www.captiveinsurancetimes.com

captive insurance times

The primary source of global captive insurance news and analysis

03 February 2021 - **Issue 216**

The timing is right

Ross Dennett discusses why the delay to the Isle of Man's insurance regulation updates will allow more time for enhanced quality of implementation

Progress in Singapore's ILS sector | Hard market trends | Latest industry appointments

captive insurance times

Issue 216

www.captiveinsurancetimes.com

Published by

Black Knight Media Ltd

16 Bromley Road, New Beckenham

Beckenham, BR3 5JE

Editorial

Editor: Becky Bellamy

beckybutcher@blackknightmedialtd.com

Tel: +44 (0)208 075 0927

Reporter: Maria Ward-Brennan

mariawardbrennan@blackknightmedialtd.com

Tel: +44 (0)208 075 0923

Contributor: Maddie Saghir

maddiesaghir@blackknightmedialtd.com

Designer: James Hickman

jameshickman@blackknightmedialtd.com

Marketing and sales

Publisher: Justin Lawson

justinlawson@captiveinsurancetimes.com

Associate Publisher: John Savage

johnsavage@captiveinsurancetimes.com

Tel: +44 (0)208 075 0932

Office Manager: Chelsea Bowles

Tel: +44 (0)208 075 0930

Follow us on Twitter: @CITimes

In this issue

Hard Market Trends

Amid creating opportunities for companies to seek alternative ways to finance their risk, the hard market is set to continue

page 18

News Focus

page 6

Singapore ILS

Singapore's ILS market has grown since its introduction in 2018, and after recently extending its ILS grant scheme until the end of 2022, industry professionals suggest that the market will continue to expand beyond this new deadline

page 16

Isle of Man Focus

Ross Dennett discusses why the delay to the Isle of Man's insurance regulation updates will allow more time for enhanced quality of implementation

page 20

Industry Appointments

The latest people moves in the captive insurance industry

page 22

images by tostphoto/stock.adobe.com

Labuan IBFC signs MoU with rating agency RAM

The Labuan International Business and Financial Centre (IBFC) has signed a memorandum of understanding (MoU) with RAM Rating Services Berhad, Malaysia's premier rating agency, to collaborate on RAM Ratings' Labuan Entity Corporate Assessment (LECA) service.

RAM Ratings will work with Labuan IBFC to develop, promote and facilitate the adoption of LECA.

The new rating service for companies based in Labuan IBFC will evaluate the performance and financial standing of Labuan entities.

It has been formulated in response to Labuan entities looking to encapsulate the global wholesale nature of their business dealings in Labuan IBFC. LECA also applies RAM Ratings' established frameworks for credit and performance evaluation.

Commenting on the collaboration, Chris Lee Wai Kit, CEO of RAM Ratings, says: "LECA ratings facilitate clarity, transparency and insights for confident decision-making between Labuan companies and their counterparts. Through this MoU, RAM hopes to contribute to the long-term resilience and growth of Labuan IBFC."

Farah Jaafar-Crossby, Labuan IBFC CEO, notes: "As the jurisdiction is fast gaining global recognition, this is a coming-of-age for Labuan IBFC and our players. The benefits of transparency which LECA provides will assist us in enhancing our reputation as a transparent, well-governed mid-shore wholesale financial intermediation centre."

"As we are now home to almost 1,000 global licensed entities, we are keen to encourage intra-Labuan cross business links. For example, LECA will provide an independent first point of assessment between our reinsurance and banking license holders," she adds. ■

UK regulators approve Lloyd's new PCC

Lloyd's of London has received regulatory approval from the UK's Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA) to set up a new multi insurance special purpose vehicle.

Lloyd's has sponsored the creation of an independently owned and managed protected cell company (PCC), London Bridge Risk PCC.

The PCC will provide access for both UK and international investors and insurance-linked securities (ILS) investors to deploy funds in a tax transparent way into Lloyd's market.

Lloyd's members will be able to use the new vehicle to manage their capital requirements by attracting new classes of investors such as pension funds and will benefit from reduced set-up times and lower transaction costs.

In addition, standardised documentation and processes have been developed, designed to make the process quicker, more tax transparent and to streamline the approach to regulatory approval for investors.

