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Act now!

With many businesses suffering from losses due to the pandemic, now is the time to re-examine and explore your captive options

Tennessee Insight

What's new for the Volunteer State's captive market?

Emerging Talent

Irish Aleria
Account manager at Ocorian

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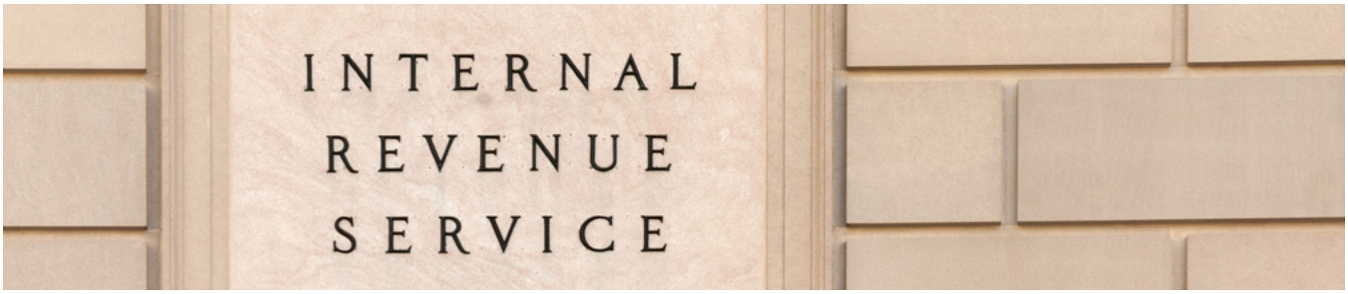

IRS warns participants to exit from 'abusive micro captive arrangements'

The Internal Revenue Service (IRS) has urged participants in 'abusive micro captive insurance arrangements' to exit these transactions as soon as possible.

The IRS has stepped up examinations of these arrangements and has recently won another micro captive case involving Caylor Land & Development.

In the court case on 10 March, Judge Holmes found that the micro captive involved did not provide insurance because it failed to distribute risk and didn't act as an insurer commonly would.

Speaking on the court case, the IRS states that this case "confirmed the IRS's determinations that certain micro captive arrangements were not eligible for the claimed federal tax benefits".

The IRS highlights that taxpayers who engage in 'abusive micro captive transactions' are encouraged to consult an independent tax advisor prior to filing their 2020 tax returns.

"Taxpayers should consider exiting the transaction and not reporting deductions associated with abusive micro captive insurance transactions," according to the IRS.

The IRS has targeted micro captives for years, but in more recent times they have ramped up their efforts to do so, including them on its 'Dirty Dozen' list of tax scams since 2014, along with other actions.

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.

In 2020, the IRS deployed 12 newly formed micro captive examination teams to substantially increase the examinations of ongoing abusive micro captive insurance transactions.

The IRS points out that it will disallow tax benefits from transactions that are determined to be abusive and may also require domestic captives to include premium payments in income and assert a withholding liability on foreign captives.

The IRS will continue to assert penalties, as appropriate, including the strict liability penalty that applies to transactions that lack economic substance.

In March and July 2020, the IRS issued letters to taxpayers who participated in a Notice 2016-66 transaction alerting them that IRS enforcement activity in this area will be expanding significantly and providing them with the opportunity to tell the IRS if they've discontinued their participation in this transaction before the IRS initiates examinations.

Early responses indicate that a significant number of taxpayers who participated in these transactions have exited the transaction.

In October 2020, the IRS offered a new second time-limited settlement initiative for certain taxpayers under audit who participated in 'abusive' micro captive insurance transactions.

Commenting on the advice, IRS commissioner Chuck Rettig says: "In multiple cases before the courts, judges have held that these 'fanciful' and 'unreasonable' arrangements don't add up to insurance in the commonly accepted sense."

"I strongly urge participants in these arrangements to get independent legal advice separate from those who helped steer them into these abusive arrangements," he adds. ■

Guardrisk granted South Africa's first micro-insurance cell captive licence

Guardrisk, South Africa's largest cell captive insurer, has been granted South Africa's first micro-insurance cell captive licence by the Financial Sector Prudential Authority (FSPA).

Through its micro-insurance licence, Guardrisk can now sell individual life, group life, credit life and funeral insurance; as well as products that provide cover for motor, property, legal expenses, and accidents and health. The guiding principle behind micro-insurance is set to offer insurance products in dedicated segments and markets.

