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The First State

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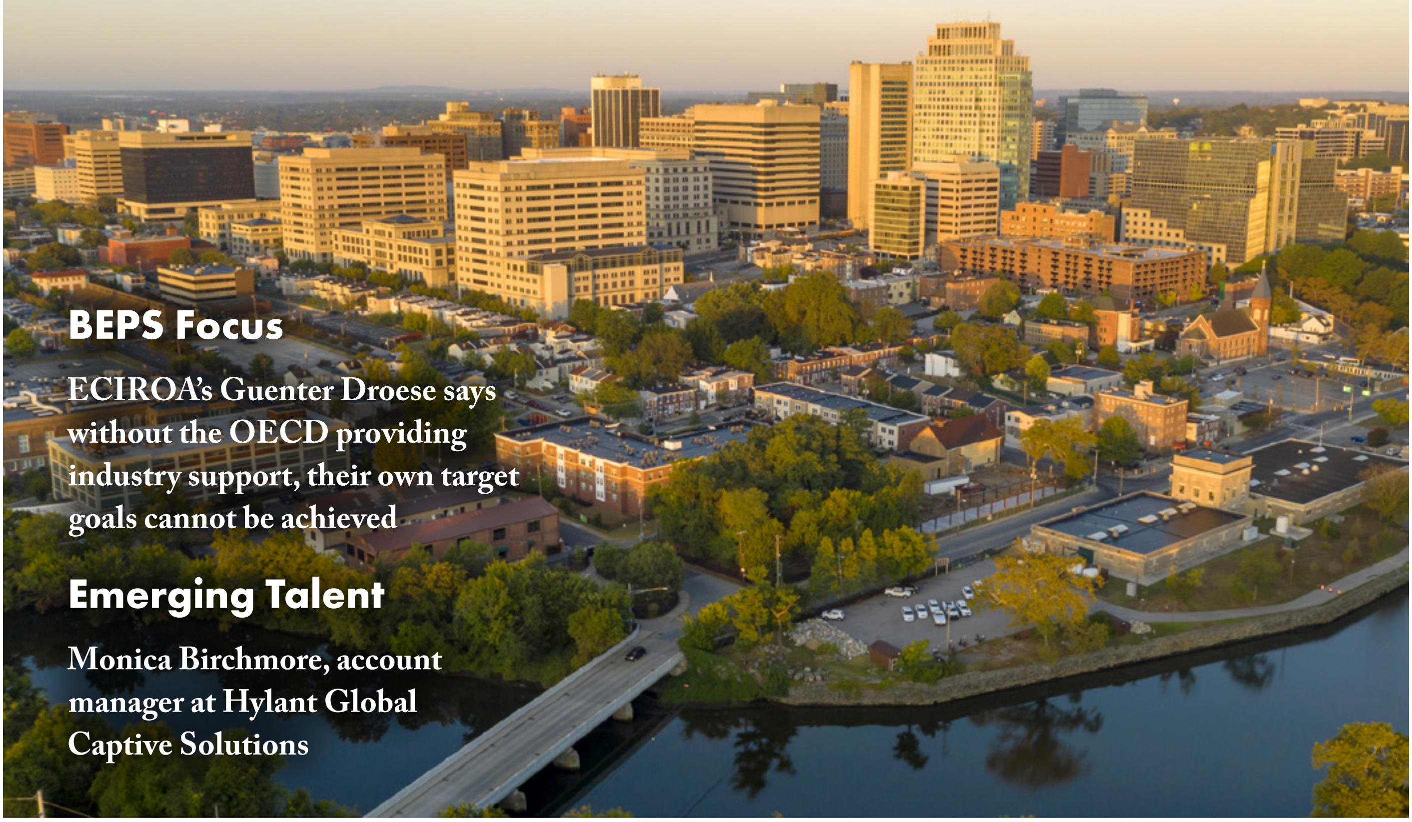

BEPS Focus

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EU suspends investigation into Aon and WTW merger

The European Commission has stopped the clock on its in-depth investigation into the proposed combination of Aon and Willis Tower Watson (WTW), according to a commission spokesperson. In December 2020, the commission opened the investigation to assess the proposed acquisition on WTW by Aon over concerns that the transaction could significantly reduce competition in those markets.

Aon announced its intentions to buy WTW in March 2020 in an all-stock transaction with an implied combined equity value of approximately $80 billion.

The deal would see the combination of two of the world's largest insurance brokers.

The commission, who suspended the investigation on 8 February, explains that this procedure in merger investigations is activated if the parties fail to provide, in a timely fashion, an important piece of information that the commission has requested from them.

A commission spokesperson states: "To comply with merger deadlines, parties must supply the necessary information for the investigation in a timely fashion. Failure to do so will lead the commission to stop the clock."

"Once the missing information is supplied by the parties, the clock is re-started and the deadline for the commission's decision is then adjusted accordingly," the spokesperson adds.

Aon did not immediately respond when contacted for comment on the EU's suspension of the investigation.

At the end of January, Aon and WTW named the executive committee that will be effective upon the completion of the proposed combination. ■

Captive amendment bill passes Delaware Senate

The Delaware State Senate has passed Senate Bill 36 (SB 36), which is an act to amend title 18 of the Delaware Code relating to captive insurance companies.

The bill is part of the State's 2021 legislative and was introduced by Senator Trey Paradee, Representative Bill Bush.

Representative's Ruth Briggs King, Michael Ramone, Michael Smith, and Jeffrey Spiegelman acted as co-sponsors of the bill.

In section one of the bill, one change includes adding definitions for 'policy' and 'premium'.

It also revises the definition of 'pure captive insurance company' to clarify that a pure captive insurer may insure its parent, its parent's affiliates, or a controlled unaffiliated business.

