

Captives: the vanguard of insurance

As innovation seeps into the captive industry, digital transformation within the market is set to be tremendous over the next five years

Emerging Talent

André Baldo, captive insurance account financial analyst at Arsenal Insurance Management

Employee Benefits

Vittorio Zaniboni and Frederik Van den Eede discuss how GEB changed its EB captive renewal status quo

— Risk management isn't about choosing better next time. —

When you choose to domicile your captive in Vermont, you can be confident you chose correctly. With nearly 40 years of regulatory experience coupled with an unparalleled service provider network and legislative partnership, Vermont offers companies the sensible, secure and supported domicile they need.

Connect with us and see why Vermont sets **THE GOLD STANDARD.**

captiveinsurance**times**

Issue 219

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

Copyright © 2021 Black Knight Media Ltd
All rights reserved. No part of this publication may be reproduced, stored
in a retrieval system or transmitted, in any form or by any means, electronic,
mechanical, photocopying, recording or otherwise, without permission in
writing from the publisher. Company reg: 0719464

captiveinsurance**times**

The primary source of global captive insurance news and analysis

17 March 2021 - Issue 219

Captives: the vanguard of insurance

As innovation seeps into the captive
industry, digital transformation
within the market is set to be
tremendous over the next five years

Emerging Talent

André Baldo, captive insurance
account financial analyst at Arsenal
Insurance Management

Employee Benefits

Vittorio Zaniboni and Frederik Van
den Ende discuss how QEB changed
its EB captive renewal status quo

In this issue



Emerging Talent

André Baldo, captive insurance account financial analyst at Arsenal Insurance Management

page 20

News Focus

page 6

Arizona Focus

Known as the Grand Canyon State, Arizona has seen slow but steady growth within its captive industry

page 10

Employee Benefits

Vittorio Zaniboni and Frederik Van den Eede discuss how Generali Employee Benefits changed its employee benefits captive renewal status quo for the better

page 12

Digital Transformation

As innovation seeps into the captive insurance industry, it has been suggested that the digital transformation of the market in the next five years is going to be tremendous

page 16

Industry Appointments

The latest people moves in the captive insurance industry

page 22

Set up an EU based protected cell with the independent experts

Capital, time & cost efficient alternative to a standalone insurer or captive
Direct access to the UK and EU market



People you can trust

Contact us on t: +356 2343 5221 | e: cells@atlaspcceu | www.atlaspcceu


Atlas Insurance PCC Limited is a cell company authorised by the Malta Financial Services Authority to carry on general insurance business.

WE KNOW CAPTIVE INSURANCE.

IT TAKES VISION

For more than 70 years, no firm has had a more complete understanding of the captive and self-insured market than Milliman. With our global reach, we routinely advise multinationals on cross-border transactions and how to meet each domicile's unique requirements—key in today's captive environment.

 milliman.com/captives

 captives@milliman.com





CICA reveals essay contest finalist teams

The Captive Insurance Companies Association (CICA) has named the three finalist teams in its essay contest for college risk management and insurance students, which is sponsored by Strategic Risk Solutions (SRS).

Finalists for the “Using Captive Insurance to Better Manage Risk, Improve Your Bottom Line” essay contest, are: Ashley Martin and Maxwell Bernstein from Saint Joseph’s University (college student housing); Joseph Simmons and Jake Smedley from Temple University (classic auto sales and collision centres); Natalie Kojababian and Terra-Lynn Tokiwa, University of Southern California (college student housing).

The three finalist teams will now work with a mentor from SRS to revise and enhance their essays, which will be judged again to determine first, second and third place.

CICA selected the case study topics for the 2020 to 2021 essay contest for college insurance and risk management students in September last year.

The case studies included college student housing, classic auto sales and collision centres and State Dental Association.

For the CICA Essay Contest, two-person teams were asked to describe how and why a captive insurance company could be used as a cost-effective means of alternative risk financing.

CICA received essay entries from students studying accounting, business administration, finance, insurance and risk management.

Dan Towle, CICA president, says the captive industry draws on skills from many disciplines and the contest helps students see how their skills can be applied to solving real risk management challenges with captive insurance solutions.

“Students are forward-looking, not only regarding where they’re going to work when they graduate, but where the jobs will be during their careers. As they develop their captive solutions for the essay contest, they are seeing first-hand the increasing opportunities for using captive insurance and for careers that will grow as the captive industry grows,” Towle states.

Finalist teams will present their essays, and winners will be announced, at an upcoming CICA webinar hosted by contest sponsor Strategic Risk Solutions.

Essay contest winners will receive cash prizes and publication of their essays in *Captive Insurance Times*.

Towle explains: “Normally the students present at the CICA Conference and we want to continue providing the opportunity for them to showcase their talent and creative ideas by having them present on a webinar.”

Brady Young, CEO of Strategic Risk Solutions, comments: “It’s great to see that our case studies, which are based on real client engagements, are resonating with the students. This year the college student housing category was very popular which was based on an actual feasibility study for a major state university.”

“Attracting interest to the captive industry is important not only to generate the next generation of talent to our industry but to raise awareness at an earlier stage for those that may go into risk management, brokerage or insurance industry positions. Based on the teams participating and the quality of the submissions going up we are pleased with the results that the contest is generating,” he adds. ■

Growth for cannabis captives

“The stars are aligned for cannabis in captives now”, according to Ross Ellick, equity partner at Wilson, Elser, Moskowitz, Edelman & Dicker.

Ellick, who was moderating the cannabis and captives: the case for alternative risk solutions for the legal cannabis industry panel at the World Captive Forum (WFC), explains that there’s a lack of availability of traditional commercial cover.

He suggests that the captive sector is “a relatively sophisticated industry base that is willing to take risks”.

However, he highlights that there are only a few cannabis captive programmes.

Chris Payne, CEO of CLIC Risk Retention Group (RRG), explains that there are three things that need to be put into place when setting up a cannabis captive.