Herman Schoeman, CEO of Guardrisk, explains: "Traditionally, the most significant barrier to entry in the insurance industry has been the minimum capital requirement of ZAR 15 million as well as the significant cost involved in running and managing an insurance company."

He adds: "For life and non-life cell captives, the required capital is reduced to ZAR 1 million and with cells in a microinsurance cell captive licence it reduces even further to ZAR 250,000."

Xolani Nxanga, executive for market development at Guardrisk, states: "Micro-insurance cell owners will also get assistance with risk spreading through access to reinsurance markets, insurance expertise — including compliance and governance in a highly regulated environment — and most importantly, skills will be transferred."

"Thus, the cell captive becomes an incubator for full black ownership and upskilling," Nxanga adds. ■

NCRMA endorses captive-based model for cannabis industry

The National Cannabis Risk Management Association (NCRMA) endorses a suite of insurance products designed to serve the needs of its members and the overall cannabis industry.

The products will be available through Trichome, launched in December 2020, which is part of the NCRMA captive.

The entity has been established to initially offer property, general premises liability and product liability coverage to cannabis dispensaries and associated grow facilities.

The products are available immediately and additional lines of coverage and progression up the vertical are planned for later this year. There are only a few insurance providers currently offering products to the industry because cannabis is illegal on the Federal-level in the US.

NCRMA's states that according to its members, those limited offerings have high premiums and inadequate coverages and services, which "has hampered the success of the cannabis industry".

NCRMA's captive-based model provides members accurately priced premiums, a holistic approach to underwriting, appointed brokers vetted by criteria established by NCRMA members, insurance products birthed by cannabis risk management (NCRMA), and short-term profit taking replaced by long term stability and reward.

Commenting on the products, Rocco Petrilli, chairman of the NCRMA, says: "The launch of Trichome is a direct response to our members' expressed need for fairly priced and risk management-based insurance coverage to a rapidly emerging and evolving industry."

He notes: "The NCRMA is 100 per cent focused on risk management because risk management without insurance is incomplete and insurance without risk management is illogical. Trichome is the first cannabis-centric insurance solution of its kind, and it's going to change the future of this industry."

"We believe that a captive model, Trichome, will successfully forge the path to insurance sustainability and enable cannabis businesses to move forward with growth safely and responsibly," Petrilli adds. ■

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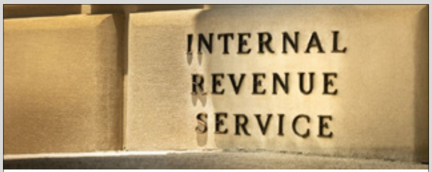
A.M. Best upgrades ratings of BlueShore

A.M. Best has upgraded the financial strength rating to A- (Excellent) from B++ (Good) and the Long-Term Issuer Credit Rating to “a-” from “bbb+” of BlueShore Insurance Company, based in Austin, Texas.

The ratings reflect BlueShore’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



IRS opens new office set to address ‘abusive micro captives’

The Internal Revenue Service has established a new office that will coordinate efforts across multiple business divisions to address abusive syndicated conservation easements and ‘abusive micro captive insurance arrangements’ as well as other transactions, according to IRS commissioner Chuck Rettig.

The new office will further expand on the efforts of the promoter investigations coordinator that started last year.

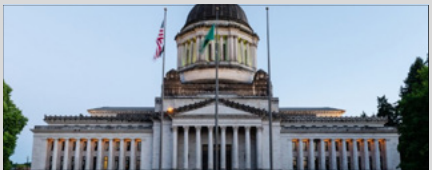
Read the full article online

eMaxx launches platform for variable cost captive programmes

eMaxx Assurance Group of Companies has launched a customer centric technology platform for its variable cost captive programmes.

The platform provides a centralised source for customers to manage their own insurance and risk management programme through the power of technology.

Read the full article online



Washington captive bill sent to Governor’s desk

A bill that was submitted during the Washington State 2021 legislative session was signed by Speaker of the House Laurie Jinkins on 12 April.

The bill will now be passed onto Governor Jay Inslee’s desk, who can sign the bill into law, veto all or part of the bill, or take no action at all.