Under section two of the bill, it expands the captive insurance licensing authority for a series as defined under chapter 69 of title 18 to allow a Delaware series to be licensed as an agency, branch, or reciprocal captive insurance company.

Section three of the bill allows certain captive insurers to select the Delaware series form of business organisation.

In section four of SB 36, it makes the insurable interest provisions of 2706 of title 18 applicable to captive insurance companies. In addition, this bill makes technical corrections to conform existing law to the standards of the Delaware Legislative drafting manuals. The SB passed Delaware's Senate with 21 votes and takes effect upon being signed into law. ■

Davies opens new captive management facility in Guernsey

Davies has launched a new captive management facility in Guernsey, following regulatory approval from the Guernsey Financial Services Commission.

Davies Management Services (Guernsey) will provide full captive management capabilities including feasibility studies, incorporation services, programme structure advice and exit solutions.

The Guernsey operation will broaden Davies' established captive management operations in Bermuda and the US.

Commenting on the new office, Nick Frost, president of Davies Captive Management, says: "We are delighted to announce the launch of a new captive management facility in Guernsey, which alongside our existing operations in Bermuda and the US will enable us to further enhance our service proposition to clients around the globe."

"Guernsey is Europe's leading captive centre with a robust regulatory environment and is benefitting from the rising demand for captives. Deepening and broadening our capability is an essential part of our strategy to remain both relevant and valuable to our clients, and we look forward to being able to offer a deeper range of captive solutions to our clients across our wider business," he adds.

In July 2020, Davies acquired Citadel Management Bermuda Limited and Cedar Consulting. Citadel Risk will become part of Davies' insurance services practice and is being led by CEO Steven Crabb.

Davies also completed the acquisition of Wakely Actuarial, a specialist actuary and consulting business based in Florida, in December last year. ■

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Nevada's new captive association starts work in a bid to promote industry

Nevada's new captive association, the Nevada Captive Insurance Council (NCIC), has started work on 2021 activities in a bid to promote, protect, and enhance the state as a premier US captive domicile.

Although the NCIC was officially launched in early 2020, much of its activities were delayed due to the COVID-19 pandemic.

The Nevada Captive Insurance Association (NCIA) ceased in 2014, but a handful of captive industry leaders from Nevada continued to stay in contact with each other as well as the Nevada Division of Insurance (NDOI), according to Josh Miller, CEO of KeyState Captive Management. Miller was also recently elected as vice-president and board member of NCIC.

A year ago, under the leadership of Renea Louie, vice president at Pro Group Captive Management Services, a group of industry leaders convened with the goal of establishing a new association to promote and enhance Nevada's captive insurance domicile. NCIC's goals include growing its membership with Nevada captive insurance companies, captive service providers, students and recent International Center for Captive Insurance Education (ICCIE) graduates, and government officials.

He notes: "We are particularly interested in growing membership beyond what is very typical for state captive associations where over 90 per cent of members are service providers. For this reason, we have offered significantly reduced membership fees for students and government officials."

Miller explains that NCIC wants to support continuing education for its members with educational workshops and seminars and a formal partnership with ICCIE. In addition, the new association wants to advocate and represent the captive industry with the NDOI and at the Nevada legislature. NCIC also is keen to join the Western Region Captive Insurance conference to provide its members with an annual conference experience.

Commenting on the new association and his role, Miller says: "I was proud to join the NCIC as a board member and was subsequently elected as a vice president. I know that the entire board of directors looks forward to building an organisation that benefits all of our members and helps to elevate Nevada as a premier US captive domicile." ■

Utah proposes 'significant' changes to captive legislation

Utah has introduced a bill which will amend the insurance code, including "significant" changes for captive insurance to ensure the state remains competitive.

The first change in HB 54 will propose a reduction in the minimum un-impaired capitalisation requirements for sponsored captive structures. Proposal will reduce the minimum to $500,000 total with at least $200,000 from the sponsor/core itself; down from $1,000,000 and $350,000 respectively.

The second significant change is to allow captive coverages for punitive damages; however, no pure third-party direct or indirect coverages for punitive damages, and the coverage may not arise out of a criminal act, which is defined as "an act for which a person receives a verdict or finding of guilt after a criminal trial or plea of guilty or nolo contendere to a criminal charge".

It will also see changes to the definition of a captive insurance company.

The bill is sponsored by representatives Jim Dunnigan and Senator Curt Bramble as part of Utah's 2021 General Session.

On 17 February 2021, the bill was introduced to Utah's Senate for its first reading.

Travis Wegkamp, captive insurance director of the Utah Insurance Department says HB 54 will pass and states that these changes will go into effect mid-May.

In addition, Wegkamp states that in a process done through rule and not legislative code, an increase in license fees has been proposed and passed through a public hearing.

He notes that it will now be reviewed as part of the state's annual budget and may be accepted as proposed, rejected altogether, or modified anywhere in between.

"If any changes are accepted they will go into effect on the state's new fiscal year of 1 July 2021," he adds.

In addition, Utah has also introduced a new bill to make changes to the Administrative Services Code, Independent Entities Code, and Independent State Entities relating to risk management, which will authorise the state risk manager to create one or more captive insurance companies. ■

images by jason/stock.adobe.com

Alabama Captive Insurance Association reveals 2021 captive bill amendments

The Alabama Captive Insurance Association (ACIA) has revealed its 2021 captive bill amendments, which if passed, will see the introduction of three new alternative risk vessels, a new formal redomestication process, risk retention group (RRG) and a reduction to the minimum capital requirements.

The Alabama State Legislature convened on 2 February 2021.