The first is a domicile, Payne highlights the need for a regulator who is familiar with captives and is able to license them.

The second is banks in that domicile that are willing to support the programme. Payne notes that “anything to do with cannabis creates problems with the banks”.

Finally, Payne adds that for CLIC, they had to operate in a state in which cannabis is entirely legal so that anyone doing business with them had the protection of the State.

“Lining up all those three things at the same time is challenging but it’s been done,” adds Payne.



Banking concerns

Banks are a huge problem for the cannabis industry as a whole, states Payne. He explains that a lot of banks handle cannabis money but there are very few banks that will do it so openly.

“For us, we’re operating in a transparent regulatory environment and those banks need to be in communication with the regulators,” he adds.

As time goes on, Payne suggests it will become easier but highlights that “it is extremely difficult to get all those stars aligned”.

Payne says: “Regulators want cannabis to be well-insured businesses, they want to know what the businesses have got proper insurances and that the public is properly protected. So I think if we go to the regulators with that kind of mission statement, they are very supportive. But the banks are a chokepoint on the whole cannabis industry,” he adds.

Future of cannabis captives

Commenting on how the cannabis industry might progress in the future, Ellick

explains that the market will continue to see exponential growth.

He highlights that more US states are legalising cannabis and that the Federal Government under both President Barack Obama and President Donald Trump had no appetite to prosecute responsible operators and ancillary service providers.

Scott Foster, senior vice president at NFP, notes that it is having more conversations with their clients and prospects that are involving their captive team.

“I do think there’s going to be a lot more activity in this space as that level of comfort continues to grow, as well as these companies continue to grow and expand,” Foster adds.

When speaking about if cannabis would ever be a schedule 1 drug, Rocco Petrilli, chairman of the National Cannabis Risk Management Association, highlights that if the Federal Government came up with a solution for the banking issue, “the cannabis industry would be happy to leave the legislation at the state level”. ■

Captives could play important role in Biden's new proposals

Captive insurance will play an even more important role with the potential new developments from President Joe Biden's new administration as the US Government rolls out potential new legislation and focuses in the space, according to Mikhail Raybshteyn, partner at Ernst & Young (EY).

Raybshteyn's comments were made on a panel at World Captive Forum 'Captive Market Trends: US Election Results and What's Next for Captives and Their Owners' panel.

On the panel, he explains that Biden's administration proposals surround a number of areas including healthcare quality, climate, boosting certain manufacturing, boosting US productions, and potentially raising taxes. Raybshteyn notes that Biden's priority will be boosting manufac-

turing and increasing demand for US products with energy efficient appliance upgrades, electric vehicles workplace child care facilities, and various other areas.

Although these areas may not particularly drive captives, Raybshteyn highlights these areas will bring additional risks and will bring the need for potential additional coverage.

He adds: "If we look at what companies are doing now and some that are already using their captive pretty efficiently to cover those coverages may be expanded."

According to Raybshteyn, captives will play an important role as this coverage for the new proposals such as electric vehicles may not be readily accessible or companies may

not get the coverage that they want. Later in the panel, he also addresses President Biden's corporate tax proposal stating that the US' corporate tax currently stands at 21 per cent but Biden's proposal raises it to 28 per cent.

He highlights the top individual rate will potentially change to 39.6 per cent from 37 per cent. He notes: "That may impact the owners that are flow-through entities or own captives through partnerships or individually."

Biden's proposals will face stiff competition as Raybshteyn explains the current political atmosphere in the US. He outlines that even though there's a Democratic President, there's a 50/50 split at the Senate and the Democrats have a slight majority in the House. ■

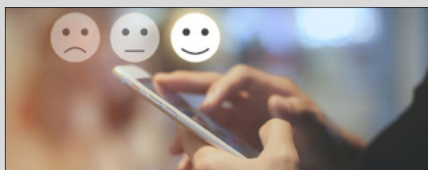


In Utah, we understand that companies are sophisticated and able to take greater control of their own insurance risks. It is our goal to provide affordable, diverse and flexible solutions that protect against any company's dynamic business environment.

Utah is recognized as an innovative state, fostering and supporting innovative solutions. If you are looking for an on-shore domicile to form a captive insurance company, a Utah domiciled captive is the choice for you, where Risk Management, Cost Control, and Regulation connect.

Utah Captive Insurance,
3110 State Office Building,
Salt Lake City,
UT 84114





Shanghai Electric Corporation captives ratings affirmed

A.M. Best has assigned a financial strength rating of A- (Excellent) and a long-term issuer credit rating of "a-" to Shanghai Electric Insurance Limited (SEIL), based in Hong Kong. The outlook assigned to these credit ratings is stable.

SEIL is a single-parent captive of Shanghai Electric Corporation (SEC) that was incorporated in 2018 in Hong Kong.

[Read the full article online](#)



Pool Re completes £2.5bn terrorism retrocession placement

Pool Re, Britain's leading terrorism reinsurer, has completed a three-year £2.47 billion retrocession programme with 56 international reinsurers.

The placement is led by Munich Re with Hannover Re and Fidelis among those providing significant capacity.

[Read the full article online](#)

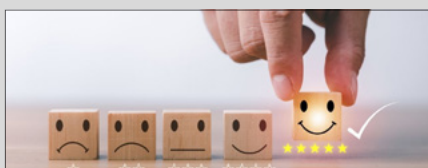


Connecticut licenses six captives in 2020

Connecticut's Insurance Commissioner Andrew Mais has revealed the state saw significant growth within its captive sector in 2020 after approving six new captive insurance companies.

Of the six, five were pure captives and one was a special purpose financial vehicle captive. Commissioner Mais says the growth is due to the captive division's outreach initiative to expand Connecticut's presence and reputation as a domestic captive domicile.