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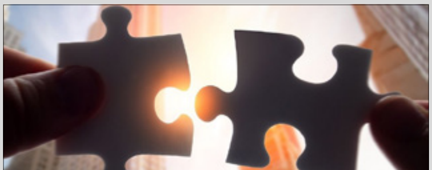

Highcourt Partners and Breckles Group of Companies merge

Highcourt Partners, an entrepreneurial international insurance and risk management consulting firm, has merged with Breckles Group of Companies, an established independent insurance brokerage to form the Highcourt Breckles Group.

The new entity will provide client-centric services with global capabilities in home, auto, business, life and health insurance and risk management solutions.

Read the full article online

Guernsey sees surge of pension longevity risk transfer deals

Guernsey has seen a surge of pension longevity risk transfer deals over the past 18 months which has continued through COVID-19, according to Guernsey Finance.

In the last five years, a number of pension schemes have completed transactions, together worth in excess of £30 billion, through captive insurers based in Guernsey.

Read the full article online

A growing reputation

Despite challenges Tennessee experienced a year of growth during 2020 but will that continue over the next 12 months?

The State of Tennessee might be known for its country music scenes, hot chicken and whiskey but it has something else to add to its repertoire — it is also home to the seventh-largest captive insurance domicile in the US. The Tennessee insurance market experienced strong growth in 2020, surpassing the growth it experienced in the prior three years. The Volunteer State ended 2020 with a total of 720 risk-bearing entities, which included 212 captives and 508 cells.

It also saw a 64 per cent increase in licensed entities on its 2019 figures, with 18 new captives and 41 new cells in 2020, according to figures from the Tennessee Captive Insurance Association (TCIA).

In December last year, it was revealed exclusively to *Captive Insurance Times* that International Paper, a Memphis-based global fibre-based packaging, pulp and paper products, had moved its captive to Tennessee from Vermont. The arrival of International Paper's captive insurance company was "a milestone for Tennessee" as it represented the state's 700th risk-bearing captive insurance entity, according to the Tennessee Department of Commerce and Insurance (TDCI). In 2020, $22.8 million was located and returned to Tennesseans in combined life insurance benefits/annuities and monies returned through the department.

Commenting on what is the drive behind this growth, Belinda Fortman, director of captive programmes for the TDCI, states: "The hardening market has certainly been a contributor to the recent growth in captive insurance entities, but it is noteworthy that Tennessee was one of only a few captive insurance domiciles that had more formations than dissolutions."

Fortman suggests that Tennessee's "growing reputation as a respectable, business-friendly domicile" has been a key factor in why captive owners and captive managers are choosing to form captive insurance companies in the state.

Another factor adding to growth, is around the attraction of the state's cell structure legislation, according to Gary Osborne, vice president, alternative risk programmes at Risk Partners.

Osborne says: "When evaluating Tennessee, it is critical to note just how much feature cells are in the success of Tennessee as a domicile."

Although Tennessee has experienced growth and is looking to keep on top with proposed captive legislative changes, the last 12 month have been far from easy.

"We would be remiss to not mention the impact that the COVID-19 pandemic has had on the Tennessee captive insurance market and the industry generally," Fortman comments.

"Fortunately, the Tennessee captive section was able to pivot to a remote work environment due to our having implemented technological

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changes well in advance of the pandemic lockdown," she adds.

Although the situation was challenging, Fortman highlights that the captive section was able to make the transition seamlessly, without impacting customer service or responsiveness.

The letter of the law

The growth of Tennesee's captive insurance industry remains a priority for Governor Bill Lee and Commissioner Carter Lawrence – ensuring a bright future for Tennessee as a captive insurance domicile. From an economic impact perspective, Tennessee has written over $6.4 billion in premium and collected over $16 million in taxes and fees.

One way to remain competitive is keeping its captive legislation up to date. Tennessee's captive advantages include permitting virtually all captive licensing types allowable under the captive statues of other leading domiciles.

Fortman states that the captive section has initiated new legislation for 2021 and it is currently under consideration with the state legislature.

The legislation, which is currently pending, will reduce the minimum capital for protected cell captives to $100,000 and permit parametric insurance for captives.

"The reduction to $100,000 will spur continued growth of captives in Tennessee because it will help make captives more affordable for medium to smaller-sized companies," Kevin Doherty, member at Dickinson Wright and president and chairman of the TCIA, explains.

Meanwhile, Doherty says the parametric option will provide for "increased flexibility and creativity in designing programmes to address risks such as natural disasters, where providing a basic level of coverage without detailed claims adjustment will help put claims money back into the pockets of companies when they need it the most".