The new 2021 proposals are in addition to those scheduled for last year, which was put on hold by the state legislature due to the ongoing COVID-19 pandemic.

Last year's changes include an expansion to branch captives and dormancy statute.

Ben Richardson, director of external affairs at ACIA, explains that a lot of time has been spent discussing the changes with the Alabama Department of Insurance to make Alabama stand apart from other domiciles.

As part of the 2021 amendments, the three new alternative risk vessels will include agency captives, reinsurance captives and special purpose financial captives.

Agency captives will allow producers to form captive structures and provide access to hard to obtain coverage when traditional markets harden, while the reinsurance captive structure will permit the formation of captives for the sole purpose of assuming risk from other insurers as well as establishing requirements for those specific type of reinsurance transactions.

The new special purpose financial captives will be allowed under the commissioner's supervision and given his consent a captive can be created, which will provide the ACIA flexibility as well the captive managers operating in the state.

Another proposal will also allow surplus notes to be utilised in the capitalisation process, which previously was not allowed in the state.

Alabama has also put forward a new formal redomestication process.

In order for an alien captive insurance company to redomesticate to Alabama, Richardson notes that they must display compliance with the regulations of their former domicile, be in compliance with the regulations of Alabama, and have an examination substantially similar to the scope of the Alabama examination.

In the US, particularly among southern states, such as Georgia and North Carolina, similar rules are in place.

Richardson says if passed, the new law will mean captives can facilitate a move from state to state without the burdensome regulations and examinations.

"We're really excited about that and I think that is going to be really critical in the grid of Alabama in the captive industry," Richardson says.

The ACIA has also collaborated with the Alabama Department of Insurance, which will see the department issue the RRG regulation to set the National Association of Insurance Commissioners RRG standards in one convenient place.

Richardson explains that this will create a "smoother regulatory environment" for RRG owners and managers to know the requirements.

The final proposed change is a reduction in the minimum capital requirements for the state's pure protected cell captives.

For pure captives, the first capitalisation was $250,000, which could be lowered to $100,000 while the protected cell was also $250,000 and that is now $100,000 for the initial capitalisation cost.

Commenting on the proposed changes, Richardson states: "We think that this is going to really help us be competitive, both domestically and globally. We're really excited about what these changes mean for the state and the fact that our department is being a champion for our cause and trying to get help us promote Alabama, as a really competitive domicile."

He notes that the bill is expected to be introduced to the through the House Insurance Committee this week.

"Up to this point, since 2006, we've not had a single negative vote or objection to any component of our legislation, and we're expecting the same this year. We are really excited to see this all the way through and see it signed into law, late June early July," Richardson adds. ■

Sony's captive ratings affirmed by A.M. Best

A.M. Best has upgraded the long-term issuer credit rating to "a+" from "a" and affirmed the financial strength rating of A (Excellent) of PMG Assurance, which is based in Bermuda.

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

Read the full article online

Guernsey sees decrease in total captive figures for 2020

The Guernsey Financial Services Commission has revealed it licensed three new captives, four new captive cells, and two special purpose vehicles in 2020, while 18 captives or cells surrendered their licenses.

Guernsey ended 2020 with 291 captives licensed and 43 special purpose vehicles, a decrease on 2019's figures where Guernsey ended the year with 305 captives.

Read the full article online

Finance Isle of Man launches campaign to promote captive market

Finance Isle of Man, the executive agency dedicated to further developing the Island's financial services sector, has launched a digital marketing campaign to promote its captive insurance offering.

The campaign will highlight the benefits of establishing a captive on the Isle of Man such as a regulatory and legal infrastructure.

Read the full article online

Airmic: deteriorating insurance market sees captive interest continue

Risk professionals' use of captive insurance solutions continues to increase, as premium rates and the scope of cover and capacity have continued to deteriorate across a number of covers and sectors, according to Airmic's latest Pulse Survey.

Among respondents whose organisations do not already have a captive, 23.4 per cent are now considering forming one in response to the hard market.

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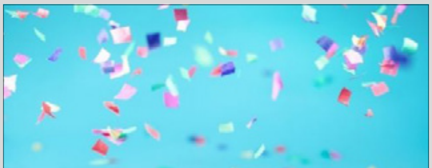


Vermont hits new milestone after licensing 1,200th captive

Vermont's Governor Phil Scott has revealed that the Department of Financial Regulation has licensed the state's 1,200th captive insurance company.

Sustainable Assurance Company, a pure captive, was granted its license on 1 January 2021. The captive was formed by the Lancaster County Solid Waste Management Authority, a waste management company based in Pennsylvania.