[Read the full article online](#)



A.M. Best affirms Wakefield Insurance Company ratings

A.M. Best has assigned a financial strength rating of A- (Excellent) and long-term issuer credit rating of "a-" to Wakefield Insurance Company, based in Nashville, Tennessee.

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

[Read the full article online](#)



Guernsey expects a busy captive market in 2021

Guernsey is expecting to see an increase in new formations after significant interest late in 2020, which Mark Rogers, client services director at Artex Risk Solutions (Guernsey) says will be driven by the hard market.

The Guernsey Financial Services Commission licensed three new captives and four new cell companies last year.

[Read the full article online](#)



Barbados launches its first virtual captive conference

The Barbados International Business Association (BIBA) will host Barbados Risk and Insurance Management (BRIM), its first virtual conference, which is set to be held from 24 to 25 March.

Derrick Cummins, BIBA president and CEO of Amicorp Bank & Trust notes that, as Barbados is one of the top domiciles for captive insurers in the world, such a conference was long overdue.

[Read the full article online](#)

Slow and steady wins the race



Known as the Grand Canyon State, Arizona has seen slow but steady growth within its captive industry

There are many factors to consider when selecting a captive domicile, besides an attractive regulatory environment. The State of Arizona, with its favourable year-round climate, is a haven for business people and pleasure seekers.

Known as the Grand Canyon State, Arizona attracts international tourists and professionals alike for the fresh air and sunshine, world-class convention centres, and all the activities one would like to enjoy.

The Arizona Department of Insurance and Financial Institutions (DIFI) has a stable team of professionals who are knowledgeable, accessible and responsive and have the necessary experience to foster a sound and competitive captive programme.

Last year, DIFI licensed 12 new captive insurance companies, bringing the total to 133.

Arizona captives wrote more than \$9.4 billion in gross premiums in 2019, and there are now more than 130 licensed captives and captive risk retention groups in the state.

According to Michael Low, partner at Kutak Rock, the new captives are coming from the construction, healthcare and technology sectors.

Vincent Gosz, chief captive analyst at Arizona DIFI captive programmes, says the state has also approved two new licenses so far this year and have several others in various stages of the application or pre-application process.

Gosz explains: "We are generally seeing an uptick in captive formations, pre-application activities and inquiries, as well as increased requests for business plan changes to amend limits, retention, and adding new lines of coverage to existing policies."

Arizona historically has experienced slow, but steady growth.

As the economy recovers from the pandemic, Low says he expects to see an increase in general business operations in the state, including more captive formations.

"Arizona is a pro-business state that leads the nation in the percentage of new business formations. We expect this to continue," he adds.

“One area providing convenience and financial relief is that Arizona does not require a regulatory financial examination for pure captives unless there is a reason. This eliminates examiner and service provider time and costs”

Why Arizona?

As a mature and experienced domicile, the Arizona captive programme enables organisations to meet many of their needs and challenges in a manner more responsive to their organisation's objectives.

Commenting on what Arizona has to offer potential captive owners compared to its other competitors in US, Rae Brown, senior consultant, management services at GPW and Associates and president of the Arizona Captive Insurance Association (AzCIA), explains that the state has a well established captive law and a history of solid, fair regulatory management.

She explains: “One area providing convenience and financial relief is that Arizona does not require a regulatory financial examination for pure captives unless there is a reason.

This eliminates examiner and service provider time and costs.”

Arizona also does not impose a tax on premiums but instead has a \$5,000 annual license fee making them an attractive domicile for captives with large premiums.

The state also provides a small company exemption of annual actuarial opinion and audit for qualifying captives.

Gosz notes that Arizona offers a mature and well-established captive domicile to include experienced and responsive regulators, as well as access to a large number of captive managers, attorneys, and other service providers specialising in insurance and captive insurers.

Conference

Arizona is a member of the Western Region Captive Insurance Conference (WRCIC), which links the Arizona, Missouri, Nevada and Utah captive insurance associations together to jointly host an annual industry conference. The WRCIC board made the decision to cancel 2020's conference because of concerns around the COVID-19 pandemic.

In December 2020, the WRCIC said it was moving forward with plans for a multi-state in-person conference, which is scheduled for 14 to 16 June 2021, in Salt Lake City, Utah.

Organisers from WRCIC highlighted that it will monitor and assess the safety of an in-person event being possible and keep all registered attendees updated as summer 2021 approaches.

Explaining how AzCIA supported the captive industry during the pandemic, Brown outlines

that AzCIA's 2020 focus was to actively stay connected through our breakfast meetings that include industry speakers to provide education and current events.

She adds: “We are hoping to have the opportunity to return to live meetings later this year. Our members have diligently supported the virtual meetings, but we all look forward to meeting in real-time as soon as it is safe to do so.”

2021 initiatives

AzCIA spent the end of 2020 engaging with its local captive community. The association set an objective to creatively adjust how it engaged with the community.

It also continued working with the Department of Insurance in its efforts to market Arizona as an attractive captive domicile.

Brown says that this year, one of the main focuses is to welcome the newly appointed director of the Arizona DIFI, Evan Daniels.

She states: “We want to partner with Daniels to immerse him into the value that captive insurance brings to Arizona. We met with him to begin our partnership, but the pandemic delayed our efforts until this year.”

Despite the challenges brought by 2020, Daniels says Arizona's economy has weathered the health crisis and stands poised to be a leader in the country's economic recovery.

“Arizona is a great place to live, work, and play, and our regulatory environment and institutions are ready to welcome and work with new market participants,” Daniels adds. ■

Change for the better

Vittorio Zaniboni and Frederik Van den Eede discuss how Generali Employee Benefits changed its employee benefits captive renewal status quo for the better

Disrupting the status quo takes a high degree of confidence and trust from all parties impacted. And never more so than where data is concerned.

‘Less is more’ is not really a phrase that you hear often in our data-rich world. But when more data translates into increased complexity, ineffective interactions and, as a result, a more lengthy business decision making process for our clients, it’s time to ask if there is a better way.