Fortman notes that the TDCI is currently working with the TCIA to ensure the state's captive statutes are up-to-date, competitive, and provide a strong basis for balanced and consistent regulation.

Like other domiciles, Tennessee is challenged by making sure that the state's regulatory environment provides appropriate oversight without being overly burdensome.

Doherty explains: "As in many domiciles, there is a natural tension between the appropriate level of regulation of the traditional marketplace versus captives."

"Tennessee will have to continue to work hard to make sure it offers the best of opportunities and regulation in the captive marketplace," Doherty affirms.

Another issue facing Tennessee within its regulatory department is the challenge of transitioning the state's regulatory team with some turnover in senior positions.

Osborne explains although this is causing challenges, "[the state] has been able to bring in new but old faces that are known to the industry and who can build on the trust and stability that the state has established".

In June 2020, Fortman joined the TDCI as captive insurance section director. She replaced Jennifer Stalvey, who took on the role in December 2019.

In November 2020, Tennessee governor Bill Lee appointed Carter Lawrence as commissioner of the TDCI. Lawrence replaced Hodgen Mainda, the previous commissioner after he stepped down from the role after just one year.

Mirroring the good times

Forecasting on what 2021 might look like for Tennessee and if continued growth is on the cards, Doherty suggests that even more growth is on the cards for the next 12 months.

Despite difficulties surrounding the pandemic, Doherty notes that Tennessee had a good year.

He explains: "Now that the economy is opening up again and in general continues to grow exponentially, there will be even more interest in captives because they provide such good business answers to the insurance needs of all types of companies."

The captive domicile 'competition' field is busy. Out of the 50 states in the US, around 30 of them are captive domiciles, along with being surrounded by offshore islands such as Bermuda and the Cayman Islands.

So how has Tennessee established itself on the top of that field?

Osborne highlights that Tennessee is one of a few well-established domiciles with a dedicated captive service team and internal examination capacity as well as an attractive central location.

He adds: "It sends its people out to build the brand and spread the message that captive business is welcome in Tennessee." ■

Act now!

As many businesses suffered from losses due to the COVID-19 pandemic, industry experts suggest that now is the time to re-examine and explore your options

While it would be a useful tool, no one is able to predict the unexpected, so having a good insurance policy in place to cover unforeseen events is critical. However, as organisations strive to navigate global risks, many were unprepared for the events that played out in early 2020. Although many companies set aside reserves to ensure their financial position during volatile market conditions, the duration and severity of this latest pandemic seems to have surpassed most businesses expectations and depleted reserves either dramatically or completely, according to Adam Miholic, senior consultant, global captive solutions at Hylant.

To compound an already unfortunate situation, Miholic says that even when companies felt they were protected by some insurance product such as business interruption or other first-party protections, most insurers were either quick to decline coverage or slow to respond with any position of certainty.

"The US federal government has taken steps to help mitigate the damage and put in safeguards for future similar events, but it is yet to be seen if this is too little too late for many businesses," he notes.

Many businesses found themselves in hot water since 51 per cent of organisations across the world do not have a business continuity plan, according to a study based on Mercer's Business Responses to the COVID-19 Outbreak Survey. Meanwhile, only 29 per cent of organisations' board of directors discuss risk exposures as part of their strategic plans.

Coverage with a captive

Unforeseen events including a global pandemic, the Texas power outage or even the most recent disaster with the cargo ship, Ever Given, blocking the Suez Canal and inhibiting trade, are unpredictable, complex and evolving risks.

Events such as these have certainly highlighted the benefits of captives with owners being able to design customised insurance coverage, access alternative capital, and generate profits through third-party business makes captives especially valuable during market transitions.

Randy Sadler, principal, CIC Services, explains that it is often "difficult and inefficient" for third-party commercial insurers to write customised policies.

"This reality often renders customisable coverage unaffordable or impossible to acquire," Sadler says.

In addition to a captive insurance company being used to mitigate risk, he suggests that there are ancillary rewards including the taxation of insurance companies makes captives an ideal vehicle for accumulating loss reserves.

As a licensed insurance company, a captive can also allow a business to gain access to reinsurance and excess insurance markets.