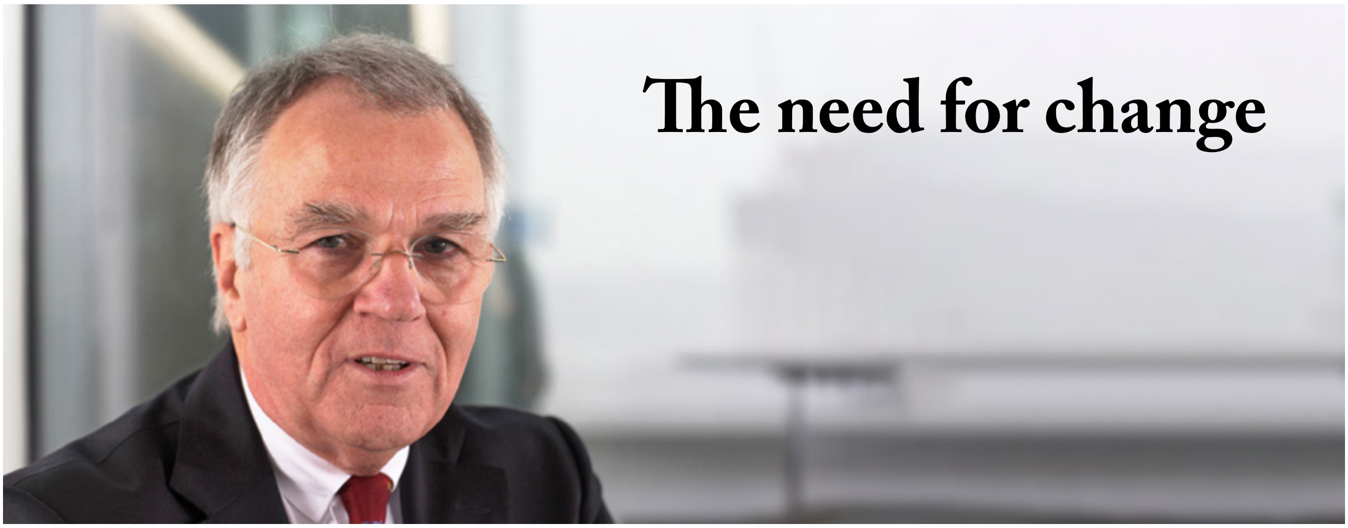
Read the full article online

Tennessee welcomes 18 new captives and 41 cells in 2020

The Tennessee Captive Insurance Association has revealed a 64 per cent increase in licensed entities on its 2019 figures, with 18 new captives and 41 new cells in 2020.

The licensed captives and cells bring Tennessee's total risk bearing entities to a total of 720, which include 212 captives and 508 cells.

Read the full article online



The need for change

ECIROA's Guenter Droese suggests that without the OECD providing industry support, their own target goals cannot be achieved

What is the overall aim of the OECD's BEPS? And why are captives under greater scrutiny?

The main target of the Organization for Economic Co-operation and Development's (OECD) base erosion and profit shifting (BEPS) has been to avoid or prohibit "to artificially separate the allocation of multinational enterprises taxable profits from jurisdictions in which these profits arise and, to secure the profits will be taxed in the jurisdiction the multinational enterprises operate because BEPS distorts competition, investment decisions and creates an issue of fairness" and to achieve "an improved coherence of tax rules at the international level and the reinforcement of substance requirements which shall enhance transparency and certainty to ensure a level playing field in the 123 member countries".

OECD started with the BEPS papers based on the request of the G20 and complaints have been raised against multinationals which allegedly are offending taxation rules shifting profits to low/zero tax rates. Captives are just some legal entities which are part of these allegations being subsidiaries of multinationals.

What are the main concerns around BEPS and captives?

When the OECD first introduced BEPS captive owners initially recognised that the business plans and structures of captives as part of the risk management concept of a big corporation or a multinational in its complexity and in the details had not been understood.

Three main concerns which are also substantial for some captives include Controlled Foreign Company rules, the permanent establishment (PE) status and the Transfer Pricing Principle.

Some local taxmen assessed more diligently as in the past whether the local tax provisions are respected. This led to some discussions but most of the captives could explain their business model and their functions satisfying the concerns raised. Our impression is that the initial excitement has been replaced by a down-to-earth attitude of the captive owners. OECD's recommendations have not been implemented in most of the countries. Some governments realise that the request to create a level playing field bears the danger that with the recommended changes they may reduce their own tax revenue.

Has the OECD worked with the captive industry to address these challenges? If not, what collaboration would you like to see?

Yes, captives are a risk management tool to help the pre financing of potential future losses and claims but not to collect profits to be untaxed — we have explained this function very precisely.

We also discussed with OECD about the unfounded allegations versus captives, which have been primarily related to Governance and Substance and the Transfer Pricing Principle.

Based on the laws, rules and provisions of Solvency II, local tax and the international accounting principles captives are following these compliance requirements as much as possible in their jurisdiction.

Nevertheless, we tried to convince OECD senior managers that the BEPS papers will not succeed as long as we cannot allocate our premium to countries where we have insurance coverage for local risks but due to restrictions of local insurance regulation the assignment of premium is not allowed. Apparently, they understood the facts but didn´t react with any activity or further considerations.

What work has the European Captive Insurance and Reinsurance Owners Association (ECIROA) done with the OECD in relation to BEPS and captives?

We wanted to work with the OECD rather than act as an opponent of their ideas and requests in principle, because the compliance requirements we have to fulfil already are sufficient to achieve the targets of BEPS with the caveat that international insurance programmes (IIPs) suffer under the regulatory ignorance to improve the current situation.

We have asked the OECD to support the efforts of ECIROA and most of the big insurance carriers to convince the IAIS and local regulators (also EIOPA) that IIPs can be placed and performed in a compliant structure only when the cross-border allocation of premium is not prohibited. Hence, the regulatory institutions are under pressure because they hold insured corporations and their insurers back to fulfil the appropriate compliance requirements.

Do you think the BEPS transfer pricing guidance released in 2020 fulfilled its purpose?

Regarding the taxation of allegedly shifted profits the transfer pricing element is probably the most urgent and target driven duty to implement. But nothing happened to date with regard to insurance premiums..

The arm's length principle applied in the determination of a "fair and correct" premium is part of the transfer pricing disputes; no manager of a multinational`s subsidiary or branch will accept excessive prices.

OECD has not provided any support to help the insurance industry, but they should know that without a transparent regulation of cross-border insurance activities and premium allocation in this IIP business, their own targets cannot be achieved.

It's correct, there are some double-taxation issues, existing facts and also newly introduced. But this has not been an issue within the BEPS paper.

What should captive owners be doing to ensure they are compliant?