This is where we found ourselves when employee benefit (EB) captive renewals exercises were performed.

And that’s why we challenged the way we were doing this activity last year designing - in partnership with some of our largest captive clients — a process and data framework that is altogether more efficient, effective, empowering and sustainable.

GEB’s new Captive Renewal dashboard is a digital tool that can be embedded — in conjunction with others in our armoury such as the Client Data Centre — to enable our captive clients to govern more effectively the renewal of their EB schemes, while also making life easier for all the stakeholders involved.

More on this in a moment. First, back to the challenge we wanted to fix.

Data, data, everywhere...

In the recent past, the captive book renewal exercise mainly involved the collection of a very wide set of data from very different sources and a considerable set of qualitative data on every change that might have altered their risk profile since the last renewal.

Once this data and information was collected, the process moved on to a lengthy and complex preparation process, which in turn led to challenging meetings in which this wide breadth of information had to be digested, distilled and acted upon.

This was an intense exercise for everyone concerned, but especially for our captive clients who would then have to assimilate all the information during meetings with us that could last two to three days, in order to come to informed renewal decisions across typical portfolios of anything between 20 and 40 countries.

Of course, this is not a problem created by – or isolated to – Generali Employee Benefits (GEB) Network. It’s simply a problem that has grown over the years, in line with the evolution of technology, data and risk management, the complexity of the local markets and products, and the level of expectations of captive managers to “own” their renewals. And a problem with which all captive networks, network partners and captive managers will no doubt be all too familiar.

However, just because something has become the norm, does not mean that we should simply accept it.

Turning complexity into solutions

Captives represent an important partner for EB innovations because they’re the ultimate risk bearers, so they obviously have a vested interest in helping drive innovation; especially when you consider they are managing portfolios often in excess of €50 million.

We fruitfully worked in partnership with some of our largest captive clients to design and conceive the Captive Renewal Dashboard. A big part of this exercise involved building the confidence and mindset needed to accept that we will rely only on the information strictly needed for the specific purpose of the renewal exercise.

With this approach in mind, we went back to basics, defining an efficient workflow and enabling informed decisions, leveraging on the right data elements and the relevant data analytics.

By making use of various actuarial projections embedded into the tool, we are able to accurately forecast what the combined ratio will be at the time of the next renewal, thus directly translating into a suggested rate action. This is done for every single country and line of risk, paying particular attention to the medical trends we are

“The result was to provide our clients with a dynamic palette of different methodologies to represent the past experience”

observing when renewing the medical portfolio of a captive client. Pricing medical is very much about medical trend. And the renewal dashboard takes into account medical trend for every country across the world, ensuring it is taken into account when looking at each renewal.

During this exercise, it also became clear that one-size-fits-all doesn't work when it comes to captive renewals. The traditional approach was simply too rigid. An architecture was needed that could work in a multitude of situations and underlying approaches, and still provide value.

The result was to provide our clients with a dynamic palette of different methodologies — powered by algorithms — to represent the past experience and project future claim or loss ratio expectations from different angles.

The tools for independence

And so, the Captive Renewal Dashboard was born. Now, via this one dashboard, clients can access all of the required data and metrics they need — based on data they already receive on a quarterly basis — in order to set their renewal rates for their entire EB portfolio, helping ensure the consistency of the renewal pricing with the trends observed on the past experience.

The next step this year is to introduce further innovation with underwriting year reporting, allowing for further granularity and therefore enrichment of the data available.

The dashboard also complements other digital tools provided by GEB.

For example, the Client Data Centre. Like the renewal dashboard, the Client Data Centre (launched in early 2020) gives clients a greater degree of autonomy, with the tools to drill down on deposits and reserves and quickly retrieve historical data over the last seven years to compare trends.

All of these tools are designed to strengthen the governance of captives and allow business decisions to be taken in the most informed, efficient and autonomous way possible.

The screenshot shows the Captive Renewal Dashboard interface. It includes filters for 'Medical Trends 2018', 'Country', 'Period', and 'Policy Number'. The main table displays 'Combined Ratio' data for various countries (Austria, Brazil, Bulgaria, Canada, Chile, China, Germany, France, Hungary, India, Ireland, Italy, Japan, Korea, Malaysia, Mexico, Netherlands, Poland, Portugal, Spain, Sweden, Switzerland, Taiwan, Thailand, USA) across different years (2015, 2016, 2017, 2018, 2019). The table also includes columns for 'Accident', 'Disability', 'Life', 'Medical', and 'Grand Total'.

“By making use of various actuarial projections embedded into the tool, we are able to accurately forecast what the combined ratio will be at the time of the next renewal”

Frederik Van den Eede

Head of client services

GEB



“It is not only the captive clients who benefit from the dashboard. Local network partners benefit too because it removes the need to provide layers over layers of overlapping data”

Holistic process efficiency

Of course, it is not only the captive clients who benefit from the dashboard. Local network partners benefit too because it removes the need to provide layers over layers of overlapping data.

