programme gives us a platform to increase engagement with educational institutions to educate students about the opportunities in the risk management and insurance industry."

The first selection of interns received their invitation to participate in the internship programme in January 2020.

A select number of students will be invited to participate in this programme during the summer and spring semesters. ■

SRS forms MSL Captive Solutions

Strategic Risk Solutions (SRS) has formed MSL Captive Solutions, a specialist underwriting and consulting services firm focused on the use of captives in medical stop-loss programmes.

The new entity will work closely with brokers, consultants and all captive managers to structure customised single-parent and group captive solutions.

As part of the formation, Phil Giles, former vice president at QBE North America, will join MSL Captive Solutions as managing director.

In his new role, he will lead MSL Captive Solutions' business development initiatives. Giles said: "I am truly excited to help build and position this new enterprise."

"Our operating agility, experience, expertise and exclusive focus on medical stop-loss will allow us to deliver market-leading captive solutions to our clients."

Commenting on the new venture, Brady Young, president and CEO of SRS, said: "We have been working in the medical stop-loss space since captives started participating in these programmes, but I think there is a need for a more holistic approach to bring it all together to help captive owners and the various trading partners involved with captives."

"This new venture will fill the gaps and maximise the impact of the captive with the goal of helping drive down health insurance costs for employers."

Young added: "I have known Phil Giles a long time and I am confident that he and the seasoned professionals we are adding to the team will be able to add a lot of value and take captives involved in medical stop-loss to the next level."

According to SRS, MSL Captive Solutions will be the industry's only platform dedicated to the development and delivery of comprehensive services exclusively for single-parent and group medical stop-loss captives. ■

"Our operating agility, experience, expertise and exclusive focus on medical stop loss will allow us to deliver market-leading captive solutions to our clients"

Phil Giles
Managing director
MSL Captive Solutions

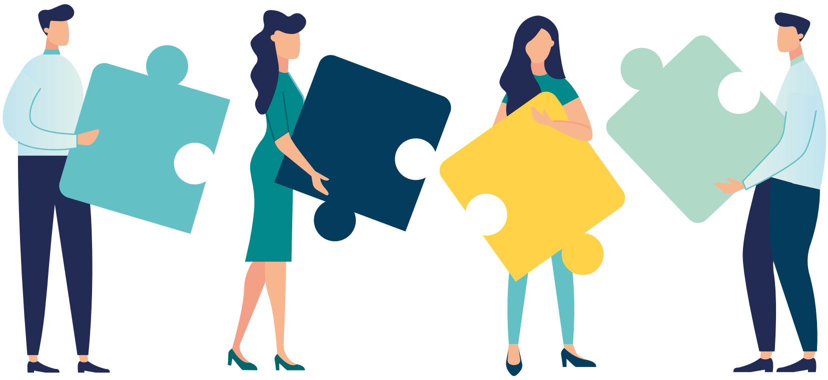
R&Q's gains defunct captive business from SAAB

A subsidiary of Randall & Quilter Investment (R&Q) has completed the transfer of a captive portfolio from Lansen Försäkringsaktiebolag (Lansen), a Swedish captive insurer owned by SAAB.

In a statement on the deal, Ken Randall, group executive chairman of R&Q, said it was for a legacy business for SAAB, a Swedish aerospace and defence company, which is related to a captive insurer that has ceased trading.

He added: "This transaction continues to demonstrate R&Q's ability to assist companies to manage liabilities relating to discontinued business lines and is the first with a Swedish captive, a territory where we have other opportunities in the pipeline."

According to R&Q, the transfer will help to enable SAAB to close its captive insurer that is no longer required "due to the changing insurance market". ■



ProSight and eMaxx partner on captive solution

ProSight Specialty Insurance (ProSight) and eMaxx Assurance Group of Companies (eMaxx) have agreed to offer captive risk solutions to emergency roadside assistance providers that are affiliated with AAA roadside assistance (AAA).

The offering will enable providers that join the captive to achieve their long-term insurance and risk management goals with ProSight and eMaxx.

eMaxx will provide technology platforms including telematics exchange, that integrates telematics data from multiple service providers, and eLive Connect, an online learning programme.

ProSight will provide various captive solutions including excess reinsurance protection, claims service, and credit and collateral management for the member-owned captive through eCaptiv. These solutions, built specifically for AAA preferred service providers, will provide captive members with the tools and long-term sustainability they need to effectively manage their risk.

Timothy Kolojay, president of eCaptiv, said: "eMaxx has seen a dramatic reduction in frequency and significant impact in the severity of claims outcomes when companies assume risk in a captive and utilise risk management technologies."

He added: "ProSight's focus on underwriting profitability through loss prevention and claims management, along with the technology programmes built by eMaxx, will be key components that will be beneficial to emergency roadside assistance providers."

Zekia Sweet-Washington, manager of insurance services at AAA, noted: "Our providers are experiencing an increasingly difficult insurance environment, with fewer carriers able to provide appropriately-priced coverage."

"The combination of eMaxx risk management technologies, ProSight's expertise, and the meaningful risk assumption by participants in the captive programmes will help solve this issue by delivering solutions which will provide greater control of their total cost of risk over the long run," Sweet-Washington adds. ■

SRS rolls out Captive 360°

Strategic Risk Solutions (SRS) has kicked off a new strategic planning and execution service, Captive 360°, which will be available to any captive.

The new service provides a 'comprehensive, holistic' review of all aspects of a captive's operations, according to SRS. It is designed to be delivered efficiently, in terms of time and expense, to any captive, regardless of captive manager.

The offering was developed to stimulate interaction between all the captive's stakeholders to ensure key strategic opportunities and challenges are identified, SRS explained.

This initiative will be led by senior SRS staff, who will be able to tap into SRS's industry knowledge to deliver the new product.

Meanwhile, SRS has partnered with LIGHTSTANCE, a consulting software company, to execute and support Captive 360°.

Brady Young, SRS president and CEO, commented: "We have launched this new offering in response to client feedback and marketplace needs."

"Captive owners want additional assistance evaluating strategic options to maximize the value provided to parent organisations. I am delighted to introduce Captive 360° to meet this demand," Young added.

Lamont Thurston, CEO of LIGHSTANCE, stated: "We are very optimistic about the blending of SRS's expertise applied through our proven process, software, and materials. This combination produced Captive 360°, a first of its kind approach to strategic planning for captives." ■

Delaware sees captive figure increase in 2019

The Delaware Department of Insurance has revealed it licensed 56 captive insurance companies during 2019, up from 46 licenses in 2018.

Out of the 56 captive insurance companies licenses last year, 52 were issued conditionally. This has been an innovative form of licensing offered by the state since 2018, which allows certain captive owners to obtain a license on the same day as applying.