Captives are following the existing regulatory requirements, the local and generally agreed accounting principles (GAAPs) and the local tax laws. What else can they do?

The captive's business and performance is following the structure of the IIP which has been negotiated between the insured and the insurers.

As mentioned above an allocation of premium to all insured locations/countries is very often not possible.

Is there any planned work scheduled around this or has the pandemic caused delays?

There is no additional work scheduled around BEPS. The need for change as mentioned above is a permanent challenge for the stakeholders.

We are in contact with the various institutions including the International Association of Insurance Supervisors, OECD, the European Insurance and Occupational Pensions Authority, local supervisors and taxmen, to try and convince them with the necessary patience. But they have to listen, understand the problem and then to decide how to proceed.

ECIROA has sent IAIS a proposal for an additional Core Insurance Principle (CIP) how to remedy the cross-border insurance, premium allocation and claims payment-problem. This could be a perfect basis for future considerations.

But again, regulators are silo-minded and take care only of the supervision of insurers.

They are not taking care of the relation between the insured corporations/individuals and their insurers and are not interested in an interdisciplinary approach to optimise the economic situation of all stakeholders. ■

A certain future

Following the Brexit deal, Mike Matthews of Artex says that UK intermediaries will look to create suitable EU-based partnerships, to enable them not only maintain but to grow their EU client portfolios in the years ahead

How has the outcome of the UK-EU Brexit deal affected the captive insurance industry?

As financial services were never part of the Brexit agenda, the only real effect for the industry as a whole from the deal has been to create certainty for all stakeholders. For the captive industry, this certainty of outcome has simplified the location choices for example EU/non-EU/UK. Some European domiciles now have clear territorial advantages such as Malta and Luxembourg for EU risks and Guernsey and Gibraltar for UK risks.

But the key challenge will be for those EU-based direct writing captives who applied for the UK's Temporary Permissions Regime (TPR). While they can still continue on a Financial Ombudsman Service (FoS) basis, they now need to appoint a local head of overseas branch and decide if they want to continue writing business after the current three year TPR period expires. If so, they will need to apply to the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA) for a full UK branch licence before the end of the three years which can be a time-consuming and costly undertaking.

How well prepared were UK insurance entities for Brexit?

The majority of large UK-based carriers and brokers were well prepared for Brexit having already created EU-authorised entities in locations such as Dublin, Luxembourg and Brussels over the past two years. Prior to the end of the transition period, issues remained with the smaller intermediaries, niche managing general agents (MGAs) and boutique insurers in denial about the regulatory changes and/or what the operational implications may be for their businesses in the new year.

Outside of establishing an EU presence or partnering with an existing EU regulated entity to create a third-party solution, those entities without a post-Brexit plan will need to wait to see if an equivalence framework can be agreed with the EU similar to the 2017 EU/US deal — which took 20 years to negotiate.

This option can now be addressed by the UK/EU governments now that the UK has left the EU, In addition, any future bi-lateral agreement between the UK/EU would require the UK to maintain the current Solvency II rules, which would be contrary to the PRAs plans to consult with industry regarding possible changes to the UK rules after 31 December.

Will there be lots of tie-ups in Europe in the future?

Intermediaries have the option to establish their own regulated subsidiary in the EU post-Brexit. However, unless a substantial element of the operation can be outsourced to an EU regulated insurance manager, for example, Artex — where economies of scale can be achieved to reduce cost — this option comes with both high cost and high ongoing resource commitments.

The alternatives for UK brokers, looking for more cost-effective EU solutions, are either to partner with an existing EU regulated broker or by accessing a turn-key solution such as Artex's Broker PCC model.

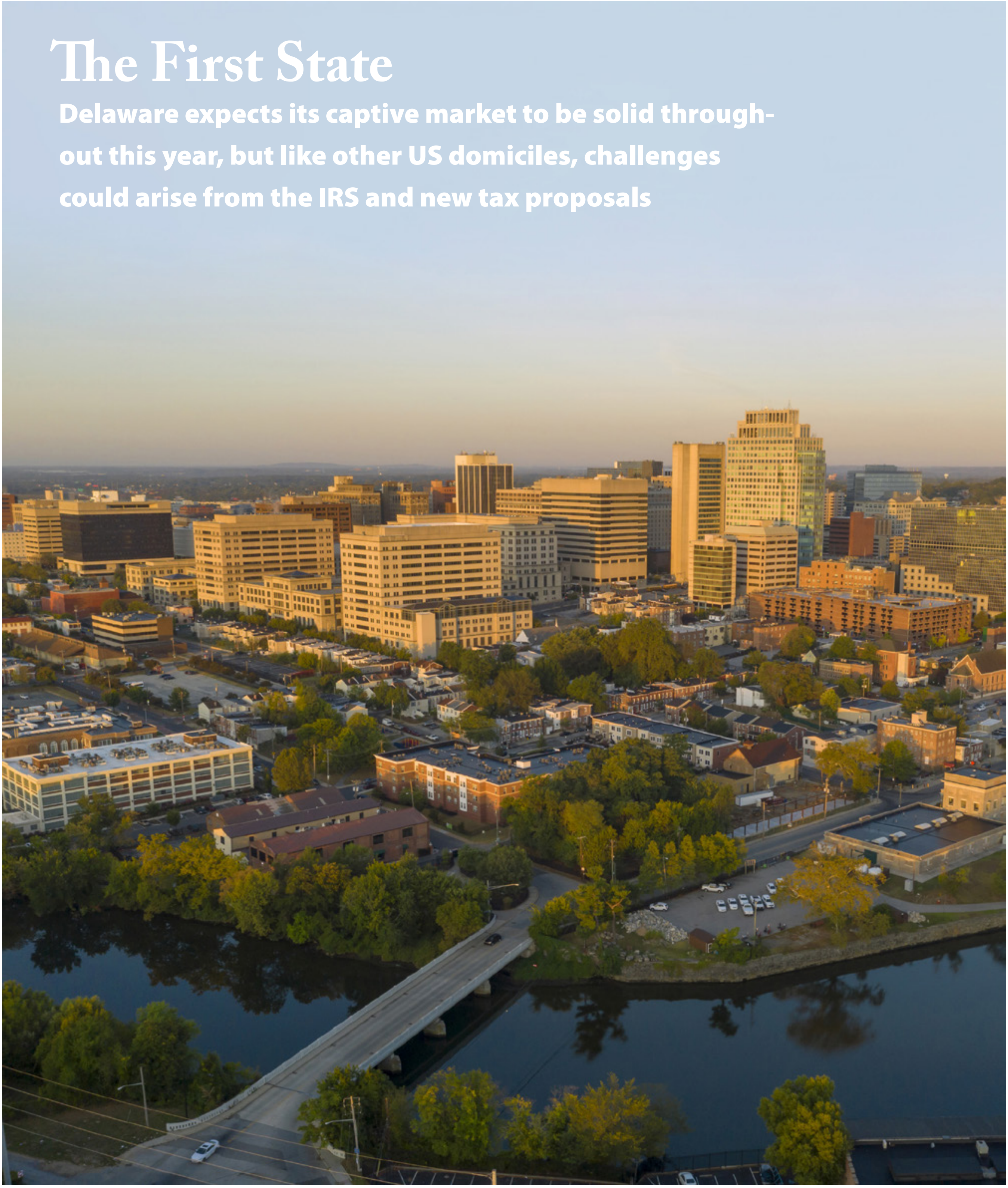
Following the Brexit deal — which creates certainty — we believe that UK intermediaries will look to create suitable EU-based partnerships, to enable them not only maintain but to grow their EU client portfolios in the years ahead, instead of opting to create their own 'high-maintenance' subsidiary operation. ■