GEB's people benefit because the month-long marathon of data collation and distillation is removed. Therefore, we free up time to focus more on the analytics of data and in creating client value across the process. And renewal meetings now take no longer than half a day; another aspect to benefit the captive client too. ■

If you read nothing else, read this

- Renewing a full captive portfolio has become increasingly onerous and inefficient, with the power to negatively affect the overall value we deliver to our clients
- Why gather a conflicting multitude of data points when only a few are really needed to make accurate decisions?
- One-size-fits-all doesn't work. Every EB captive client is different and modern architecture needs to reflect that; the traditional Excel spreadsheet approach has had its day
- GEB's new digital tool, the Captive Renewal Dashboard, was designed in partnership with some of our largest clients with a view to helping change the status quo
- The renewal dashboard allows for more informed and efficient decision-making via less data and the availability of different predictive models

“All of these tools are designed to strengthen the governance of captives and allow business decisions to be taken in the most informed, efficient and autonomous way possible”

Vittorio Zaniboni
Chief insurance officer
GEB



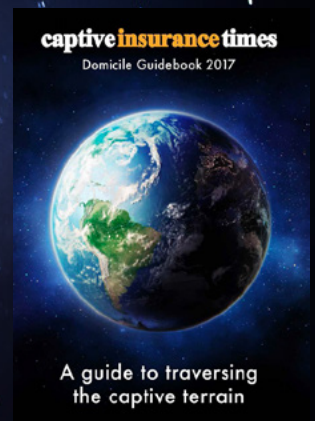
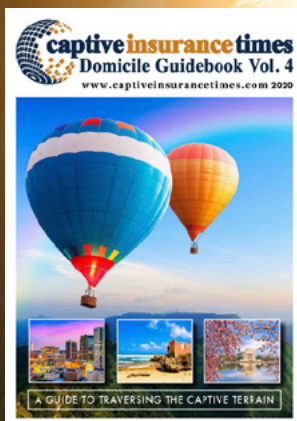


captiveinsurance**times**

Domicile Guidebook Vol. 5

COMING SOON

The Captive Insurance Times Domicile Guidebook is the only **free** resource of its kind around, providing in-depth information on the major captive jurisdictions worldwide in a succinct, digestible format, available both in print and online.



A GUIDE TO TRAVERSING THE CAPTIVE TERRAIN

Captives: the vanguard of insurance

As innovation seeps into the captive industry, digital transformation within the market is set to be tremendous over the next five years



Innovation is becoming increasingly important to the long-term success of all insurers, and according to an A.M. Best report, captives are no exception to this. Having well-structured innovation allows companies to develop sustainable competitive advantages and better respond to external challenges such as low investment yields, stagnant growth, and deteriorating expense ratios.

Rocco Mancini, vice president of Marsh Captive Solutions, states that innovation is critical to the success of insurers, reinsurers, and captive insurers alike.

Mancini suggests that the captive industry will play an incredibly important role in bringing innovation to the broader insurance sector.

Mancini explains: "The captive insurance industry offers a controlled and nimble environment to pilot innovations for technologies, such as blockchain, that will have implications for the insurance sector as a whole."

Captives were created to provide insurance solutions not readily available in the open market, to develop flexible risk coverage and to improve the risk management and loss prevention capabilities of their parent groups.

With captive insurance being an innovation itself, Richard Smith, president of the Vermont Captive Insurance Association (VCIA), explains that over the last 40 years, captives have continued to innovate to meet the ever-evolving needs of the risk and insurance world.

"Innovations like the creation of cell structures have made it possible for small- to mid-sized enterprises take advantage of the cost savings and risk management that captives can bring," Smith adds.

The appropriate use of emerging technology will be another step in the ways in which captives can remain in the vanguard of insurance, according to Smith.

Because a captive's insureds are its owners, it affords them the ability to match new technologies to the particular circumstances of their organisation and risks.

Although large insurance companies will be crucial in the adoption of broad technological solutions, Smith notes that captives can tailor some of these advances in a way that allows each one to be a mini-laboratory for the whole industry.

He says: "One of the strengths of the captive insurance industry is the willingness of captive owners — and even service providers — to share ideas and successes that is difficult in the traditional sphere."

While the digital revolution is still slowly seeping into the insurance and captive industry, Helga Viegas, director of digital and innovation of MAXIS Global Benefits Network (GBN), believes that more change will happen in the next few years.

Viegas highlights that the main challenges facing insurers is to become more than just a risk carrier.

"Insurers must become partners in the prevention and management of risks, using data analytics and technology to help customers/insureds make better decisions," she explains.

The new domain

Although growth has been slow, one of the most notable trends in the captive insurance industry is the increase in the number of captive service

providers and captive owners investing in technology for captives.

Recent events, including the COVID-19 pandemic and the transitioning market, led to rapid adoption of technology within the captive industry and significantly accelerated this trend.

Over the past year alone, Mancini says the captive insurance industry has directly seen how impactful digital transformation can be.

He explains: "Investments in technology, prior to and during 2020, allowed the captive insurance industry to overcome the challenges presented by COVID-19 and to meet the significant increase in demand for captive insurance solutions in a transitioning market. This incredible feat was largely made possible by technologies that enabled remote work, created operational time and economic savings, and improved communication amongst captive owners, service providers, and regulators," Mancini adds.

In the future, he suggests that digital transformation will not only create more operational time and economic savings but also will enable new kinds of captive programmes that would otherwise be infeasible.

As firms continue to invest in digital technology, it will increase the ability to efficiently develop and maintain client data across multiple geographies and parties with less human intervention, resulting in fewer errors.

Smith explains that information, including client data, can be linked directly to administrative processes and policy contracts.

"Various tasks which are currently performed by service providers can be mapped in-house in the medium term by using the blockchain or artificial

intelligence (AI). The result is a shorter, more efficient, and faster value stream or chain, than the prevailing one. This in turn provides an associated reduction of administrative costs and optimisation of the work steps," Smith notes.

Blockchains can be used anywhere information needs to be securely managed and verified.

The technologies are based on a decentralised open-source network that is driven by all network participants. This results in greater efficiency due to consistently verified and unambiguous transactions.

Smith explains: "The captive industry is particularly well positioned to explore the potential benefits and risks of blockchain technology applications because they are legally allowed to buy and sell risks and to settle damages independently."

He suggests that the future of the captive landscape could be characterised by parametric solution concepts and 'overnight' claims settlement.

At the same time, Smith says the traditional capital market could much more important, as it is thousands of times larger than the reinsurance market and, in terms of digitisation, much further ahead than traditional insurance.

"With blockchain technology, the margin call will replace the traditional claim adjustment, the claim adjuster could be replaced, hundred-page contracts could be replaced by a one-page 'smart contract,'" he adds.