Provided new individual proposals utilise the standard documentation and stay within the regulators 'scope of permissions', it will be a simple notification process for each deal, removing the need for costly, and often lengthy, individual applications.

London Bridge Risk PCC insurance management services will be provided by Horseshoe, who specialise in the management of ILS vehicles and operate across multiple jurisdictions.

The approval marks a "key milestone" for the Future at Lloyd's strategy, which aims to create an insurance market that attracts new forms of capital.

As part of the future at Lloyd's strategy, Burkhard Keese, CFO at Lloyd's, says it continues to look at all ways to make it easier and more efficient to deploy and manage capital at Lloyd's.

Keese notes: "We are delighted that Lloyd's has received regulatory approval to set up a new investment platform that will be available for all of the market to use." ■

Vermont welcomes 38 new captives last year

The Vermont Department of Economic Development has revealed the state licensed 38 new captive insurance companies in 2020. The new licenses see the total figure reach 589 captives, consisting of 564 active and 25 dormant captive insurance companies.

The new captives for 2020 were from industries such as healthcare, real estate, manufacturing, insurance, transportation, technology, construction, and professional services.

Some of the companies include the University of Southern California, State Street Bank, Saputo, and the Blackstone Group.

At least six of Vermont's new captives in 2020 were formed by companies with international roots, including Canada, two from Germany, Sweden, Dubai, and Australia.

Vermont's 2020 captive licenses are up from the previous year when the state welcomed 22 new captives and a total of 585 at the end of 2019.

Commenting on the 2020 figures, Brittany Nevins, captive insurance economic development director, says: "Vermont's 2020 licensing activity in many ways reflected the changing insurance environment."

She adds: "We licensed eleven new captives in the fourth quarter alone."

"The market that began hardening in 2019 continued rapidly throughout 2020 and now into 2021. Before 2021 began we had more captives in the process for licensing than we had licensed total in the first month of 2020."

Dave Provost, deputy commissioner of captive insurance in Vermont, explains that the particularly hard market conditions in commercial property insurance influenced the number of captive formations in the construction and real estate sectors.

Provost comments: "Nearly a third of the new formations this past year had parents from those industries, with price and availability commonly noted as drivers for the captive. The global pandemic has not stood in the way of Vermont's continued ability to be responsive, efficient, and collaborative." ■

Bermuda grants AkinovA insurance marketplace provider license

AkinovA (Bermuda), the wholly-owned Bermuda trading subsidiary of AkinovA, has been granted an insurance marketplace provider licence by the Bermuda Monetary Authority (BMA).

The independent electronic marketplace explains that this makes it the first new regulated insurance marketplace since Lloyd's of London Act of parliament in 1871.

This new category of insurance intermediary was created as a result of Bermuda's Insurance Amendment Act 2019.

The licence will enable AkinovA to facilitate the transfer of insurance and reinsurance risks by cedents and their Intermediaries to a range of capacity providers using its risk transfer marketplace in a fully regulated environment.

Additionally, AkinovA has also been licenced to facilitate the trading of insurance contracts securities or collateral that is ancillary to the insurance business sourced through cat bonds, notes or preference shares.

For brokers and cover buyers, AkinovA will provide the potential to access capital beyond the traditional insurance market to some $1.4 trillion of capital hunting for yield.

This will enable AkinovA to allow brokers, agents and capital providers in the US, UK, EU, Bermuda and Canada to join the marketplace and transact with market participants representing capital in over 40 jurisdictions.

Henri Winand, CEO of AkinovA, says: "Today's risk environment is more dynamic than ever as evidenced by an ongoing pandemic, the impact of business interruption and dramatically increased cyber exposures across the board."

He continues: "This is the moment when brokers are hunting for the right capital to deliver the right products to their clients at the right price and when insurers and reinsurers seek better and more effective ways to connect with capital markets and new risks. Add to this, data providers and modellers seeking new sources of revenue and investors hunting for new sources of yield."

"All these require a neutral, digital-first and regulated electronic environment within which risks and capital take centre stage animated by data centric brokers and third party, data, news and analytics providers," Winand concludes. ■

Arizona licenses 12 new captives in 2020

The Arizona Department of Insurance and Financial Institutions (DIFI) has confirmed the state licensed 12 new captive insurance companies in 2020.