"Some European domiciles now have clear territorial advantages such as Malta and Luxembourg for EU risks and Guernsey and Gibraltar for UK risks. But the key challenge will be for those EU-based direct writing captives who applied for the UK's Temporary Permissions Regime"

Mike Matthews
Commercial director, international
Artex Risk Solutions

The First State

Delaware expects its captive market to be solid throughout this year, but like other US domiciles, challenges could arise from the IRS and new tax proposals



Ranking third in the US and fifth in the world in terms of captive domiciles, Delaware is set for another year of strong growth within its captive market following a positive 2020. Last year, the state licensed 70 new captives in 2020, including 67 conditional licenses. The 2020 licensing figures showed an increase from the 2019's stats, where the Delaware Department of Insurance (DDOI) licensed 56 captive insurance companies.

The Insurance Commissioner Trinidad Navarro recently provided members of the Joint Finance Committee the department's budget presentation, informing the General Assembly on how captives benefit the state.

Navarro revealed that the work of the captive division has reduced taxpayer burden by contributing $1 million to the city of Wilmington and $2.9 million to the State of Delaware General Fund in the fiscal year 2020.

Jerry Messick, CEO of Elevate Risk Solutions, suggests that Delaware's current captive market is "very strong".

Messick says that the ongoing COVID-19 pandemic has forced a heightened state of awareness regarding enterprise risk management.

When combining the pandemic with the current state of dramatically rising premiums in the US property and casualty (P&C) market, Messick says that Delaware is positioned to demonstrate steady growth.

The state has seen property, directors and officers (D&O), and commercial auto all remain extremely tight in the current market conditions which continues to drive interest in captives. Messick suggests that this will continue until Q2 or Q3 of 2022 earliest.

Understanding and anticipating trends in the captive market requires the department of insurance to analyse the commercial market.

Based on the commercial market trends, Christina Haas, senior policy advisor at the DDOI, comments: "We see the cost of both property and liability insurance policies increasing in the commercial insurance market, and so we expect strong demand for captive insurers in these areas."

What's on offer?

With strong growth on the cards, what can Delaware offer to new potential captive owners?

Steve Kinion, director of the captive insurance programme at DDOI, suggests that a big part of Delaware's strength is the consistent and stable regulation and team members with decades of industry experience.

"The DDOI boasts many multilingual team members, including speakers of French, German, Lithuanian, Russian, and Spanish, which allows the department to be able to communicate and compete on a global scale," Kinion explains.

Another important factor is the relationship between the Delaware Captive Insurance Association (DCIA) and the state's department of insurance.

Joanne Shaver, president of DCIA, says that the two teams meet regulatory throughout the year to ensure the captive insurance remains competitive.

Despite the challenges of the pandemic, the DCIA and the DDOI were able to meet three times during 2020 to discuss trends, to consider changes to the existing legislation, and to flag a few alternatives to keep Delaware competitive in the captive marketplace in 2021.

Shaver explains: "It helps that Delaware is a small state and that the DCIA board is made up of captive service providers who have their pulse on the industry at all times."

Delaware is one of just four domiciles that holds an International Center for Captive Insurance Education (ICCIE) trained designation issued ICCIE.

ICCIE was developed in response to a need expressed by captive insurance professionals for in-depth educational offerings, information on current topics, and a professional designation.

Haas says: "It is important to note that the DDOI pairs this regulatory experience and international industry knowledge with a willingness to innovate."

"This is something Insurance Commissioner Navarro is passionate about, and in taking this viewpoint, we can streamline processes and make our domicile more attractive," she adds.

In the US November 2020 election, Navarro, a Democrat, won his second term as Delaware's Insurance Commissioner.