Re-examine and explore your options

So has there been an increase in the number of businesses exploring the captive option to cover unforeseen events such as the pandemic? Marsh's 2020 Captive Landscape Report, published in September, revealed that more organisations are considering a captive for insurance protection and financial flexibility in response to an increasingly difficult risk and insurance landscape.

"The COVID-19 pandemic has created an opportunity for captive owners to evaluate existing policies and companies to re-examine their insurance programmes to identify gaps in coverage"

It showed that the trend of increased captive use continued in the first half of 2020 amid an increase in challenging insurance market conditions and the impact of the global COVID-19 pandemic. Supply chain, business interruption and contingent business interruption premiums written saw an increase of 283 per cent on average in 2019, it also found.

The COVID-19 pandemic has created an opportunity for captive owners to evaluate existing policies and companies to re-examine their insurance programmes to identify gaps in coverage.

As the insurance market hardens further as a result of the pandemic, Sherman Taylor, executive director, Ocorian, explains: "The wisdom of having a captive as a risk management tool to supplement the insurance programme has become much more evident."

When looking at either an existing policy or exploring the captive option, Sadler suggests that companies need to take into consideration various factors.

The first is to take into account that business interruption often isn't enough. Sadler notes that in some cases, the nature of the pandemic insulates companies from paying business interruption (revenue replacement) claims to businesses. This was also an unfortunate issue as businesses in the US experienced civil unrest and riots that prevented access to their businesses.

"Many business interruption commercial insurance policies are tied to a property policy and only triggered if property is actually damaged—not when it's inaccessible," he adds.

The second is to have a business continuity plan in place. While some business continuity plans can be complex and lengthy, Sadler says the critical point is to establish a risk management strategy that will address the impact of unforeseen events, a decrease in revenue, cash flow and liquidity. Although it's late in the game to develop one now to address the pandemic, he emphasises that now is the time to start planning for the next crisis. The third is to make insurance with customised policy language. Most business owners or management teams would agree they could have benefited from more insurance with policy language customised for their business.

Sadler comments: "The pandemic brought to light not only risks that were uninsured or underinsured, but also risks that a business owner thought one had coverage for, only to find out that policy language excluded such coverage."

"The pandemic brought to light not only risks that were uninsured or underinsured, but also risks that a business owner thought one had coverage for, only to find out that policy language excluded such coverage"

The fourth is to have a more sustainable cash flow and liquidity. If executive teams could have seen the future looking at 2020 and 2021, most would say they would have liked to have not only more customised insurance but sustainable cash flow and liquidity.

During COVID, Sadler explains that many businesses that lacked cash flow and liquidity opened credit lines found themselves struggling for survival.

He says: "Government programmes such as SBA funding and the Paycheck Protection Plan (PPP) helped, but it still led to 800 small businesses closing each day, according to a report by Yelp between April and September 2020."

The final takeaway, according to Sadler, is to consider a captive insurance company.

He says: "A captive insurance company can ensure that a business has sufficient insurance and sufficient liquidity to weather a crisis."

Crystal ball

Nobody has a crystal ball. As Miholic states: "It is difficult to properly fund for an event that has very little to almost no historical data to rely on."

However, he suggests that it is important to speak with your captive manager and service providers to evaluate the most efficient way to begin financing for future unforeseen events now. The benefits of pre-funding for future events through the regulated entity of a captive insurance company can be felt immediately upon the impact of a catastrophic loss.

"One of the most immediate and short-term solutions could be to evaluate a difference in conditions policy through the captive that would respond in the event a specific policy either intentionally exclude a cause of loss or uses ambiguous language that leaves risk transfer coverage in question," Miholic explains.

He adds: "Any proposed new coverage or business plan change should be properly reviewed by the captive service providers and quantified with a qualified actuarial analysis."

Singing from the same hymn sheet, Taylor says: "It is difficult to predict when, where and how the next major disturbance will arise and so the best defence from a risk financing perspective, is to have a sound insurance programme which can accommodate a captive." ■

Irish Aleria

Account manager

Ocorian

Personal bio: *I'm from the Philippines. I love travelling, meeting new people, working out, swimming and cooking.*

I'm also an outdoor person and enjoy photography and relaxing on the beach — so living in Bermuda is definitely a bonus! I'm also a keen reader and enjoy watching movies.

Professional bio: *I graduated with a bachelor's degree in accountancy and obtained my certified public accountant qualification in the Philippines.*

I started my career as an external auditor in a big four firm.