In 2019, Delaware's captive insurance programme contributed $3 million to the state's general fund and $1 million to the city of Wilmington. The dollars contributed to the general fund to reduce the tax burden for everyone in the state by $3.10.

Wilmington residents' tax burden is reduced by $17.22 total per person – a family of four in Wilmington saves $68.88 per year because of this programme.

Since the fiscal year 2014, the programme generated $20.7 million in surplus revenue. A 2016 study conducted by the University of Delaware found that the captive insurance programme contributes $359 million annually to Delaware's economy.

Insurance commissioner Trinidad Navarro said: "The success of Delaware's captive insurance programme is reflective of the hard work of Delaware's captive staff in applying firm but fair regulations and finding innovative ways to improve client experience."

"When I assumed office, I recognised the necessity to streamline a number of our processes. Creating the conditional license has helped make Delaware one of the most attractive domiciles for captive insurance," explained Navarro. ■

IRS takes next step against 'abusive' micro-captives

The Internal Revenue Service (IRS) has revealed that 80 percent of taxpayers who received offer letters elected to accept the settlement terms.

In September last year, the IRS mailed a time-limited settlement offer for certain taxpayers under audit who participated in 'abusive' micro captive insurance transactions.

The IRS is also establishing 12 new examination teams comprised of employees from the IRS large business/self-employed divisions that will be working to address these abusive transactions and open additional exams.

The teams will use all available enforcement tools, including summonses, to obtain necessary information.

The settlement offer followed three US Tax Court decisions confirming that certain micro-captive arrangements are not eligible for federal tax benefits.

The terms of settlement required substantial concession of the income tax benefits claimed by the taxpayer together with appropriate penalties.

IRS Commissioner Chuck Rettig said: "The overwhelming acceptance rate of the private settlement offer is a reflection of the success of the government's work to stop this abuse."

"Taxpayers who elected to accept the IRS' terms have done the right thing by coming into compliance with their federal tax obligations and putting this behind them. Putting an end to abusive schemes is a high priority for the IRS," he added.

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. ■

Utah reveals 2019 captive figures

Utah licensed 42 risk bearing entities in 2019, 11 of which were cell captives, according to statistics from Travis Wegkamp, director of captive insurance for the Utah Department of Insurance.

The state finished 2019 with a total of 435 risk bearing entities, a decrease on the 441 from 2018.

Although there was a decrease from 2018, Wegkamp was positive on the trend that he is currently seeing, he said: "While this is a net decrease of six for the year compared to the previous year-end total, the captives that are replacing the closures are larger companies with more robust risk management programmes, higher premium volume, and a long-term outlook for the use of their captive".

Wegkamp also revealed that Utah will be introducing a change for the current 2020 legislative session, which the director of captive insurance suggested: "will have a strong impact on Utah's attractiveness as a captive domicile".

The change will be a single additional line of language that will allow their captives to reinsure pure third-party risk with prior approval of the commissioner.

Wegkamp explained: "This has the two-pronged effect of also allowing our pooling captives to share and reinsure risk without the need to meet the controlled unaffiliated business (CUB) test. For a captive to insure directly though, the insured would still need to meet the parent, affiliate or CUB requirement." ■


FOCUSING ON CLIENT SERVICE THAT IS
OUT OF THIS WORLD
MORE OF A PARTNER THAN A VENDOR
Simply put, we provide competent service and place a priority on building relationships. Our clients are domiciled across the United States and abroad, served by our staff both in the United States and abroad with countless years of combined experience in the insurance accounting field, our professionals know insurance and have the ability to clearly communicate complex differences between Statutory Accounting/US GAAP/IFRS, and describing the accounting treatment of proposed transactions while discussing the tax effect in a clear, concise, understandable manner. We Thrive on Being Different.
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33 new licenses for Cayman Islands in 2019

The Cayman Islands Monetary Authority (CIMA) has revealed that the domicile issued 33 new licenses in 2019, the same figure as the previous year.

The figures showed that at the 31 December there were a total of 764 insurance licensees under the supervision of the Insurance Supervision Division, with 670 related to international insurance markets.

It also showed at year-end there was a total of 646 class 'B', 'C' and 'D' insurance companies, a decrease on the 703 figure in 2018.

Pure captives and group captives represented the two main categories, with 283 and 123 companies, respectively.

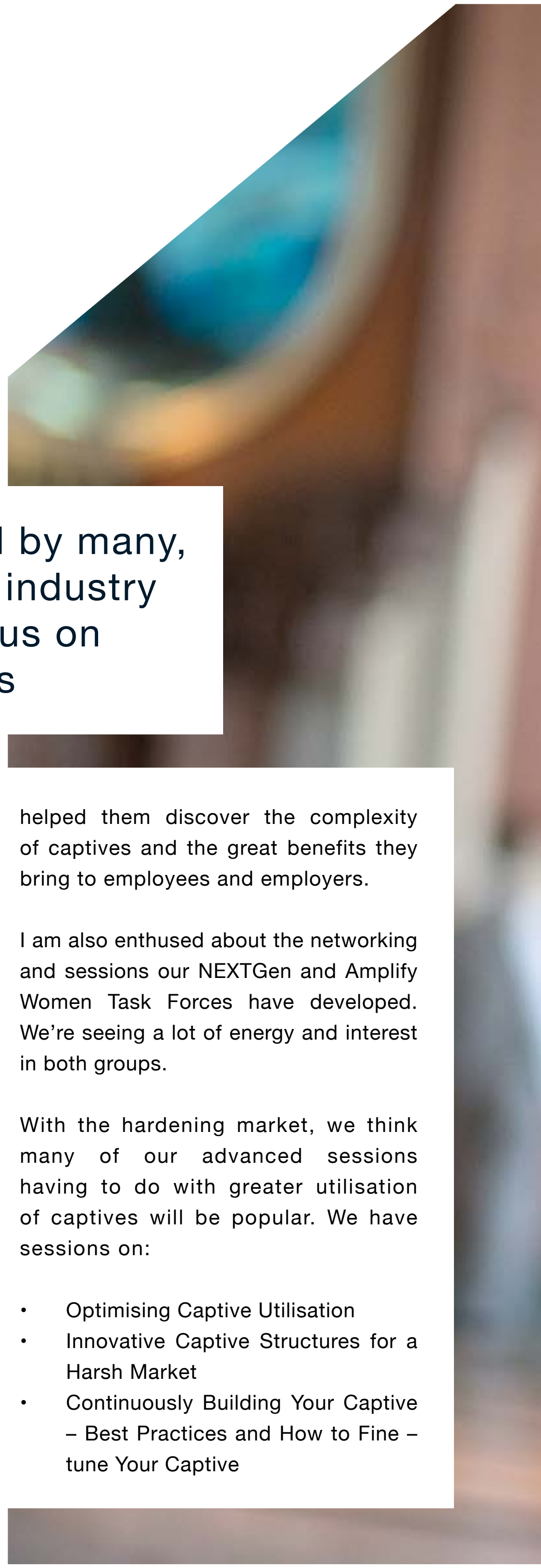
The total value of premiums at the end of 2019 was over $18 billion, a rise of $2.6 billion from 2018, with assets, $68.9 billion in total assets—an increase of almost $10 billion over a two-year period.