A new bill

Delaware has also proposed to update its captive insurance legislation. In February, the Delaware State Senate passed Senate Bill 36, which is an act to amend title 18 of the Delaware Code relating to captive insurance companies.

In section one of the bill, one change includes adding definitions for 'policy' and 'premium'. It also revises the definition of 'pure captive insurance company' to clarify that a pure captive insurer may insure its parent, its parent's affiliates, or a controlled unaffiliated business.

Under section two of the bill, it expands the captive insurance licensing authority for a series as defined under chapter 69 of title 18 to allow a Delaware series to be licensed as an agency, branch, or reciprocal captive insurance company.

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Additionally, this bill makes technical corrections to conform existing law to the standards of the Delaware Legislative drafting manuals.

The SB passed Delaware's Senate with 21 votes and will take effect upon being signed into law.

Bumps in the road

Like many US domiciles, one of the biggest challenges is the increased scrutiny from the Internal Revenue Service (IRS), which has targeted micro captives for years. However, in more recent times they have ramped up their efforts to do so.

In 2016, the Department of Treasury and IRS issued Notice 2016-66, which formally labelled micro captives as 'transactions of interest'. The IRS advised that these transactions have the potential for tax avoidance or evasion.

Under section 831(b) of the US tax code, captive insurers that qualify as small insurance companies can elect to exclude limited amounts of annual net premiums from income, so that the captive pays tax only on its investment income.

The IRS and domiciles continue to weed out the "bad captives electing 831b status", according to Messick.

In June 2020, the IRS petitioned the US District Court for the District of Delaware against the DDOI to enforce a summons for documents related to its micro captive investigation.

Commenting on the lawsuit at the time of filing, Haas explains that the state has provided non-confidential information to the IRS, and has worked with the industry to provide a collection of confidential documents with the consent of those companies.

Haas notes that the only exceptions were "those cases where consent was given by the company, we must act within the confidentiality confines of Title 18, Chapter 69 of the Delaware Code".

"Our office has cooperated with their requests to the extent that our statute allows," she adds.

"The department continues to feel strongly that the confidentiality provisions of our state law are critical to both the state-regulated industry, and to public policy as a whole," Haas noted.

"The department continues to feel strongly that the confidentiality provisions of our state law are critical to both the state-regulated industry, and to public policy as a whole"

New US administration

It was recently noted that US President Joe Biden's major tax proposals are set to have a positive impact on the tax effects of proper risk financing utilising a captive strategy, but a larger exit tax if not properly planned, according to RH CPAs' Teresa Jones, Diana Hardy and Daniel Milan.

It was suggested that the tax effect of the proposals "will likely result in larger upfront savings by utilising a captive as part of the risk financing strategy of a business who qualifies".

However, Messick says: "Unfortunately, you will also see a rise in tax rates by the current administration, you'll see a spike in more promoters pushing the tax aspects of captives." ■

Monica Birchmore

Account manager

Hylant Global Captive Solutions

"The captive industry is full of talented, intelligent professionals, but I have truly been inspired by some of the strong women who I see as pillars of the captive insurance industry"

Personal bio: Some say I am from the middle of nowhere, and I would have to agree, but I wouldn't want to call anywhere else home. I am from Addison, Vermont, where there are more cows than people and everybody knows either you, your parents, or your grandparents. Being from a small town located on Lake Champlain, I enjoy all the lake has to offer including boating, kayaking, and fishing.

Professional profile: *After attending Champlain College in Burlington, Vermont from 2012 to 2016 where I received a Bachelor of Science in accounting with a minor in finance, I joined the captive industry full time as an assistant client services specialist and later an account manager. In 2018, I completed the requirements to become a Certified Public Accountant. In June 2020, I joined the Hylant family as an account manager and couldn't be more excited to be a part of such a great company.*

How did you end up in the captive industry?

During a short flight to Florida in 2014, I was introduced to the captive industry through discussions with a woman that was sat next to me. This discussion led to an internship opportunity during the third and fourth years of my undergraduate programme. Not long into my internship, I knew that the captive industry would be a great fit for me and was excited to learn as much as I possibly could.

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

Meeting and building working relationships with new people who each have different strengths and areas of expertise has been my favourite part of being in the captive insurance industry. Being from a small town, this industry has exposed me to so many new people, companies, and industries. Working within a variety of industries, I truly can say that each and every day is different and I am constantly learning.

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

The captive industry is full of talented, intelligent professionals, but I have truly been inspired by some of the strong women who I see as pillars of the captive insurance industry. I am lucky enough to have the opportunity to work beside a number of them day in and day out.

What is your impression of the industry?

I have always been proud to work in the captive insurance industry, not only because of it's economic contributions to my home state and many others and the fact that it is a green industry, but because it provides creative and efficient risk management solutions for each client. Captives can play an important role in ensuring the health and success of companies and I enjoy being a piece of that process.

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

The fact that captive insurance companies can be so customisable to each client's situation is a major part of the reason they are so effective, but when no two captives are the same it can be difficult to learn, and even further become an expert. It is my goal to be able to use my experiences and knowledge that I have gained thus far in my career as a building block to becoming an expert in the captive insurance industry to assist clients with their everchanging risks. Joining Hylant has been great in helping me progress as I am being involved in projects and conversations beyond the day-to-day management aspect of captives to expand my knowledge and exposure to the feasibility, consulting, and beginning stages of captives. Another step to achieving this goal will be obtaining my Associate in Captive Insurance (ACI) designation, which I will be working towards in the coming years.