After three years in audit, for the next eight years, I took on different roles in finance and accounting functions in various companies in the Philippines and Malaysia.

In 2019, I joined Ocorian (then Estera) in Bermuda as an account manager to manage a portfolio of clients that included captive insurance companies.

I'm involved in the accounting and finance function, treasury roles, statutory and regulatory reporting and liaising with the regulators on behalf of clients, including the Bermuda Monetary Authority (BMA), Bermuda Stock Exchange and Registrar of Companies.

How did you end up in the captive industry?

Three years ago, a friend from college who was working at Ocorian (then Estera) Bermuda reached out to me about an opening for the account manager position.

A new opportunity, the role offered the challenges I was looking for and exposed me to the captive insurance and insurance-linked securities (ILS) sectors. These were new concepts for me and I have found them very interesting. They have pushed me to learn and develop and together with guidance from my colleagues, I have really grown into the role.

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

The highlight is definitely the satisfaction of helping clients with their statutory needs and complex requirements. As a problem solver, I revel in troubleshooting and trying to find the best solution. When this is reinforced by the positive feedback from my clients, I feel really inspired to give my very best to this job.

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

Most of my knowledge of the captive industry is derived from my team leaders. They have a real depth of understanding and a commitment to professionalism which has helped kickstart my career in this industry. With experience, training and a continued willingness to learn, I hope to one day reach the same level of expertise as my mentors.

What is your impression of the industry?

I am really fascinated with this industry, both the concepts and the brilliant minds. Ultimately, we are providing different forms of solutions to companies — from a simple captive structure to a very complicated ILS deal, this provides real variety in our work.

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

At the moment, I'm pursuing my insurance designation. By obtaining more knowledge in the insurance, captive and ILS sectors, I can then support more captives to achieve their goals and deliver the best service and advice. Long term, my vision is for Ocorian to be the go-to company for insurance management and ILS services and I hope to be a part of that future.

"By obtaining more knowledge in the insurance, captive and insurance-linked securities sectors, I can then support more captives to achieve their goals and deliver the best service and advice"

"Irish is a phenomenal new asset to the insurance industry. She is an upwardly mobile go-getter with a bright future at Ocorian where, in less than three years, she has distinguished herself as a talented accountant with an aptitude for complex, solution-oriented work. Her personality brightens up the office and she helps keep team spirits alive when the pandemic forces remote working. She is certainly a valuable resource to Ocorian's captive insurance and ILS businesses and is very deserving of industry recognition."

Sherman Taylor, executive director, Ocorian

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

The captive industry can be very intimidating to someone unfamiliar with the concept as it appears incredibly complicated. But don't let that scare you. This industry is filled with knowledgeable people who are willing to share their expertise. As long as you have the desire to learn, there are myriad opportunities for your career within the sector. ■

Dalesa Bady has joined Pinnacle Actuarial Resources as a consulting actuary.

Bady, who is an associate of the Casualty Actuarial Society, joins with substantial experience in predictive analytics, product management as well as international and US pricing.

Previously, she worked as an associate actuary at United Services Automobile Association (USAA) and prior to that, she served as an actuarial analyst at the firm.

In her most recent role, Bady performed automobile and property actuarial analyses for a large international portfolio.

She also conducted analyses to assess insurance market dynamics and developed catastrophe risk projections and pricing reviews in Europe and the US.

Commenting on Bady's new role, Joe Herbers, Pinnacle managing principal, says: "Certainly, she's an accomplished actuary with a track record of success and an impressive professional history. But Dalesa Bady is also a skilled communicator, focused on building relationships and delivering exceptional customer service, which is so important to Pinnacle and the work we do on behalf of our clients." ■

PMA Companies has hired Jennifer Knox as vice president, west regional officer.

In her new role, Knox will lead the expansion and development of our insurance operations in California and the Western US.

She will be reporting to Ken Stanley, senior vice president, distribution management and field operations.

Knox has more than 20 years of industry experience, having held several regional and national leadership roles prior to joining PMA Companies.

Previously, she was head of the US West Region for Swiss Re Corporate Solutions in California.

Commenting on Knox's new role, John Santulli, president and CEO of PMA Companies, says: "Jennifer Knox is a proven insurance executive. Her career has spanned multiple disciplines and includes underwriting, distribution management, and service delivery."

Santulli adds: "I am confident that she is the right choice to lead our insurance operations in California and the West Region." ■

Beth Jacobsen has been promoted as captive director at Artex Risk Solutions.