Viegas suggests that technologies such as blockchain can help some of the challenges facing in the captive re/insurance industry.

For example, one of the main challenges in the employee benefits (EB) captive and reinsur-

ance industry is collecting and processing large amounts of accounting and claims data.

Viegas explains: "The data collected must be cleansed and mapped to become useful and insightful for risk management and oversight. Technologies that help with automating these processes, making them faster and more accurate, have a huge impact on efficiency and effectiveness of captive and reinsurance operations."

Command-F: the future

As new technologies continue to develop and grow, such as Amazon's smart shop, Amazon Fresh, which opened its first branch in the UK. It's no surprise that digital transformation shows no sign of slowing down anytime soon and that's no different within the captive industry.

Smith suggests that the impact of the digital transformation of the captive market in the next five years is going to be tremendous.

Although it's hard to say what technologies that emerge will be successful, Smith describes the captive industry as a "terrific petri dish to help incubate some of these technologies and solutions as it has always provided a place to test new concepts – some of which will survive and some which will not. Even the London marketplace, traditionally known as a risk-averse marketplace, is looking at a digital transformation. Costs will go down, efficiencies will be gained, and the speed of every aspect of the insurance process will accelerate. It's a brave new world," Smith adds.

Smith isn't the only one predicting growth, Mancini says the digital transformation of the captive market will continue to rapidly progress over the next five years and many of the changes will be incredibly subtle.

"Creating operational time and economic savings with technology will be critical to make sure that captives are a feasible option to address tough renewals and gaps in insurance programmes for as many companies as possible in the near future"

Mancini explains that it is easy to overlook the implications of seemingly small, slight changes such as incorporating e-signatures into an existing process.

"Subtle changes like this are a core component of achieving digital transformation and help make sure that the captive insurance industry will have the necessary tools to thrive in the face of unprecedented demand," he states.

Digital transformation in the captive industry over the next five years will also enable captive programmes that were not feasible in the past.

"Small, mid-sized, and large companies are all facing tough renewals and gaps in their insurance programmes. Creating operational time and economic savings with technology will be critical to make sure that captives are a feasible option to address tough renewals and gaps in insurance programmes for as many companies as possible in the near future," Mancini concludes. ■



PARIMA

(Pan-Asia Risk & Insurance Management Association)

Expand your risk network, learn from peers
and explore developmental opportunities by
joining a community of Risk Management
Professionals with PARIMA.

Together, let's build resilience.

parima.org



André Baldo

Captive insurance account financial analyst
Arsenal Insurance Management



How did you end up in the captive industry?

Dr. Edward Pappanastos, my former quantitative methods professor, introduced me to the captive

industry. He recommended my name to Arsenal Insurance Management staff, and it is where my journey in the industry began. At that moment, I was running against the time as I had only a couple of weeks left from my OPT, which is the

authorisation that international students are given to work in the US after having concluded their studies. In addition to that, COVID-19 was at its highest stages, bringing unemployment rates to levels not seen since the Great Depression. The opportunity that was given to me has definitely changed the path of my professional career, and I cannot be more thankful for it..

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

My highlight from the industry is that it is a very flexible, innovative and high-growth industry that welcomes and rewards critical thinking and dynamism. In my opinion, the alternative risk market — which is mainly represented by captive insurance companies — is much more likely to outgrow the traditional insurance market for three main reasons. Firstly, captives allow companies to better manage their cash flows, which can potentially lead to higher valuations. Secondly, captives can help companies to have a better understanding of their own risks. Thirdly, captives can provide companies greater financial flexibility. Financially speaking, it makes a lot of sense to develop a captive programme.

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

The industry as a whole is very inspiring. There is not a day that goes by without learning something new. Even though the majority of the time I

Personal bio: *I am originally from Brazil, but I have been living in the US for the past six years. I am a former student-athlete from Troy University. At Troy, I was part of the tennis team and aided in leading Troy to win the 2015 Sun Belt Conference and earning a national ranking. In my spare time, I enjoy reading and conducting research in the capital market industry. I also enjoy playing tennis and working out.*

Professional profile: *I earned my bachelor's in International Business and my MBA in International Finance from Troy University. I received my designation in Associate in General Insurance and Associate Risk Management in 2020, and I am currently finishing my Chartered Property Casualty Underwriter designation. I have over five years of experience in overseeing private investment portfolios. Currently, I am a captive insurance financial analyst at Arsenal Insurance Management where I provide financial analysis and guidance to the captive division.*

am surrounded by smart, creative, and innovative people, having the opportunity to be guided by Norman Chandler, who has designed and managed countless captive programmes, is priceless. It definitely motivates me to want to learn every in and out of the industry.

What is your impression of the industry?

I am very excited about the growth potential of the captive industry. It is remarkable to see how rapidly the overall economy has evolved and how the captive industry has closely followed this change. As opportunities are created, new risks also emerge, and I am very confident that the captive industry is prepared for the challenge. I am also very impressed with the captive industry in Alabama. The state has become a very well-known domicile for captive insurance companies for its friendly regulations and other initiatives, such as the creation of the Alabama Captive Insurance Association (ACIA). One of the initiatives promoted by the ACIA is to engage college students in the captive industry through the Risky Business Internship programme. I believe this is a great initiative because it gives students the opportunity to have great exposure to the captive insurance

world very early in their professional careers. I believe one of the biggest challenges in the captive industry to unlock its growth potential is communication. The industry should grow fairly rapidly, if we, industry participants, can find a way to communicate better with our clients, understand their business models and explain to them the full benefits of having a captive programme.

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

I really want to get more into wealth and portfolio management and help captives to be more active in their investment cycle. One of my goals is to help captives to better utilise their "float", which is basically the difference between the captive's premium collected and claims paid out. In terms of education, I am planning to become a chartered financial analyst.