The Cayman Islands remains a leading domicile for healthcare captives as they represent almost one-third of all the captives on the island.

The year-end results showed that medical malpractice liability continues to be the largest primary line of business with approximately 33 percent of companies (re)insuring medical malpractice liability. Workers' compensation was the second largest with over 21 percent of companies assuming this risk.

Colin Robinson, chair of the Insurance Managers Association Cayman, said: "Licencing activity for 2019 shows again the strength of the domicile and the continued interest in the Cayman Islands as a jurisdiction of choice."

"Our new formation numbers are a testament to the quality of local and international service providers who work tirelessly for our clients. We are also proud to be supported by international standard leading regulation and laws provided by the CIMA and the Cayman Islands Government," he added. ■



Building on the best

With the captive sector being misunderstood by many, CICA president Dan Towle suggests that the industry professionals need to have a laser-sharp focus on captive basics and building on best practices

What has CICA been working on in recent months?

Our CICA conference programme committee has assembled a strong slate of speakers and excellent educational sessions for our conference “Building on the Best” 8 to 10 March in Rancho Mirage, California. We continue to augment our conference programming. This year’s schedule includes strategic sessions designed to provide approaches for best practices and innovative uses of captives. We also have sessions developed by our NEXTGen and Amplify Women Task Forces focused on networking, identifying opportunities and addressing challenges affecting career growth.

CICA is also keeping a close watch and talking with key stakeholders about issues affecting the captive industry such as the legislation proposed by the Office of the Insurance Commissioner (OIC) in Washington State.

What are you most looking forward to at this year’s CICA event? What will be the hot topics for the conference?

Our CICA conference sessions with students are some of my favourites. When you bring together bright young minds and the industry’s top leaders, you get an incredible energy that infuses us all with optimism and fresh ideas. We were pleased to have received more entries from more schools in this year’s essay contest “Captive Insurance Solutions for Emerging Industries,” sponsored by Strategic Risk Solutions. Students said they enjoyed the real-world aspects of the contest, which helped them discover the complexity of captives and the great benefits they bring to employees and employers.

I am also enthused about the networking and sessions our NEXTGen and Amplify Women Task Forces have developed. We’re seeing a lot of energy and interest in both groups.

With the hardening market, we think many of our advanced sessions having to do with greater utilisation of captives will be popular. We have sessions on:

- Optimising Captive Utilisation
- Innovative Captive Structures for a Harsh Market
- Continuously Building Your Captive – Best Practices and How to Fine – tune Your Captive

Dan Towle
President
Captive Insurance Companies Association

What are the biggest challenges in the captive insurance industry?

The captive industry still struggles with being misunderstood. We can't be complacent. We need to maintain a laser-sharp focus on captive basics and building on best practices. Our industry needs to constantly be educating a broader base on what captive insurance is and the benefits it provides for companies to better manage their risk. The hardening market provides opportunities to elevate the value proposition of owning a captive insurance company.

Risk managers, CFO's and boards of directors will fully understand the value a captive insurance company brings to their organisation's bottom line. As companies feel the economic effects of the hardening market, they will quickly look to form captives. Companies without captives will be looking to form them to assist in better financing their risks as the hardening market will make it more costly and difficult to place their risks in traditional insurance.

While we expect to see more growth, the captives that succeed, as always, will be the ones that have the best foundations. The ones that are formed for all the right business reasons and not just an urgent need. CICA has always emphasised best practices. History has shown if you don't do captives right, it will come back to haunt you.

What are your thoughts on the challenges around captive insurance in Washington state, with the recent events that have occurred?

CICA is keeping a close watch and talking with many key stakeholders about the actions taken and the legislation proposed by the OIC in Washington State. The OIC's approach is very concerning and is undoubtedly going to make it more costly for captive insurers to operate in Washington State. A group of stakeholders has come together and is working to find an appropriate solution. CICA has offered our assistance.

How are CICA's Amplify Women and Next Generation groups progressing?

They are doing great. Both task forces played a strong role in helping to ensure CICA's conference programme schedule has a strong representation of women and young professional speakers mixed in with our industry veterans.

Our NEXTGen Task Force has been focused on raising awareness of the captive industry with future young professionals and providing networking and career-building opportunities for today's young professionals. For the CICA Conference, they have developed a new speed-networking event and a session on the many interesting paths that have led to careers in captive insurance.

Our Amplify Women task Force is working on their second quarterly newsletter and they have programmes planned for the CICA conference. The networking breakfast for women leaders will help women connect and share career strategies. An education session on successes and challenges women face will provide examples of what works and ways to address challenges such as finding opportunities to take on new roles.

With this in mind, do you have any other initiatives in the pipeline?

CICA's primary focus is on making sure all the programmes we have launched are successful and growing to provide the value and opportunities our members are seeking. We hope as these programmes grow more industry professionals will become a part of CICA to take advantage of the benefits.

We are continuing to increase CICA's collaboration with international partners. We're pleased to welcome our partners from the European Captive Insurance and Reinsurance Owners' Association to the CICA conference along with our first-time attendees from the Pan-Asia Risk and Insurance Management Association.

What will CICA's main focus be in 2020?

CICA's focus is on making sure all the programmes we have recently launched, along with our existing member benefits, are successful and growing to provide the value and opportunities our members are seeking.

We are staying focused on the issues affecting the industry so CICA can be nimble. We know the captive industry moves quickly.

We are working to make sure CICA is prepared to act quickly to support and protect our members and our industry.

As our conference theme implies, we are focused on 'Building on the Best'.

CICA will continue to provide education and resources for best practices and work to elevate the importance of forming and operating captives utilising industry best practices. This is the way to make sure that our industry continues 'Building on the Best'. ■

CICA
CAPTIVE INSURANCE COMPANIES ASSOCIATION®

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Participation in CICA arms you with great ideas and business connections to optimize your captive to drive business success. CICA's domicile neutral status fosters collaboration and networking to:

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- Educate the marketplace on business reasons for captives
- Champion best practices
- Create a stronger voice for the industry

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March 8-10, 2020 | The Westin Mission Hills Golf Resort & Spa | Rancho Mirage, CA

- Representatives from 20 countries/domiciles and 40 states
- 34 hours of education
- Exhibits and networking opportunities

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STAY IN TOUCH WITH CICA:

Ready for growth

Latin America continues to be one of the world's largest emerging markets, but with GDP growth on the cards, will the region's captive insurance industry follow suit?