The new licenses saw the total number of captives reach 131, which included 110 pure captives, 23 pure reinsurance captives, 10 risk retention groups, four industry group captives, five protected cells and 2 association captives.

Of the total, 32 come from the finance and insurance industry, followed by 24 from the healthcare and social assistance industry.

Other industries include construction, manufacturing, transportation and warehousing and retail.

The Grand Canyon State also saw nine captive insurance closures last year.

Arizona saw a small growth of 2.3 per cent from 2019 when it licensed nine new captives. In the same year, five captives terminated their license.

Commenting on the growth, Vincent Gosz, chief captive analyst, Arizona DIFI, says: "The Arizona captive programme had another active year in 2020."

"With the effects of the pandemic, emerging and evolving risks like cyber, and the hardening commercial insurance market, we saw significant activity in new formations, changes in business plans, including new lines, changing limits and retentions, and other requests, along with some attrition as some entities merged or retrenched."

He adds: "We expect things to continue apace in 2021 as many of the same challenges remain and the usefulness of a captive seems pretty clear." ■

Truist Corporate Trust & Escrow Services

Collateral Trust Services

Our Advantage

Truist has a long history of trust, escrow and risk management excellence with both domestic and international coverage. If you're choosing a cost effective and convenient collateral trust as part of your captive and reinsurance solution, we have a broad range of specialties that can help mitigate risk in your insurance business:

- Collateralized Reinsurance
- Regulation 114 Trusts
- Captives
- Surety Bonds
- Insurance-Linked Securities
- Deductible Trusts

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

- Single Point of Contact
- Comprehensive Servicing
- Rapid Response Times
- Team of Reinsurance Specialists
- Extensive Carrier Relationships

To learn more about how Truist can support and enhance your collateral posting requirements, please contact:

Donny Tong
Senior Vice President
212-590-0976
donny.tong@suntrust.com

Barbara Aubry
Senior Vice President
212-303-4164
barbara.aubry@suntrust.com

Joseph Monaco
Vice President
212-303-1746
joseph.monaco@suntrust.com

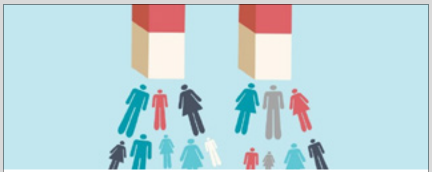
TRUIST

AGCS: business interruption, pandemic and cyber named top business risks

Business interruption, the COVID-19 pandemic outbreak and cyber incidents are this year's top business risks, according to the Allianz Risk Barometer 2021 survey.

The annual survey on global business risks from Allianz Global Corporate & Specialty (AGCS) incorporates the views of 2,769 experts in 92 countries and territories, including CEOs, risk managers, brokers and insurance experts.

Read the full article online



TowerBrook and Further Global snap up ProSight Global

TowerBrook Capital Partners and Further Global Capital Management are set to acquire all outstanding shares of common stock of ProSight Global, a specialty insurance company, in an all-cash transaction valued at approximately $586 million.

TowerBrook is an international investment management firm while Further Global is a private equity firm focused on the financial services industry.

Read the full article online

MCIA intends to hold in-person conference in July

The Montana Captive Insurance Association (MCIA) will hold its annual conference in-person if public health conditions improve.

The conference will be between 20 and 22 July in Whitefish, Montana. Similar to most captive conferences in 2020, MCIA moved the conference to an online version due to the ongoing COVID-19 pandemic.

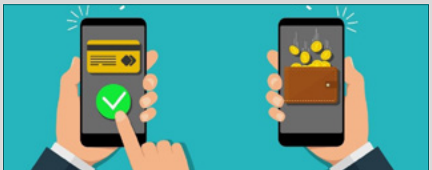
Read the full article online

A.M. Best affirms JPMorgan Chase captive ratings

A.M. Best has affirmed the financial strength rating of A (Excellent) and the long-term issuer credit rating of "a" of Park Assurance Company, based in Colchester, Vermont.

The ratings reflect Park's balance sheet strength, which A.M. Best categorises as strongest, as well as its strong operating performance, limited business profile and appropriate enterprise risk management.