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

If you enjoy new challenges every day, problem solving, and meeting professionals in various industries, the captive industry could be a great fit. There are also many career avenues that fit within the scope of captive insurance whether it be captive management, service providers, state departments, and many more. After working in the industry for the past five years, I could confidently say that it has been important in fostering my professional skills that could be applied to various positions within and outside of the industry. ■

"Monica has a tremendous appetite for learning, networking to find solutions and developing herself and others around her.

She has been voracious and diligent on studying and learning the captive insurance industry to expand her own personal knowledge while being highly professional and a quick learner.

She has constantly asked me and others for tips and tricks for professional speaking and presentations to the board of directors for the captives she manages.

Monica is motivated, outgoing, innovative and fun-loving. She goes the extra mile for anyone who requests her time and experience."

Anne Marie Towle, global captive solutions leader at Hylant

Artex Risk Solutions has promoted Ryan Santacrose as assistant vice president, business development.

Santacrose started working at Artex Risk Solutions in 2013 as a summer intern. He was then appointed as account executive of business development in 2015. As an account executive, he managed Artex's regional business development efforts in Illinois, Nebraska, Iowa, Michigan, Oklahoma, Kansas, Missouri and Texas, where he focused on member-owned group captives, rent-a-captives, single-parent captives, and medical stop-loss captives.

Commenting on Santacrose's new role, Matt Atkinson, senior vice president, business development, Artex Risk Solutions, says: "After interning with us, Ryan Santacrose began his full time career in sales with Artex in 2015. In the past five years, he has proven himself to be a strong leader and advocate for both our broker partners and clients."

Atkinson adds: "Santacrose creates opportunities that lower and better manage the client's total cost of risk, while at the same time increasing the broker's retention rates and new business wins. All of this drives better business relationships." ■

Strategic Risk Solutions (SRS) has hired Peter Child to lead its newly established operations in Guernsey.

Child, who will join the firm in July, has been appointed as managing director of SRS Guernsey Management.

He will be responsible for development and oversight of SRS' business in Guernsey.

SRS says recruitment efforts to staff the new Guernsey office will "begin immediately".

Child started his insurance career at Euler Hermes in the early 1990s. He worked in data analysis, sales and underwriting before returning to Guernsey in 2001 to take up the position of assistant director of the insurance division of the Guernsey Financial Services Commission.

He later joined Aon and after working with the firm for two years, joined Artex in 2007, where he worked in various different roles, most recently with responsibility for Artex's Guernsey office as well as those in Malta, Gibraltar and London.

In addition, Child is a past chairman of the Guernsey International Insurance Association (GIIA) and is the current chair of GIIA's market development committee, which oversees initiatives in the areas of captive insurance, insurance-linked securities (ILS), rated reinsurance, pension risk transfer structures, managing general agencies, life insurers and market access.

Brady Young, CEO of SRS, says: "We are pleased to be able to establish an office in Guernsey — a great place to do business, with its solid regulatory framework, strong infrastructure, and a vibrant and growing insurance market."

Young explains that adding Child to its management team "is a pivotal next step in the execution of our strategy to expand our customer base and to extend our geographic reach".

"While we've developed an enduring presence in the US and international captive management sector, we're now building a strong team in Europe and in the commercial insurance and ILS segments. Child's mandate includes establishing an office in Guernsey to support the development and management of insurance entities across all sectors in the domicile," Young adds. ■

Corant Global has appointed Steven Beard as executive director.

In his new role, Beard will have wide ranging responsibility across the group with functions including finance, operations, IT, infrastructure and digital reporting to him.

He brings with him experience of delivering business value, driving business performance, and building market leading positions, having held a number of senior executive roles, most recently CEO of RFIB.

While at RFIB, he was part of the rebranding strategy to double revenues to £100 million in three years.

In January, Corant Global was launched and became the holding company for all the insurance interests of BGC Partners, a global brokerage and financial technology company.

Steve Hearn, Corant CEO, says: "Steven Beard's appointment is a clear demonstration of our continued investment in building Corant's tech-enabled multi-channel platform. He has an established and impressive industry reputation and he will play a significant role in driving change, fostering innovation and enabling sustainable growth for the benefit of our clients and colleagues."

Commenting on his new role, Beard states: "Working for an entrepreneurially led organisation such as Corant that has a robust focus on investing in technology as well as in top-tier broking talent, is an exciting proposition and where my experience is best served. I look forward to supporting the growth of the group and contributing to its ongoing success."

BlueStone Advisors, an independent insurance brokerage firm, has appointed Michael Hansen as vice president in the employee benefits division.

Based in BlueStone's home office in Lombard, Illinois, Hansen will be responsible for new business development in the privately held middle-market space.

He joins from Trustmark Health Benefits, an independent benefits administrator and maintains valued industry relationships to serve mid-size employers.

Hansen expertise focuses on optimising employee benefit plans to guide employers in maximising the value of their healthcare investment.

BlueStone explains that as the cost of group health insurance continues to rise, employers are looking at alternative approaches like self-funding and value-based health care to save money on their premiums. Hansen's experience with cost containment strategies at managed care organisations provides insight to help employers reduce their healthcare costs.

"The demand for new models is especially strong among fully insured mid-size businesses that are lacking the scale and resources of their larger counterparts to drive significant change," Andrew Royce, president at BlueStone Advisors.

He adds: "Hansen's ability to thoughtfully structure benefit plans to reach their full potential will provide our clients with a competitive advantage with regards to retaining human capital."

Commenting on his new role, Hansen notes: "I am delighted with the opportunity to apply my industry expertise and provide BlueStone's clients with best-in-class benefit plan solutions, thereby improving their bottom lines. My focus will be on developing custom solutions in the middle market space to reduce spend, minimise risk, and maximise the value of benefit plans."