With a unique position in the captive insurance sector, Latin America contains 20 countries with a total population of over half a billion people.

Although Latin America's GDP growth was only 0.6 percent in 2019, according to BBVA Research, a recovery is expected in 2020 and 2021, with growth expected to reach 1.4 percent and 2.1 percent, respectively.

Even though the market is in a "recovery state" it is still recognised as one of the world's fastest-growing emerging markets. As the region continues to develop, so does its captive insurance market. The concept of captive insurance is not new to the region but has struggled to match the growth of those around it such as the US.

At this year's World Captive Forum, a panel highlighted how Latin America's captive market gaining momentum due to the growing economies in the multi-

Latina countries and the need for insurance products and services. However, unlike Europe and North America, Latin America is still lagging behind due to challenges including education on the captive concept and regulatory struggles.

Challenges

According to Maxis Global Networks, it has been estimated that there were around $90 billion written in annual premiums through captives in 2017, less than $3 billion of those came from Latin American based companies. At that time there were only approximately 115 captives owned by Latin American companies, despite the region being home to more than 230 companies with revenues over $1.25 billion.

Speaking at World Captive Forum in 2019, Javier Mirabal, enterprise risk management consultant at Javier Mirabal Risk Management, said that the main cause of this gap is company governance issues rather than financial problems.

Mirabal explained: "The main issue is not financial problems, the numbers are there. The main barrier is company governance issues, such as how to connect captives to the domestic legal framework."

"Or how to explain to the stakeholders that you are including a financial vehicle outside your country, just for optimising your risk financing process."

"There is a lack of knowledge of how the captive works and how to use it. There may be people with that knowledge but they often don't have the operational level in the company to enact change."

Breaking the barriers

The Latin America captive insurance market faces three main barriers to entry, including a lack of alternative risk transfer knowledge, fronting and the capital requirements needed.

Nick Frost, president of Davies Captive Management, suggests education on Latin American is lacking within the region, however, he notes that it depends on who is driving the captive speech as lawyers, brokers and risk managers have a different emphasis.

He explains that a captive should always be an insurance/risk management solution, not a tax-saving vehicle. Some consultants in the region are still selling it as a "pure tax play" which causes perception problems with governments and regulators.

Frost reveals that Davies Captive Management has teamed up with Gabriel Rueda in Colombia to help break the education barrier and deliver a better understanding of the captive insurance market.

Also discussing education, Delfin Viloria, partner, risk and analytics, Latin America at Willis Towers Watson, suggests that corporations need a better understanding of the due diligence required ahead of setting up a captive.

He explains: "In addition to the domicile and legal/tax considerations, corporates often underestimate the complexities of the modelling work which form the basis for determining key aspects of the captive such as transfer premiums, retention at various return periods (for example, in a severe year, in a bad year, in a catastrophic year), risk and solvency capital, among others."

Alejandro Santos, Latin America leader for analytics and captives Solutions, Marsh, suggests that many multinational companies and multiLatinas have the right profile to form a captive, understand the concepts and are already looking into alternatives.

However, he highlights that the educational process around captives still has a long way to go in Latin America especially among regulators, shareholders and managers.

He comments: "There needs to be a change of mentality, to understand that a captive solution is a long term approach – traditionally, Latin America has a more short term mentality."

Adriana Scherzinger, head of insurance business, Zurich, says that more and more industry leaders are sharing leadership information and educational content. She states that Zurich has also seen an increase in captive responsible/specialists being hired.

She notes: "Based on the needs and demands of their customers, insurance and services providers are doing a much better job in raising awareness of the potential benefits of retaining risk through captive (re) insurance programmes."

"As they facilitate training and education, it is a win-win situation for both providers and their customers," she adds.

Regulation hurdles

In order for the region to keep on-trend and for it to capitalise on the hardening market, it has to overcome some hurdles facing the region.

Santos states that there are a few challenges, including regulation, which takes us to certain operational hurdles such as the need to have fronting companies both on the local and reinsurance side of the structure.

He suggests that this represents an increase in operational costs and the need to look for these fronting companies that need to be prepared with a capital structure to support these deals.

Santos adds: "This situation is obviously more challenging for local carriers than for international players, who can act as both the carrier and reinsurer and also are used to dealing with captives on a global basis. Other challenges are regulatory tax changes."

"That is why TIEAs between the domiciles and Latin American countries have become a priority – they are also a way for competing domiciles to gain the confidence of captive owners."

Frost explains that the local carriers and regulators need to learn more about how the captive world works. He also adds that there need to be more carriers in the region that are willing to front for captives.

He says: "At the moment the number of carriers in Latin America that front is limited even though many are part of a global group that is in the fore-front of fronting in other parts of the world. It is our job to educate them why fronting works and why they should be part of it."

Regulation is a big factor holding the captive insurance market back in Latin America, reflecting on the issue, Scherzinger notes that considering the size of the region and the different development levels of the countries, there are obviously some countries that are more advanced and open to analysing new options and alternatives to leverage the total cost of risk for their companies.

Frost explains: "There are certain regulations that hinder the captive market such as double fronting as this adds to the cost but is not prohibitive."

He suggests that the regulators and governments have been sceptical about captives in the past, however, they are becoming more knowledgeable on the benefits and the fact that it is not a tax play but an insurance risk management play.

Santos reveals that the main focus at Marsh is to look into the strategy of a captive from a risk management perspective.

He defines that this involves a risk retention review, so first and foremost the feasibility of a captive is established, making the regulatory issues a secondary matter.

He outlines: "Domiciles are responding to regulations by continuing to encourage Tax Information Exchange Agreements (TIEAs) negotiations with different Latin American countries," adding that "this is very helpful for the captive industry".

The future

Looking at the next five years in Latin America and what the future holds for this region regarding captive insurance, Viloria foresees as companies grow larger, cross borders will become more sophisticated in the region, meaning the number of captives formed will increase.

Frost anticipates that the Latin America captive insurance market will develop favourably in the next few years.

He explains: "The region is going through a very interesting political process. No country will escape from the effects of this and their macroeconomics will be affected."

"Their economies are growing and the insurance industry is becoming more sophisticated with most large companies having an active risk management department with an emphasis on controlling their risk, which all bodes well for captives."

"On top of that, the insurance and reinsurance market is hardening; on renewal, both large and medium companies will be finding that the cost of traditional insurance will be increasing," he adds.

He suggests that the best way to combat that is to retain more of their own risk and the best structure to do this in is a captive.

Thinking ahead, Scherzinger expects that there will be an increase of new Latin American captives while existing captives will further expand coverage in the coming years.