Read the full article online



MetLife completes UK longevity reinsurance transactions with Legal & General

Metropolitan Tower Life Insurance Company, a subsidiary of MetLife, completes four UK longevity reinsurance transactions with Legal & General Assurance Society.

Under the agreements, which completed last year, Metropolitan Tower Life Insurance Company will provide reinsurance to Legal & General for longevity risk associated with a combined total of approximately $2 billion of pension liabilities.

Read the full article online

Rives and Associates rebrands to RH CPAs

Rives and Associates has rebranded to RH CPAs to reflect its evolving organisation.

As part of the rebrand, RH CPAs' says its team will remain the same, and the services it provides to the insurance industry will continue. RH CPAs will continue to serve as a resource to captive managers, owners, and consultants for financial statements and tax impacts of financing risk in an insurance company.

Read the full article online

A rising ILS contender

Singapore's ILS market has grown since its introduction in 2018, and after recently extending the grant scheme until the end of 2022, industry professionals suggest that the market will continue to expand beyond this new deadline

Singapore is the largest Asia Pacific (APAC) captive domicile as well as one of the largest reinsurance centres in Asia. The sovereign island city-state in maritime Southeast Asia has branched out to create a new and powerful reputation in the insurance-linked securities (ILS) sector.

In February 2018, the Monetary Authority of Singapore (MAS) introduced the ILS grant scheme, which seeks to fund up to 100 per cent of upfront ILS bond issuance costs in Singapore.

The scheme was developed in consultation with industry experts and is designed to catalyse the development of Singapore's ILS market.

In March 2019, the first catastrophe bond was issued under Singapore's ILS regulatory regime. The bond was sponsored by Insurance Australia Group (IAG), while GC Securities, a division of Marsh and McLennan Companies, acted as the sole structuring and placement agent.

The bond provides IAG with AUD 75 million of annual aggregate catastrophe protection for three years and is part of its aggregate sideways cover, which in total includes the protection of AUD 475 million excess of AUD 375 million.

images by ttstudio/stock.adobe.com

James Rayner, vice president, global client development, Crawford & Company, explains that Singapore has made a positive start in its bid to establish itself as a regional centre for ILS and alternative risk transfer, having supported at least nine catastrophe bond issuances since the introduction of its ILS regime. Reflecting on the first catastrophe bond, Orchard, which is sponsored by the IAG, Rayner explains that its cat bond was triggered and exhausted by the 2019/2020 Australian bushfires.

The bushfires blazed for months in large parts of Australia, destroying around 126,000 square kilometres of land and killing 33 people.

Since the IAG bond, there have been seven more catastrophe bonds issued by special purpose reinsurance vehicles (SPRV) established in Singapore.

Stuart Herbert, head of Marsh Captive Solutions, Asia Pacific region, explains: "Following the incorporation of the first SPRV in Singapore in respect of issuance of the ILS transaction in December 2018, Marsh has seen an influx of opportunities over the last 18 months."

He suggests that in the short span of over a year, the MAS "has certainly gained more experience and understanding of ILS transactions".

Herbert notes that the MAS has been revising and updating its regulations with understanding, discussions, and feedback to further improve the SPRV/ILS process.

"Further, the experience obtained from various SPRV/ILS deals in Singapore has enriched related professional service providers such as management services, local legal counsels, shares trustee, auditors, and in turn nourished the ILS industry in Singapore," Herbert adds.

Future

The ILS grant scheme offered by the MAS covers the upfront costs of issuing a cat bond, is a key incentive for issuers to issue cat bonds in Singapore.

Rayner notes that this incentive was due to expire at the end of 2020 but was extended until 31 December 2022.

The Singapore Stock Exchange (SGX) has also been working on reviewing and revising its regulations in order for the notes issued to be listed on SGX.

Herbert explains: "With the determined efforts of the Singapore government to promote and support ILS, continuing development in its regulatory environment, as well as better established professionals locally, it is anticipated that Singapore's ILS market will continue to expand."

Over the next few years, the extension of the ILS grant scheme, in addition to Singapore's growing alternative risk expertise, is expected to make Singapore an increasingly attractive location for ILS.