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

I have three main advice points for someone considering a role in the industry. The first is to network. The captive insurance world is somewhat complex, and there is not a lot of public information available out there. So, do not be afraid of asking questions and building relationships with people in the industry. The second is to be analytical. The flexibility from the captive industry can be translated into great opportunities if you have critical thinking. You need to have a good understanding of what the numbers are actually telling you.

And the final is work ethic. You get what you give. Be willing to dedicate a few hours of your time to educate yourself. Knowledge is never enough. ■

I learned a great deal about Andre when he was a student in my graduate statistics course. Andre was a complete pleasure to have in class. His work ethic, motivation, and desire to learn are unmatched. In addition to being an outstanding student, I think Andre's success in the sports capacity speaks volumes about his competitiveness, perseverance, work ethic, and ability to work with others. These traits will definitely serve him well in the captive insurance space. Andre really is the complete package. He is extremely intelligent, has a great personality, and is incredibly motivated. I am certain he has the skills and motivation to succeed in the captive insurance industry.

Dr. Edward Pappanastos, associate chair, department of risk management and data analytics at Troy University

Jerry Messick, CEO of Elevate Risk Solutions, has been named chairman of the Self Insured Institute of America (SIIA) captive committee for 2021.

SIIA is a member-based association dedicated to protecting and promoting the business interests of companies involved in the self-insurance and captive insurance industry.

Messick has served on SIIA's captive committee for seven years, including serving as chairman of the Captive Manager Code of Conduct Task Force.

Messick says there are three initiatives SIIA wants to accomplish this year.

The first is to develop a focused educational programme to aid brokers in their understanding of how a captive can benefit their client base.

Meanwhile, the committee also wants to further the understanding of what a good captive looks like from the perspective of the type of insurable risks, distribution of that risk, and how captives can answer difficult risk questions like the massive losses caused by the COVID-19 pandemic.

Finally, SIIA plans to update and enhance the SIIA captive manager code of conduct.

Commenting on his new role, Messick says: "I'm proud to have been named chairman of SIIA's captive committee for 2021. We have some great things on our agenda for the coming year." ■



Sapphire Underwriting has appointed Malcolm Cutts-Watson as non-executive chairman and Jeremy Miles as an executive member of the Sapphire Underwriting board.

The appointments follow the resignations of Ian R West as chairman and Richard Tee as non-executive board member.

Cutts-Watson is the founder and managing director of Cutts-Watson Consulting. Previously, he worked at Willis for 20 years as chairman of Willis' international captive practice where he was responsible for international captive operations.

Miles is currently the CEO of Spring Partners. From 2018 to 2019 he served as CEO of AXA UK. Prior to that, he spent 21 years at Chubb, serving multiple roles including; senior vice

president, personal risk services, Europe; head of distribution UK and Ireland and specialty insurance manager.

Cutts-Watson states: "I'm delighted to be joining Nigel Brand and his team at a time when the technical requirement to navigate increasing demand for coverage, coupled with limited supply, is at an all-time high."

"Sapphire Underwriting has established a strong reputation both locally and in other financial centres. I look forward to building upon this and facilitating continued success," he adds. ■



Pool Re has recruited Katy Huang as head of digital transformation, focusing on the company's technical process optimisation and digital product development and implementation.

Huang will lead the design and implementation of the company's digital strategy, managing both the in house IT team and Pool Re's outsourced partners.

In this newly created role, she will report to Tracey Paul, chief strategy and communications officer at Pool Re. She joins with more than 20 years of experience in management consulting, with a focus on the (re)insurance industry.

Since 2013 she has been an independent consultant working with companies such as Hiscox, Charles Taylor Adjusting and Bought By Many. Prior to that, she was the business manager for Beazley's political risk, standalone terrorism and contingency group for five years, where she led the digitalisation of the group's underwriting process and its broker system. Between 2000 and 2008, Huang held roles at Lloyds Banking Group,

Moët Hennessy Diageo China and McKinsey & Company.

Commenting on Huang's appointment, Paul says: "Katy Huang will be instrumental in designing our digital strategy and advising on the internal digital change management. Her technical background and experience in the industry will be a great asset to the team and we are very pleased to announce her appointment today." ■

Allianz Global Corporate & Specialty (AGCS) has hired Kevin Hegel as the new regional head of client services and multinational regional unit London and Nordics, succeeding Ayleen Frete, who has moved on as global head of market practice management at AGCS.

Based in London, Hegel will report to Nigel Leppitt, global head of client services and multinational.

In his new role, Hegel will lead the client services and multinational team and be responsible for all servicing aspects of AGCS' global corporate and multinational accounts in the region and driving the efficient implementation of the region's international insurance programmes.

He joins from Zurich Insurance, where he worked in various multinational roles, based in Madrid, Barcelona, Zurich and New York.

Prior to Zurich Insurance, he worked as a contract and commercial surety underwriter in the US.



Commenting on Hegel's appointment, Leppitt says: "With Kevin Hegel we gain a strong new regional head for our client services and international insurance programmes in the region, who has considerable expertise in multinational

insurance business and who will be able to drive the regional implementation of our new operation model, to further enhance our service delivery significantly and consistently to AGCS's clients globally." ■

Mark Elliott, CEO of Humbolt Re, has been elected as the new chairperson of Guernsey International Insurance Association (GIIA), succeeding Mike John.

Previously, Elliot held the position of deputy chairman. Adele Gale, who is head of insurance-linked securities (ILS) at Robus Group, has been elected to take on the position of deputy chair. Meanwhile, Ian Drillot will continue his role as association treasurer.

Commenting on his new role, Elliott says: "I am delighted to have been elected as chairman of GIIA. I am looking forward to capitalising on the growth opportunities we have in the industry as well as supporting our members."

"I am particularly keen to build and promote our environmental, social and governance (ESG) credentials and work with Guernsey Finance's wider strategy for green and sustainable finance," he adds.