Santos explains that Marsh expects to see Latin American clients moving away from a very conservative risk retention perspective, "towards an approach where a captive solution can start playing an important role not only for the large companies but also for mid-size companies across all industries".

He concludes that this has driven a different dialogue with our clients, helping them to integrate these risk financing alternatives into their risk management strategies. ■

Eyes on the market

Marine Charbonnier of AXA XL discusses the current state of the captive sector, the hardening market, and what the next 12 months will bring

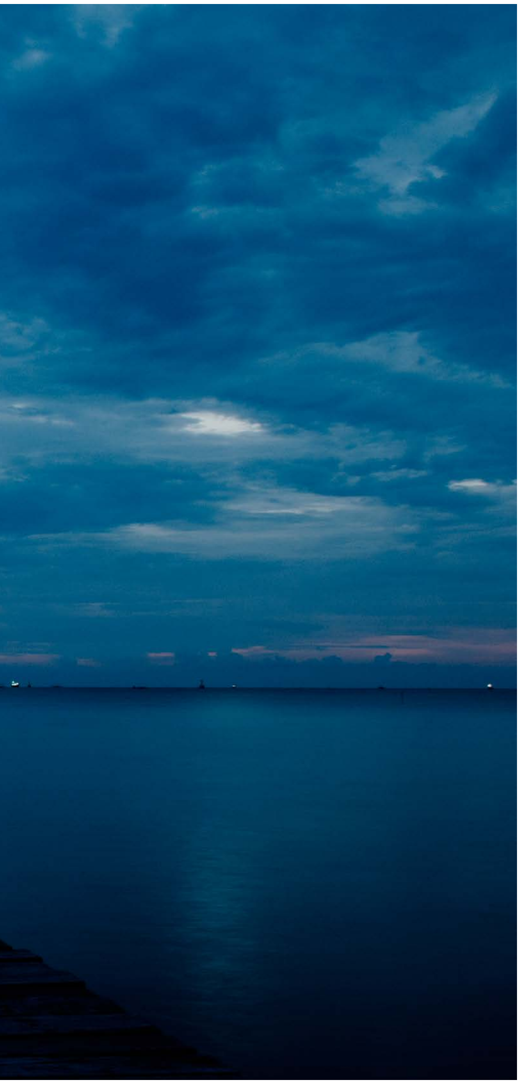
How would you describe the current state of the captive insurance industry?

At AXA XL, we work with many clients who use a captive as part of their risk financing strategy, particularly for global programmes. Despite some of the challenges that captives have faced recently, the captive market is very healthy. In recent years we have seen many companies that already had a captive choose to use them more widely by adding new lines of business. With the current change in market conditions, we are now also seeing companies that did not previously have a captive explore setting one up.

What trends are you seeing in the captive insurance market?

The main one is the use of captives to cover new programmes. This is to help create greater diversification for the captive and because of the changing market conditions. Recently, I was speaking with a client who had previously been reluctant to involve their captive in their casualty programme, but from next year they will be doing so because taking greater retention in the captive was key to the casualty renewal negotiation.

We also expect to see increasing captive participation in cyber programmes. We've previously seen some cover for cyber exclusions put into captives as part of a risk incubation strategy, and now we are seeing captives also take the first layer of exposure on their cyber policy. Interest is also growing in using captives to cover some construction and environmental risks. Where there is a gap in coverage, clients are looking to involve their



captives to provide that cover rather than leave it uninsured.

In addition, a key new area for captives is emerging risks, which could cover a range of things, including penalties due to contractual commitments and intellectual property, for example.

Are you seeing a shift from the prolonged soft market to a hard market?

The market is hardening, and we expect to see hardening market conditions – such as rate increases across lines and a reduction in capacity – continue into 2020.

This is obviously challenging for some clients, so we have been engaging with them early and discussing possible alternative retentions and structures to help them manage the changes taking place.

Why do you think the market is seeing this change? What have been the contributing factors?

Catastrophe losses made 2017 and 2018 the most expensive two-year period for insurers ever recorded. The past year has not been a quiet one in terms of industry losses – with severe weather events in Italy and Germany, for example. In addition, the persistently low interest-rate environment has impacted the financial results of many (re)insurers.

The environment we live in is changing significantly and there can be little doubt that the nature of risk has shifted as well. For example, the increased frequency and severity of climate-related incidents; the increased interdependence of the modern, global supply chain, or the shift towards intangible and sometimes systemic risk in areas like cyber, are changing the nature of the risks faced by clients.

If the hard market continues, how do you expect the market to change over the next few years?

We expect the current hard market to continue into 2020, which we anticipate will make captives even more relevant. If the hard market trend continues, we would expect captives to look at increasing their retentions and adding new lines of business to achieve greater diversification.

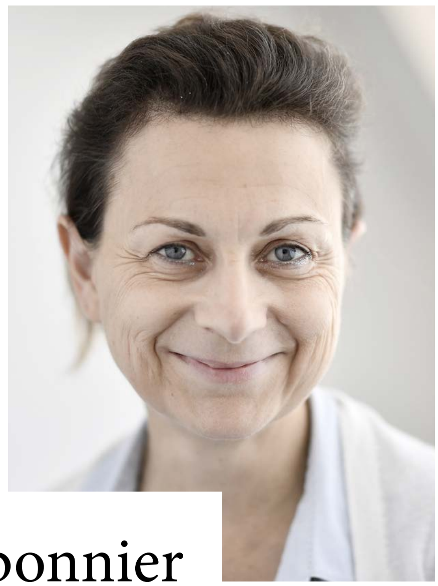
This current market offers risk managers a great opportunity to show internal stakeholders the value that a captive can bring and provide them with a greater understanding of how the captive works.

What are your predictions for 2020 in the captive insurance market?

I expect there to be a lot more interest in the use of captives going forward, including for emerging risks that are not typically insured. Europe is already a very mature market with a lot of captives, but I expect that there will be new formations.

Risk managers themselves will need to be prepared to explain, justify and anticipate scenarios with larger claims because of increased risk taking in the captive risk.

I also expect that risk managers will look to work with more innovative and open-minded insurers, who listen to the needs of their client and can offer a wide range of solutions. ■



Marine Charbonnier
Global programmes and captives regional director (Europe)
AXA XL

Popularity of PCCs

North Carolina’s Debbie Walker discusses the protected cell captive insurance company structure in the state and its benefits

North Carolina’s captive insurance laws provide for the formation and operation of many types of captive insurance companies that can be used by business owners to manage their businesses’ risks. One common type licensed by our state is the protected cell captive insurance company (PCC).

Since the inception of the state’s captive insurance industry in 2013, the North Carolina Department of Insurance (NCDOI) has licensed 34 PCCs and approved more than 470 cells of those insurers. As a side note, the NCDOI has also licensed special purpose cell or series structures with more than 90 approved cells or series leading to more than 560 cells and series approved since 2013. The special purpose cell or series structures are similar to PCCs; however, for purposes of this information, we will only discuss the PCC structures.