Rayner comments: "The Asian ILS market, in general, should continue to grow as Asian risks offer an attractive diversification away from mainstream US natural catastrophe risk, and Singapore is taking a proactive role in raising data quality levels in Asia through its support of the NatCatDAX Alliance."

Singapore can help develop the Asian ILS market further by considering how to offer a broader range of Asian ILS products to investors, according to Rayner. He outlines: "This could include supporting structures such as collateralised reinsurance, sidecars, industry loss warranties (ILWs) or protected cell structures to allow issuers to ring-fence multiple issues, and broadening the risks on offer beyond traditional natural catastrophe risk into emerging ILS areas such as cyber or terrorism, for example."

"Following the incorporation of the first SPRV in Singapore in respect of issuance of the ILS transaction in December 2018, Marsh has seen an influx of opportunities over the last 18 months"

Steve Tunstall, general secretary, Pan-Asia Risk and Insurance Management Association (PARIMA), says "it seems inevitable" that this market will grow, at least in the short while the grants are available.

"Whether there will be sufficient momentum for the market to become self-supporting after the grants expire remains to be seen," he explains.

Although the ILS industry in Singapore is at an introduction stage, Herbert believes that given Singapore's stable political and economic and financial conditions, along with a reputable regulatory environment, that the ILS space will likely continue to grow over the next three years. ■

Thriving through the hard market

Amid creating opportunities for companies and organisations to seek alternative ways to finance their risk, the hard market is set to continue

A hard insurance market is characterised by a high demand for insurance coverage and a reduced supply. Insurers impose strict underwriting standards and issue a limited number of policies.

Premiums are high and insurers are disinclined to negotiate terms.

Hard market conditions make captive insurance more attractive as a risk retention tool. However, people who have captives before the market hardens experience the benefits but at the same time, it drives more people to think about a captive for the future.

Industry experts have seen the market hardening over the last several years. Anne Marie Towle, global captive solutions leader at Hylant, suggests that the hard market will continue for some time.

The pressures in catastrophe driven areas of the world, and particularly the US, continue to wreak havoc with securing adequate capacity as required by insureds, according to Towle.

She says: "The concept now is to build your tower of risk with multiple carriers, as many carriers are limiting their capacity. The old days of utilising one or two carriers are pretty much nonexistent."

"Some carriers have been writing business at a loss and not pricing the risk appropriately, in addition to historically low-interest rates, so now they are stressing the balance sheets," Towle adds.

In agreement, Jason Stubbs, consulting actuary of Risk International, says there is a great deal of uncertainty around economic recovery from the pandemic, around the outcome of pandemic-related lawsuits, and around changes in society related to the pandemic.

Stubbs explains: "The combination of these risk factors creates a situation where insurance companies and private equity are not going to have a lot of confidence investing in insurance products without a higher-than-expected rate of return. As a result, insurance premiums will remain high."

The ongoing COVID-19 pandemic stalled the world in early 2020. In order to protect national health, the majority of the countries have or still are in national lockdowns. Millions of workers were furloughed, mostly on a lower income than their regular paycheck. Other people were forced out of work resulting in unemployment rising and people not able to pay bills. With the pandemic affecting the current hard market, Towle suggests the world will continue to see outcomes from COVID-19 in healthcare for years to come, there will be a rolling effect to various lines of insurance.

She comments: "Carriers are still grappling with initial outcomes from COVID-19, and those outcomes have a dramatic impact on claims in workers compensation or general liability."

The COVID-19 has created volatility, and with it comes uncertainty which will exasperate the hard market, Towle explains.

Also discussing the COVID-19 pandemic and the hard market, Nate Reznicek, head of US distribution, International Re, suggests that there is no telling how high rates may go and how long the cycle may last if the US market experiences a judgment similar to the ruling just passed by the UK Supreme Court and the natural catastrophe's continue as they have over the past few years.

Reznicek explains that the recent decision by the UK Supreme Court is estimated to impact nearly half a million small business policyholders across nearly 60 insurers.

In January 2021, the UK Supreme Court handed down judgment in the COVID-19 business interruption insurance test case of the Financial Conduct Authority (FCA) v Arch and Other.

The FCA argued for policyholders that the 'disease' and 'prevention of access' clauses in the representative sample of 21 policy types provide cover in the circumstances of the coronavirus (COVID-19) pandemic and that the trigger for cover caused policyholders' losses.