In June last year, GIIA enrolled in a United Nations green programme as part of its pledge to the development of sustainable finance. As a supporting organisation of the United Nations' Principles for Sustainable Insurance (PSI) Initiative, GIIA said it will address ESG opportunities and risks.

Commenting on the election, GIIA says: "The election of a new chairperson comes at an exciting time for the insurance sector in Guernsey, with upturns in business in captives, ILS and pension longevity risk solutions." ■

Zurich North America Group has hired Sonia Kundi who will join the risk management team as Canada chief risk officer.

Based in the firm's Toronto office, Kundi will report to Colleen Zitt, North America chief risk officer and be a member of her leadership team.

Kundi will also be a member of the Zurich Canada executive committee.

In her new role, she will support Canada as a partner to local management and will ensure that risk frameworks and controls are in place and executed effectively to mitigate material risk to the organisation.

She will lead as a risk champion at various committees and provide management reporting and support the Office of the Superintendent of Financial Institutions risk requirements.

Kundi joins Zurich from Aviva Group, where she was a senior enterprise risk management leader with more than 15 years of global insurance experience.

She has a proven global track record in both market and group roles in the UK, Ireland, Canada and Australia. ■





2021 Barbados
Risk and
Insurance
Management
Conference



Explore the Future of Risk and Insurance Management

Barbados has distinguished itself as an international insurance jurisdiction for over 30 years. It ranks among the top 10 captive insurance domiciles in the world.

Join BIBA, the Association for Global Business, for our inaugural Barbados Risk & Insurance Management Conference (BRIM 2021) – FULLY ONLINE!

TOPICS INCLUDE

- ◆ Emerging Markets – New Opportunities
- ◆ Risk Management post-Pandemic
- ◆ Regulation in a Post-COVID World
- ◆ Managing investment portfolios for Captives
- ◆ Credit 101 for Captives
- ◆ Investment opportunities in a low yield environment
- ◆ IFRS 17 - It's time for a Straight Line to the Finish
- ◆ New Initiatives in Captives, including covering cyber risk, pandemic risk
- ◆ The History of Captives in Barbados and Beyond
- ◆ Risk Management & Climate Change
- ◆ How Blockchain is Revolutionising Insurance

REGISTRATION

USD \$225 per person*

***Groups of 3 or more delegates
register for USD \$200 per person**

Registration closes March 22, 2021



USA-RISK
GROUP

DIAMOND SPONSORS

London & Capital
WEALTH AND ASSET MANAGEMENT

PLATINUM SPONSORS



GOLD SPONSORS



SILVER SPONSORS



BRONZE SPONSORS

FOR MORE INFORMATION CONTACT:

✉ biba@biba.bb

☎ +1(246) 537-2422

🌐 Visit www.brim.biba.bb

The Bermuda Insurance Managers Association (BIMA), a non-profit organisation which is led by Bermuda-resident insurance managers, has appointed Grainne Richmond as president.

Richmond, who is also vice president at Strategic Risk Solutions (SRS), took up her position at BIMA on 1 March.

Also part of BIMA's executive team for the 2021 to 2023 term will be Aon's Alicia Skeete and Artex's William Wood as vice presidents; Marsh's Nicola Hallett as treasurer; PwC's Katie Kelly as secretary; and Kathleen Bibbings as past president.

Richmond, who previously served as BIMA president between 2016 to 2018, has 20 years of experience

in insurance management, serving clients in Bermuda and the Cayman Islands.

She joined SRS in October 2020 when Dyna Management Services was acquired by the insurance manager. Prior to joining Dyna, she was vice president of Artex Risk Solutions in Bermuda.

Richmond has extensive experience in managing large group, association and single-parent captive structures in Bermuda and Cayman Islands. ■



Strategic Risk Solutions (SRS) has appointed Anna Pereira to the newly created position of senior vice-president, insurance-linked securities (ILS).

Based in Bermuda, Pereira will report to managing director Jonathan Reiss, who joined SRS at the end of 2020.

Pereira will be responsible for supporting SRS's ongoing expansion in the ILS and fund administration sectors.

Joining SRS with more than 25 years of experience in the insurance, reinsurance, alternative risk transfer and capital markets in Bermuda, Pereira currently works as a director and co-founder of MANA Consulting.

At MANA consulting, she specialises in ILS and collateralised reinsurance for transformer entities and fronting carriers.



Previously, she was head of treasury for Horseshoe Group. She has also served as head of captive and insurance banking at HSBC Bank Bermuda, where she was instrumental in leading the bank's ILS initiative and record growth in Bermuda and the US.

Pereira has held various underwriting positions with Chubb Financial Solutions, Quanta Re, and Everest Re in Bermuda and has experience in financial guarantee, financial lines and casualty insurance/reinsurance underwriting. ■



GENERALI

Employee Benefits Network

Employee benefits. We have the solutions.

A comprehensive range of Employee Benefits solutions, including Life, Disability, Accident, Health and Pension plans, for both local and mobile employees.

A Network of over 120 world-class local insurance partners, covering more than 100 countries and territories around the globe.

A high-degree of flexibility to meet the group insurance and pension needs of multinational corporations wherever they operate.

A multicultural team of professionals providing customised service, risk evaluation, full technical support, central coordination and quality reporting thanks to the most advanced IT tools.

The security and stability of the Generali Group, one of the world's leading insurance and financial players.

Along with the traditional multinational pooling options, the GEB Network is leader in Reinsurance to Captive and offers innovative, cost-efficient multinational pension solutions.



COMMITTED
COMPETITIVE
WITHOUT THE **RED TAPE**



NC DEPARTMENT
of INSURANCE
CAPTIVE INSURERS

Discover why North Carolina is the best domicile choice for your captive insurance company. Visit **www.nccaptives.com** or contact Debbie Walker at **919.807.6165** or **debbie.walker@ncdoi.gov** to learn more about the North Carolina captive program.