Jacobsen joined Artex in 2013 as assistant captive director and was instrumental in the launch of CRCIC, Construction Risk Containment Insurance Company in 2019.

She started her career in 2007 at Gallagher as a sales intern before being promoted to accounts executive.

Chad Kunkel, executive vice president, group captives, North America at Artex, says: "Beth Jacobsen's client centric attitude and relationship skills are the perfect combination for her role as a captive director. She will do a great job in this role helping our clients succeed by finding a better way to lower their risk management costs."

Commenting on her promotion, Jacobsen notes: "I am truly honoured to receive this recognition and promotion. I have been fortunate to work with an extraordinary team of talented individuals and have many mentors to thank for investing their time and energy into me over the years."

She adds: "We have the best team and I look forward to many more years of success together." ■

David Smith and Jonathan Farr have joined Callan's alternatives consulting group.

Smith, who joined on 5 April, is based in the New Jersey office, while Farr will join the company on 10 May in the Atlanta office.

Both Smith and Farr will report to Pete Keliuotis, executive vice president and head of the alternatives consulting group.

Smith, a senior vice president, will focus on implementing private markets portfolios, as well as client servicing, strategic planning, and manager evaluations.

Recently, he served as a treasurer for Syracuse University, overseeing all aspects of the university's treasury and investment strategy and operations management, including its endowment.

He also served as treasurer for the university's captive insurance company, as the ex-officio member of the university's Board of Trustees Investment and Endowment Committee and as a member of the university's defined contribution committee.

Farr, a vice president, will also focus on private equity and private debt. He will join Callan from Southern Company where he was an investment officer, leading strategic, financial, and legal due diligence for new private markets investments, and represented the company's interests on fund advisory boards.

Prior to Southern Company, he was a senior consultant for Value Prism Consulting and an associate with Deloitte Financial Advisory Services.

Keliuotis says: "David Smith brings decades of institutional investment experience, depth, and perspective in private markets to Callan."

He adds: "Jonathan Farr brings years of experience to our group analysing, negotiating and advising private funds."

"Callan's clients will benefit from his investment experience and in-depth understanding of fund valuation and governance." ■

Kathleen Faries has been appointed CEO of Horseshoe, an Artex company, succeeding Andre Perez, the founder and current CEO of Horseshoe.

In October 2019, Artex Risk Solutions reached an agreement to acquire Horseshoe Insurance Services Holdings in a bid to strengthen its insurance-linked securities (ILS) operations. She will be based in Bermuda and will work closely with Perez.

Following a short transition period, Perez will assume the new role of executive chairman, acting as an advisor to the business, with a focus on strategic business opportunities as well as mergers and acquisitions (M&A) and Faries will assume full responsibilities as CEO of Horseshoe.

Faries has more than 30 years of experience in the industry, across property and casualty broking, captives, underwriting and insurance management. Most recently, she served as head of Tokio Millennium Re (TMR), Bermuda. She also served as CEO of Tokio Solution Management (TSM), where she led the expansion of TMR's capital markets strategy and helped to build the firm's reputation as a leading ILS facilitator and connector of risk to capital.

Prior to joining TMR, she held executive roles with Marsh and Crump International in Bermuda.

Commenting on her new role, Faries says: "I believe the ILS industry has the ability, now more than ever, to make a significant impact on our society's growing and expanding risk landscape. I am thrilled to be joining the leading global ILS service provider at such an exciting time in the industry."

She adds: "Having worked alongside Andre Perez in the ILS industry for many years, it is a privilege to be in a position to take the baton from him and lead such a high-performing and dynamic organisation into the future."

Perez notes: "I am delighted to have Kathleen Faries join Horseshoe and lead our global team of talented and dedicated ILS professionals. Her tremendous depth and breadth of industry experience, along with her authentic leadership style, will be critical strengths as we continuously strive to add value to our clients and help them succeed in this ever-changing environment."

"Horseshoe is well positioned to realise the next stage of growth and I am confident Faries will contribute significantly to it," he adds.

Peter Mullen, CEO of Artex, states: "Positioning the company for the future, and ensuring a robust succession plan, is a core objective at Artex. Perez has done a great job combining the Horseshoe and Artex ILS businesses and I'm excited about this next phase in our evolution as Faries transitions into the CEO role and takes us to the next level." ■

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