The judgment brings to an end legal arguments under 14 types of policy issued by six insurers, and a substantial number of similar policies in the wider market which will now lead to claims being successful.

Continuing, Reznicek explains: "Although the true value of the losses impacted by this decision may not be known for years (conservative estimates have it at approximately $2 billion) the precedent that has been set is even more uncertain."

He notes that the US market is not isolated from this "landmark decision" and dozens of insurers involved have both US and international insurer books.

"Clarity of coverage intent will be key and I wouldn't be surprised for the market to take a draconian stance on the wordings contained within both standard policy forms as well as a significant increase in exclusions," he concludes.

A useful tool

The hard market shines a light on companies are yet to explore the benefits of a captive. Stubbs says he has already seen increased use for business interruption and extra expense.

Stubbs says: "I believe there is an opportunity for captives to address many other traditional commercial lines of coverage, from mergers and acquisitions to workers' compensation to directors and officers and employment practices liability."

Captives that have been in existence for some time have been able to provide their affiliated insureds with the option to increase retention, utilise premium holidays, and implement other creative means in which to mitigate the impact of the market, according to Reznicek.

Unfortunately for those that have not yet taken advantage of funding for future losses through a captive, Reznicek says they are a little behind.

He highlights: "I fully expect that captive interest to increase significantly for insureds with large auto liability schedules, property-heavy risks, as well as almost any trade with a need for excess liability."

In a recent post, Jim Swanke, director, risk consulting at WTW, recently suggested that captives can provide relief through greater risk assumption.

Many captive owners maintain that they are better off paying substantial premium increases to their captive rather than to an insurer.

Swanke commented: "A captive can also help your organisation access additional risk transfer capacity from the reinsurance marketplace and fill risk transfer protection gaps or layers of coverage in towers where premium pricing is prohibitive."

Elsewhere, Stubbs thinks a hard market could be a catalyst for the risk management function to better coordinate between commercial insurance and captive insurance, including opportunities to use a captive more aggressively for emerging risks.

In a hard market, captive owners have the opportunity to leverage their own surplus and utilise it in a manner which will be the most cost-effective to secure the type of coverage they need so they can protect their organisation.

Towle explains: "When you have a surplus, you have control of your destiny and don't need to be at the whim and pricing of the commercial market. Captives can easily tap into the reinsurance capacity, to which organisations without a captive don't have access."

"Having your own captive provides you access to your data, which you own and control, thus aiding in the message to the markets and control of the overall pricing," she notes.

"There is an opportunity for captives to address many other traditional commercial lines of coverage, from mergers and acquisitions to workers' comp to D&O"

The hard market has also highlighted captives for companies who haven't considered using them yet.

Challenges

Although a hard market is favourable for captives, Reznicek highlights the biggest challenge will most certainly be carrier appetite.

Historically the adverse changes in the market have resulted in carriers restricting risk sharing appetite and even exiting the market entirely which Reznicek explains can increase the frustration level of both potential and existing captive owners as they look to evaluate options for the future.

He says: "For those insureds looking to enter the captive market for the first time they may also be surprised that the time it takes to implement a successful captive can often be considerably longer than what they have been exposed to with their standard market renewals in the past."

With this in mind, Reznicek "strongly suggests that insureds that have strong balance sheets and historically positive loss performance to reach out to their brokers now to start the due diligence process in order to determine if a captive solution is a good fit for their business". ■

The timing is right

The Isle of Man Captive Association's Ross Dennett discusses why the delay to the domicile's insurance regulation updates will allow more time for enhanced quality of implementation

What does the current captive market look like in the IOM?

The significant hardening of the conventional insurance and reinsurance market over the last two years — 2020 most specifically — has been the catalyst for a marked increase in business enquiries across most captive domiciles. Insurance purchasers have either faced premium increases (in certain cases 400 per cent), reduced cover or worst case have not been able to source any cover at all from the insurance market. The hardest-hit areas in the market have been the financial lines and consequently, we have seen a lot of interest in captives writing group professional indemnity risks. Across the board, capacity has reduced and insurers are clearly in a position where they can be more selective over which risks and lines of business they choose to underwrite. Naturally, this scenario has focused minds on increased risk retention by purchasers and the logical home for such risk retention, or an element of it, is a captive insurer. The general view is that this trend is long overdue as the pricing within the insurance market had reduced to sub-economic levels. So, there is a huge amount of interest and several enquiries in the pipeline.