As statistics indicate, the PCC is a popular captive insurance structure. To understand why, let’s first consider exactly what a PCC is. Under North Carolina law, a PCC is a captive insurance company that may establish and maintain one or more protected cells. The assets and liabilities of each of those cells are segregated and insulated from the assets and liabilities of the PCC and its other cells.

The flexibility provided by law for establishing a PCC and its cells is one reason this structure is popular. The PCC may organise as a stock, mutual or non-profit corporation or as a manager-managed limited liability company. Through statutory provisions, the assets and liabilities of a protected cell of the PCC are walled off from the assets and liabilities of the rest of the PCC.

Even with these provisions in the law, some desire to establish 'incorporated cells', which are cells that are legally organised as business structures separate from the PCC. Although the name might imply differently, incorporated cells may organise under any form of business organisation authorised by the commissioner. Whether the PCC has incorporated or unincorporated protected cells, or both, the entire PCC structure is considered a licensed captive insurance company under the state's laws.

A unique aspect in North Carolina's statutes is the discretion granted to the commissioner to allow a lower capital requirement for the PCC core if the core does not bear any insurance risks and its cells are fully funded to meet their individual obligations.

Upon approval by the NCDOI of an entity's application to form and operate as a PCC, the NCDOI issues a license for the PCC to operate according to its NCDOI-approved business plan. Before a protected cell of a PCC may operate, prior NCDOI approval of the protected cell's business plan must be obtained. The PCC is licensed by the NCDOI, and protected cell business plans of the PCC are approved by the NCDOI so that the protected cells may operate under the license of the PCC. If the business plan of a proposed cell is similar to that of existing cells in the same PCC, the NCDOI is typically able to streamline its approval process. The statutes do not limit the number of cells a PCC can form.

Once a PCC is licensed, it is subject to NCDOI regulation so the department can monitor the PCC and its protected cells to make sure it is abiding by captive insurance laws and maintaining adequate liquid funding to meet obligations. Indications of compliance, operational or financial issues require closer scrutiny by the NCDOI and possible action if such issues cannot be resolved to the NCDOI's satisfaction.

The NCDOI's regulation of each cell is similar to the regulation of a standalone captive insurance company. Each cell must maintain adequate capital and surplus; assets of good quality, diversification and liquidity; adequate reserves; reinsurance where appropriate; and it must operate within its NCDOI-approved business plan. Certain transactions of the PCC require the prior approval of the NCDOI, such as material business plan changes, dividends and affiliated loans.

The captive insurance laws allow a protected cell of a PCC to transfer to another PCC or become a standalone captive insurance company, subject to the NCDOI's approval of a transfer agreement or conversion plan. All assets and obligations of the protected cell before the transfer or conversion remain the assets and liabilities of the protected cell after the transfer or conversion. The PCC is released from all obligations of the cell that transfers to the new PCC.

The ability to convert from a protected cell to a standalone captive insurance company is appealing to some business owners. The PCC is also appealing to some business owners that may want to get their feet wet in the captive insurance industry by first participating in a cell of a sponsor's PCC. Once they are comfortable, they may decide they want their own standalone captive insurer. They can convert their protected cell or transfer the business of the protected cell to a standalone captive insurer.

"The PCC is also appealing to some business owners that may want to get their feet wet in the captive insurance industry by first participating in a cell of a sponsor's PCC"

A PCC can be used many to meet the needs of the owner and insureds. A few examples are as follows:

- A captive manager may sponsor a PCC and allow its clients to obtain insurance through participation in protected cells of the PCC. In this type of arrangement, the sponsor is typically the captive manager of the PCC and its cells. Many small-to-medium-sized business owners have decided this is the best option for their entry into the captive insurance industry.

- A business owner may form a PCC to obtain insurance for its businesses' risks. The PCC may form protected cells whereby each cell provides a different type of coverage to the companies or each cell provides coverage to a different business unit, division, department or company.

- A commercial insurer may form a PCC to provide its insureds with an opportunity to participate in protected cells of the PCC where each cell assumes related and unrelated risks of the insured from the commercial insurer. By assuming this risk, this may be a way for the insured to reduce its insurance costs.

- An agency that produces business for a commercial carrier may form a PCC that allows each of its agents to participate through a protected cell of the PCC, which assumes a portion of the produced business from the commercial carrier. Through participation in the protected cells, the agents can share in the risks and rewards of the business they produce for the commercial carrier.

- Multiple business owners may opt to participate in a protected cell that is based on the group captive insurance model where they pool and share their risks. There may be multiple protected cells in a PCC for different groups of participants.

These are just a few examples of ways the PCC structure may be used. It is not an exhaustive list. New uses of PCCs continue to be developed as needs and risks arise.

Cost efficiencies may be gained by using a PCC and its protected cells vs. forming and operating multiple standalone captive insurance companies. In a PCC that has only unincorporated protected cells, the same officers and directors are responsible for the management and oversight of the entire structure. This may be the case also with incorporated protected cells; North Carolina laws state that unless otherwise permitted by the organisational documents of a PCC, each of its incorporated protected cells must have the same directors, secretary and registered office as the PCC.

The PCC and its protected cells will usually have the same captive manager, auditor and actuary, and the protected cells' documents may generally be the same from cell to cell. These factors generally lead to efficiencies in the formation, management, and operation of the PCC and its protected cells, resulting in lower costs. For example, cost savings may save money on financial reports.

Only one annual report and one audit report are required for the entire PCC structure, with each report including a supplemental schedule that provides a balance sheet and income statement for each protected cell and the core.

Instead of filing a separate Statement of Actuarial Opinion for each protected cell and the core, a PCC may file a combined Statement of Actuarial Opinion, which includes an opinion for each protected cell and the core.

With the ability to submit each of these reports on a combined basis resulting in only three total reports vs. three individual reports for each protected cell and the core, a cost and time savings are generated. Finally, a single premium tax return is filed for the PCC structure. Tax is paid on the premium generated by the core and its cells. If all cells were each required to file individual returns, this filing process would take much more time and the cost to produce those returns would be higher.

The PCC structure will likely continue to appeal to small, medium and large-sized businesses due to the flexibility and options that it offers. Business owners taking their first step into the captive insurance industry or those experienced in the use of captive insurance will find this to be a favourable option for managing risks. ■

Debbie Walker
Senior deputy commissioner
North Carolina Department of Insurance

Cellutions

Malcolm Cachia of Strategic Risk Solutions discusses cell solutions for doing business in the EU and UK

The utilisation of protected cells (cells) to provide valued solutions has continued to gain increased appeal and traction in recent years with the alternative risk landscape has evolved considerably since cell legislation was first introduced in 1997 as a way to open up the mid-market to alternative risk.

The introduction of statutory ring-fencing of assets and liabilities within a cell company provided the ideal opportunity for many small and mid-market companies in the US and European markets to access alternative risk financing for the first time. This allowed them to take advantage of the risk management solutions offered by a traditional single parent insurance captive without having to establish a captive of their own. The cell company structure provided a low-cost entry vehicle which offered the benefit of being able to use the capital of the core company within which the cell is created to fund their capitalisation requirements besides also cost efficiencies across governance, risk and capital management due to the sharing of costs with other cell owners.

At year-end 2018 there were approximately 6,300 standalone captives and whilst the number of cells is largely unreported due to differing classifications in the various international jurisdictions it is believed that cell formations outnumber the standalone captives.

Today it is widely acknowledged by market professionals that the utilisation of cell structures will continue to grow and generate a high level of interest in

the years ahead as companies without captives or cells are being forced to look at them particularly in times of a hardening market and concerns regarding capacity.

Large companies are also using cell structures as a tool to free up capital with some looking to transfer legacies to cells before closing the standalone. This allows them to return capital to the parent while continuing to control their own risk retention and claims.

Protected cell companies are playing an important part in the scope, design, implementation, funding, and financing of strategic risk financing programmes. They are enhancing currently established programmes and serving as the catalyst for the development and implementation of new structures blending finance, insurance, and risk management.

They offer shareholders the potential advantages of a cost-effective risk-financing vehicle, reduced overall insurance costs, profit retention, reinsurance market access, cover for uninsurable risks and flexibility in programme design.

US versus Europe

While an increasing number of US states have introduced cell legislation in recent times, the landscape of the cell is, however, somewhat different in Europe. There are significant differences between the European and US captive insurance markets relating to, among other, regulations, capitalisation requirements and licensing time-frames. On the European front Malta, Gibraltar, the Isle of Man and Guernsey all boast cell legislation, however, well-established captive homes, such as Luxembourg and Dublin, are yet to introduce such measures.

EU/UK access

Malta is the only full EU member state with protected cell company (PCC) and incorporated cell company (ICC) legislation and being a member state enjoys the freedom to provide services and directly cover risks throughout the EU and the EEA. Companies which need to provide insurance cover for European risks or customers can utilise a cell structure within a Maltese PCC to benefit from an effective and efficient risk financing solution that takes advantage of EU passporting rights and thereby maintain direct access to all member states of the EEA.

On the UK front uncertainty still exists regarding what market access will be granted to the UK and Gibraltar as a result of Brexit.

Again with Malta likely to be in the medium term the only member of the EU single market with insurance protected cell legislation, a Maltese ctell in a PCC with a UK branch set up offers the real possibility to maintain direct access to writing UK risks should a hard Brexit become a reality.

Multipurpose and flexible utilisation

Cells can be enabled not only for use in traditional captives, reinsurance or insurance-linked security models but also for direct third party writing of risks and consumer business or as an efficient and low-cost fronting facility.

It is common for captives and cells to also be profit centres by including customer and ancillary business which not only provides added revenue but also delivers capital efficiencies by creating added diversification.

Common key functions including actuarial, risk management, compliance and internal audit apply across the PCC. For the purposes of meeting Solvency II requirements, it is possible for the PCC to produce a single Own Risk Solvency Assessment for the entire PCC which will include also its cells. The same applies to report and disclosure requirements, with one Regulatory Supervisory Report and Solvency Financial Condition Report and with the PCC having in place all necessary resources to meet other quarterly and annual reporting as one single legal entity.

Under Solvency II, a cell owner will typically only need to invest own funds equivalent to the cell's notional solvency capital requirement, which, with small undertakings, often falls far below the typical standalone insurer minimums. Surplus funds of the core which are in excess of Solvency II capital requirements can, subject to the core's risk appetite, be lent to cells.

Brokers and intermediaries operating a successful and profitable business are also recognising the opportunity to move away from a commission and fee-based reward to a focus on underwriting profits through a protected cell which will also provide them with more stable market capacity.

The in-house availability of data, risk and technology knowledge and the confidence in the potential profitability of their business is driving the decision for them to seriously consider converting to a principal with the possibility of also accessing the reinsurance market for support.

Cells can also enable new ideas to be incubated or new business models to be attempted at a far lower cost than a standalone insurer.

This removes the dependency on a third party principal or the need to divulge intellectual property to third party principals or fronters.

Protected cells offer much promise thanks to their capital, cost and governance efficiencies, especially in a Solvency II environment.

Well-resourced PCCs can provide cells with the regulatory expertise, infrastructure and economies of scale only usually found in well-developed incumbent insurers.

The PCC model allows cells to focus on their specific risks and business plan while the core provides broader support to ensure regulatory and good governance requirements are met. A degree of autonomy is provided to cells through committees that have representatives of the cell owner together with core representatives under the board's delegated authority in order to enable a faster decision-making process. ■

" Cells can be enabled not only for use in traditional captives, reinsurance or insurance-linked security models but also for direct third party writing of risks and consumer business

Malcolm Cachia
General manager
SRS Insurance Management Services Europe

Enoch Starnes

Actuarial analyst

SIGMA Actuarial Consulting

Personal Bio: I'm from Nashville, Tennessee, where I live with my wife and two small, lazy dogs. I spend as much of my free time as possible listening to records, reading books, and watching soccer. I'm still very much a novice, but I'm also slowly learning the ropes of rock climbing.

Professional Profile: I graduated from the University of Tennessee in Knoxville with a bachelor's degree in mathematics, focusing on statistics and numerical analysis.

Post-graduation, I spent time working as a teaching assistant for children with special needs, coaching youth soccer, and providing statistical modelling for a QA department. I now work as an actuarial analyst at SIGMA Actuarial Consulting Group, where I provide actuarial reporting for a wide array of businesses and organisations, including captives. I am also completing the final courses needed for the Associate in Captive Insurance designation from ICCIE.

How did you end up in the captive industry?

My involvement in the captive industry is fully tied to my role at SIGMA. While I'm still learning the "ins and outs" of captive insurance, I'm thoroughly enjoying my time spent working with captives and the unique approaches required in preparing their reports.

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

So far, my highlight has been receiving the Certificate in Captive Insurance designation from ICCIE, which I was fortunate enough to be presented with during Tennessee Captive Insurance Association Conference in 2019.

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

My most significant influences come mainly from two places: my peers at SIGMA and my instructors at ICCIE. I've learned a great deal about the actuarial reporting involved in successful captive management thanks to the opportunities provided to me at SIGMA. Similarly, my ICCIE coursework has provided me with a very detailed and practical understanding of all the different facets of the captive industry.