What trends can we expect of the IOM's captive market this year?

We expect to see a continuation of increased momentum of what we saw last year. Both prospective and existing captive owners, due to the reasons above, will seek to optimise on the use and value of their captives. Increased retentions, helping to fill coverage gaps and placements gaps that might exist higher up on the insurance placement where traditionally pricing has been very low and now insurers and reinsurers are not prepared to expose their capital unless pricing radically changes.

There is a strong view that the significant hardening of the conventional insurance and reinsurance market will not be followed by the typical cycle whereby an influx of capacity creates over supply resulting in price competition and ultimately a soft market.

We are certainly seeing new market entrants with fresh capital, however, we believe that the market is addressing a long overdue pricing issue. In some lines, the pricing in 2019 was 50 per cent of what it was 10 years ago.

That is clearly not sustainable, particularly with interest rates being flat for the last 10 years.

Historically, insurers might have taken a view that they have longer tail exposures and by the time they pay out on claims the investment income earned is material and therefore can be factored into the pricing, however that is no longer the case. Insurers also have stronger balance sheets now, which can only be a good thing for buyers and the settlement of claims. On the broking side, there has been major consolidation among the big firms (Marsh/JLT and the Aon/Willis Towers Watson announcement).

The Isle of Man Financial Services Authority was due to launch a limited consultation in Q2 of 2020 around capital requirements for protected cell companies and incorporated cell companies. Is there any update on this?

The Isle of Man Financial Services Authority has decided to postpone implementation of the new framework to 30 June 2021 because the updates to the insurance regulations have taken longer than anticipated, reflecting the complexity of updating and revising the existing suite of regulations.

The authority, quite rightly, took the decision to delay the implementation dates for the non-life risk-based capital requirements, the insurance regulations (including Class 12 definition and reporting requirements) and the corporate governance code for non-commercial non-life insurers from 31 December 2020 to 30 June 2021. There is significant overlap between the risk-based capital requirements, the insurance regulations and the corporate governance code for non-life insurers, hence the decision to adopt a consistent implementation date.

The revised implementation dates allow stakeholders more time to consider the final frameworks before launch and for regulated entities to better ensure the quality of implementation.

What opportunities will it provide to the market?

In June 2013, the authority published its roadmap for updating the Isle of Man's regulatory framework for insurance business. The roadmap introduced a project with the objective of implementing a framework for the regulation and supervision of insurers, insurance managers and general insurance intermediaries that would establish a high level of observance in respect of the updated and revised insurance core principles issued by the International Association of Insurance Supervisors, while remaining appropriate and proportionate to the risks of the different parts of the insurance industry that operate in and from the Isle of Man. The culmination of this project consolidates various legacy versions and amendments into one simpler set and most importantly introduces a risk-based capital and solvency regime that is relevant, fit for purpose and appropriate. This will help to ensure the best use of capital in the management of risk.

What impact will Brexit have on the IOM's market?

The UK is now fully out of the EU following the completion of the transition period. On 24 December, both sides agreed on a trade deal, although it largely overlooks the provision of services, we anticipate there will be further wrangling on this issue in the years to come. When the UK left the EU, the Isle of Man's limited relationship with the EU (as set out in Protocol 3 to the UK's Treaty of Accession) fell — although it has continued to have legal effect, during the transition period, which ended 31 December 2020.

Following many months of negotiation, the UK and the EU agreed on the final terms of their future trading relationship, and the Isle of Man is covered by certain parts of that agreement. New rules took effect on 1 January 2021. Officers from the Isle of Man Government worked with relevant officials from across the UK Government to set out the Isle of Man's priorities and discuss the implications of the end of the transition period for the Island. This work helped to inform the UK's position but was also essential in building contacts with the people who are involved in the negotiations on the future relationship between the UK and the EU, so they are clear about the Island's issues and priorities.

What challenges is the IOM's market experiencing?