“My highlight has been receiving the Certificate in Captive Insurance designation from ICCIE”

"Enoch brings a multitude of talents to SIGMA. In addition to being an actuarial analyst and working on numerous consulting projects each year, Enoch is a key editor of many of SIGMA's internal and external publications. He also is a lead instructor/facilitator of SIGMA's educational webinar series and RISK66's personalised training sessions. Enoch is a gifted writer and teacher who challenges himself to research, learn, and incorporate emerging ideas and strategies.

Being an actuarial analyst requires attention to detail and Enoch is outstanding at detecting nuances in data. This ability coupled with the insight to detect and address longer trends makes Enoch a valued member of our team. I expect to see Enoch continue to emerge as a thought leader in captive analytics."

Michelle Bradley
Consulting actuary
SIGMA Actuarial Consulting Group

What is your impression of the industry?

Currently, it's one of excitement. There are a number of great opportunities for growth and learning within the industry, as well as chances to meet knowledgeable, interesting people.

I also appreciate the warmth that I've experienced during my time at captive conferences, which is a community value that's often underrated in the business world.

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

I would love to be more deeply involved in working with captives and helping them understand all the benefits provided to them through actuarial reporting. As much as I love to learn, I've also found that I greatly enjoy teaching and helping others learn.

Through my role at SIGMA, I'm incredibly optimistic about the prospect of helping my captive insurance peers get as much value as possible from actuarial analytics.

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

Research! Think about what activities or experiences bring you the most joy, then figure out how those can align with a role in the captive insurance industry.

There are all kinds of ways to find more information about the industry, the most helpful of which is through captive professionals themselves.

I've found my peers within the industry to be especially gracious with their time and wisdom, so don't hesitate to reach out to us and ask whatever questions you may have. ■

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CICA International Conference California	WSIA Insurtech Conference New Orleans	WRCIC Utah
March	March	May
08-10	15-18	18-20

The latest moves in the captive industry

Robus, the independent insurance management, fiduciary and financial advisory group, has appointed Laura Boyd and Martin Bourgaize as it expands its Guernsey-based team.

Boyd joins from Rossborough as an insurance manager and will have responsibility for the underwriting and claims management across a portfolio of clients and will also be assisting with business development.

Bourgaize joins Robus as corporate services and insurance manager and will apply his experience in the corporate services arena to his new role.

According to Robus, both hires are the result of growth among the firm's client base over the past year and reflect its future ambition to win more business across the group.

Robus' Guernsey general manager, Jamie Polson, said: "We'd like to welcome [Laura] Boyd and [Martin] Bourgaize to the Guernsey team. These are two excellent hires who strengthen our resources and will enable us to grow even further in Guernsey and beyond."

"Boyd is an extremely enthusiastic professional with a relevant background in broking services which will certainly benefit our clients."

"Bourgaize's expertise in both insurance and company secretarial services will enable us to enhance the specialist, valuable elements of our comprehensive service proposition," he adds. ■

MARSH & McLENNAN AGENCY

Marsh has appointed Peter Krause as southeast regional CEO, effective immediately.

Krause will oversee Marsh & McLennan Agency (MMA), offices in Georgia, Alabama, Tennessee, Kentucky, and Tallahassee, Florida. Based in Atlanta, he will report to David Eslick, chairman and CEO of MMA.

He will succeed Gary Ivey, who will continue as an advisor to MMA southeast throughout the remainder of 2020.

Krause brings more than 30 years of insurance underwriting, marketing, and management experience to the role.

Most recently, he served as president of MMA's southeast region. Prior to that, he was a senior vice president, managing director and marketing manager of J. Smith Lanier & Company.

Commenting on his appointment, Eslick said: "Clients, carriers, and colleagues will benefit from Peter's exceptional industry knowledge and leadership as we continue to deliver services and solutions that provide midsize firms with the protection they need to operate and grow in today's challenging risk environment."

Krause added: "I am honoured to assume leadership of this great organisation across the southeast and look forward to continuing our focus on providing clients with world-class property/casualty insurance and employee benefit services." ■

The Tennessee Department of Commerce and Insurance (TDCI) has promoted Bill Huddleston as director of the insurance division.

Huddleston has served in the department since 2014 and has previous experience in banking, public accounting, and most recently served as the division's director of receiverships.

Commenting on his promotion, Huddleston said: "My experience with the department and our stakeholders combined with my other professional experiences has helped me shape my management style as well as my insight into insurance policy."

"I am grateful for the opportunity to be appointed to this position, and I am looking forward to continuing to earn the trust of Tennesseans", he added.

TDCI assistant commissioner Rachel Jrade-Rice noted: "As the division's director, Bill Huddleston will help plan for the insurance division's future while helping further our mission of protecting Tennessee consumers."

She added: "His experience, leadership and knowledge will be beneficial in this role as he helps oversee day-to-day operations." ■

Former Victory Capital director Deborah Leich has joined CapVisor Associates as a managing director.

In her new role, Leich will be specialising in investment strategy design; strategic asset allocation; risk management. She will also be working for domestic and international insurers; reinsurers and alternative risk transfer programmes.

Prior to joining CapVisor, Leich was a director of institutional markets at Victory Capital and, for 20 years, she was a senior investment manager at Munder Capital, which Victory Capital purchased in 2014.

CapVisor's principal and founder, Carl Terzer, said: "Debbie Leich is a seasoned and well-known insurance asset management professional with a strong reputation for contributing her valuable insurance experience and significant investment expertise to provide optimised investment results to insurers."

"Leich will utilise the benefits offered through CapVisor's unique business model to provide industry-leading asset management solutions and analytic capabilities working collaboratively with insurance clients to improve their investment result and competitive positioning," he added. ■

Andrew Kudera has been appointed executive vice president and group chief actuary of Aspen Insurance Holdings (Aspen), effective 3 February 2020.

Aspen's previous group chief actuary, Paul Frydas, will assume the new role of chief analytics officer and will lead strategic pricing, aggregation management and modelling. Frydas will remain chief actuary for Aspen Insurance UK, Aspen Managing Agency and Aspen Bermuda.Kudera brings 40 years of actuarial experience in the re/insurance industry to Aspen.

Prior to managing his own consulting firm, he served as executive vice president and group chief actuary at Validus Group from 2010 to 2019. He also held various senior-level roles for Fireman's Fund, Endurance, and KPMG.

Mark Cloutier, executive chairman and group chief executive officer, commented: "Welcoming an industry-leading expert of Andy Kudera's quality to our team increases our capabilities, allowing us to transform our business, simplify and enhance our operations, and increase accountability across these functions."

"Kudera's capabilities and fresh perspective, paired with Paul Frydas' considerable expertise and experience, will create a strong partnership across complementary disciplines," he adds.