As evidenced above the opportunities outweigh the challenges. That said, it is fair to say that certain compliance-related aspects (sanctions, data protection) have become increasingly demanding on businesses.

These aspects are obviously all incredibly important, however, do add cost. ■

John Kirke has joined BevCap Management (BevCap), a programme manager for both casualty and medical stop-loss captive insurance companies in multiple domiciles, as president of the firm's healthcare division.

Kirke has previous healthcare benefits experience ranging from sales at a national health insurance company to leadership at a top 25 national broker, leading clients and teams in self-insured healthcare programmes through captive insurance companies.

Lance Abbott, president of BevCap Management, states: "John Kirke brings the combination of industry knowledge, leadership skills and energy to our clients' needs that are crucial to the company's success."

He adds: "Our team at BevCap is energised by what the future holds for our homogenous and heterogenous healthcare captives, as well as other bespoke captive programmes for our clients, programmes, and agency partners."

Commenting on his new role, Kirke notes: "It's exciting to be part of an organisation focused on providing a high-quality client experience in healthcare benefits." ■

Jennifer Law has joined Aon's Asia Pacific Capital Advisory unit within reinsurance solutions.

Aon launched the Asia Pacific Capital Advisory unit in November last year.

Law will work with insurance company clients across Asia Pacific on strategies aimed at improving their capital through the utilisation of Aon's products and services, as well as customised reinsurance programmes.

She will be reporting to Rupert Moore, CEO of Japan for reinsurance solutions.

Law joins Aon from Haitong International Research in Hong Kong, where she was managing director of global non-bank financial equity research, with a primary focus on insurance companies in Greater China.

Previously, she also worked at Bank of China, Standard Chartered, Daiwa Capital Markets, and Merrill Lynch.

Moore says: "We are excited to welcome Jennifer Law to our growing capital advisory team in Asia Pacific, and believe that her skills will be important to our work in helping clients look for ways to optimise their use of capital and increase their equity valuation." ■

Robus has appointed Justin Upson as a director in the Guernsey office to lead the firm's protected cell company (PCC).

Upson will take on the role of client lead for Robus' PCC as well as having operational responsibilities for a number of captive insurance companies as well as commercial insurance companies.

He will be responsible for all aspects of his clients including finance and administration, company secretarial, insurance needs, including programme design, Solvency, claims handling, reserving, policy documentation and reinsurance contract wordings.

In addition, Upson will be in charge of regulation and corporate governance for the client companies that he acts as the client lead.

With 30 years of experience in the Guernsey financial market, Upson has predominantly worked in finance-related roles.

Upson worked at Aon Insurance Managers (Guernsey) for 19 years, most recently as client service director. ■

The Maguire Academy of Insurance and Risk Management (MAIRM) at Saint Joseph's University has hired Storm Wilkins as executive director succeeding Michael Angelina, who recently retired.

In her new role, Wilkins will lead the academy, as it strengthens its programmes and continues to develop initiatives, including an increased focus on diversifying the insurance industry by attracting more students from diverse backgrounds into academic programmes.

Wilkins brings more than 25 years of industry experience and technical knowledge, formerly working in the insurance industry and as a former trial attorney.

Her experience as an educator also includes a stint as an adjunct professor at the Drexel University Thomas R. Kline School of Law as well as a role designing and delivering scores of corporate training classes for insurance and risk management professionals across the east coast.

Most recently, Wilkins served as an assistant professor in the risk, insurance and healthcare management department at Temple University.

She currently serves on the board of directors for the Insurance Society of Philadelphia.

Joseph DiAngelo, dean of Saint Joseph's Erivan K. Haub School of Business, says: "Storm Wilkins was the clear choice for the executive director role. She will help the MAIRM continue to be an industry leader and build on our strong mission of supporting our students and providing them with real-world industry experience."

He adds: "She will bring her wealth of expertise — from roles with property and casualty carriers to trial law — to all aspects of the academy as we continue to educate tomorrow's leaders and be a centre for thought leadership in the insurance and risk management industries."

"Now is the perfect time in my career to step into the role of executive director because it is a culmination of my experience," notes Wilkins.

She concludes: "The MAIRM has a stellar reputation in the industry educating bright students with whom I look forward to working with closely." ■