

To the letter of the law

Belinda Fortman, Nate Reznicek and Peter Kranz discuss the importance of the relationship between regulators and the industry as well as some of the challenges for US captive regulation



Economic Substance

Economic substance laws were designed to protect the reputation of offshore jurisdictions

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LMG reveals plans to develop and promote UK captives market

The London Market Group (LMG) has published a five-point plan asking for relevant regulatory and legislative changes to help grow the industry in the coming months and years, and to take full advantage of the new opportunities open to the UK.

The plan includes increasing the choice of buyers and growing the market by developing and promoting a UK captives market.

Currently, there are no captives based in the UK as it has historically been seen as an unattractive location.

Outside of Lloyd's, the UK has no specific regulatory framework for captives, instead treating them as insurance companies, even though they are very different entities.

LMG explains that due to this uncompetitive environment, no company has chosen to set up a captive in the UK, despite its extensive financial services ecosystem.

"We believe that there are few barriers to the UK creating a domestic captives market. Captive insurance is not defined or referred to in the Irish Insurance Acts or regulations. Instead, the Central Bank of Ireland uses the definitions of a 'captive' in Solvency II as the basis and justification for its differentiated approach," says LMG.

The current Solvency II Review offers the UK an opportunity to develop a more attractive regime for captives.

LMG says it would welcome further discussions with HM Treasury and the Prudential Regulatory Authority (PRA). Other points in LMG's plans include making London a natural home for foreign (re)insurance companies by reforming the Solvency II regime. LMG suggests going through the "additional and unnecessary" regulatory processes which duplicate work already performed by other trusted regulators is very costly and time-consuming and acts to inhibit overseas firms from operating in the UK.

"The PRA has the ability to resolve these issues within the current framework and without compromising its own compliance with the Solvency II regime or the prospects of a subsequent equivalence ruling with the EU," LMG comments.

LMG has also called for the government, the regulators and industry to work together to recognise the nature of the large complex risks we cover and the sophisticated corporate buyers we serve, through a more proportionate approach to regulation.

It also wants to ensure that the London Market remains the most attractive home for large risks

through an international competitiveness duty for UK regulators.

Finally, LMG says gaining access to emerging markets around the world will help them to build resilience against natural disasters and climate change events through trade negotiations, regulatory dialogues and market promotion.

Sean McGovern, CEO of UK and Lloyd's at AXA XL and sponsor of LMG's government relations work, comments: "Right now, the UK government is looking at how financial services should evolve in a post-Brexit world, and the London market wants to seize the moment while there is a willingness to support positive change that can benefit the insurance industry."

"The LMG has taken part in various government consultations on the future regulatory framework and Solvency II. This document will form the backbone of a comprehensive campaign by the LMG, working with ministers, parliamentarians and the regulators to reinforce the importance of the insurance market and to ask for what it needs to continue to grow globally. We have put forward a five-point plan to support the UK's competitive position, grow our exports and deliver increased levels of foreign inward investment into both London and across the regions of the UK, where the market is expanding," McGovern adds. ■

Connecticut House passes crumbling foundation bill

The Connecticut House of Representatives has passed HB 6646, which is an act concerning crumbling concrete foundations.

The bill, which was first introduced in the January session of the General Assembly and was primarily sponsored by the Planning and Development Committee, will eliminate the termination date of Crumbling Foundations Solutions Indemnity (CFSI), the captive insurance company established pursuant to section 38a-91vv of the general statutes.

It will authorize the Connecticut Housing Finance Authority to make loans to CFSI. In addition, it will require CFSI to submit a report concerning the damage caused by the presence of pyrrhotite to the concrete foundations of nonresidential buildings in the state.

Many homes in Connecticut were built using concrete made from stone aggregate mined from a quarry containing pyrrhotite. This results in cracks forming in the foundations of many of these structures, decades after they were con-

structed. The CFSI, a non-profit captive insurance company, was set up in 2017 to distribute funding to fix the crumbling foundations in homes on the northeast side of the State of Connecticut.

Earlier this month, CFSI announced that it has completed 150 foundation replacements since its launch on 10 January 2019.

The bill has been adopted by the house and has been sent to Connecticut's senate. ■

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A.M. Best: GCC sees captive interest increase

As international commercial insurance rates harden, interest in captives is growing in the Gulf Cooperation Council (GCC) region, according to the latest A.M. Best report. While the global captive insurance industry has experienced steady growth over the past decade, the use of captive (re)insurers in the GCC countries has been limited to date. However, A.M. Best explains that an increasing interest in the creation of new captives in the region, with multiple potential owners undertaking feasibility assessments or seeking regulatory approval.

The rating firm highlights that the interest has not only come from the traditional users of captives — the energy and heavy industry sectors, and state oil enterprises.

A wider gamut of companies is now investigating self-insurance solutions in response to hardening rates in the international commercial insurance and reinsurance markets. In addition, companies in the region are becoming increasingly sophisticated in their risk management.

Many primary insurers responding to hardening reinsurance market conditions by opting to retain more risk.

"This is prompting large insurance buyers in the region to look for a more cost effective way of managing their insurance risks and potentially recapturing some of the underwriting profit and commissions which would otherwise be enjoyed by external insurance carriers and intermediaries," says A.M. Best.

For captive sponsors outside the GCC, low tax jurisdictions have historically provided parent groups with tax advantages through base erosion and profit sharing schemes.

But A.M. Best says tax savings are not a driver for the increased captive interest in the GCC as jurisdictions in the region that apply corporate tax do so at very low rates.

Meanwhile, the introduction of captive-specific regulation, and the availability of experienced third-party captive managers to oversee the operations, have made the process of establishing a new captive easier.

Several GCC financial services regulatory authorities have introduced dedicated captive-specific legislation recognising the particular dynamic between a captive and its parent.

A.M. Best says: "Most of these jurisdictions have identified three classes of captive — single-parent captives, captive with a mandate to source a limited portion of premiums in the commercial market and mutually-owned captives — with some also identifying a fourth class."

"In general, captive-specific regulation in the region has been modelled on international best practice, with similar features to well-established captive domiciles such as Bermuda and Guernsey," the rating firm adds.

An alignment of factors is creating an attractive environment for captive development across GCC, including a hardening commercial (re)insurance market, positive regulatory developments, maturing risk management among regional companies, and the availability of professional management services.

A.M. Best concludes: "A captive insurance company can form the centrepiece of a sophisticated risk management and treasury function for large industrial groups, giving more visibility to and control over risk management, retention and transfer." ■

Tennessee approves captive legislation updates to ‘fuel growing reputation’

Tennessee governor Bill Lee has approved the latest modernisations to the Volunteer State's captive laws, which is set to fuel its “growing reputation as a first-choice domicile”.

The legislative updates include authorising parametric insurance coverage and reducing the statutory capital needed by protected cell captive insurers to commence operations from \$250,000 to \$100,000, among other improvements.

By reducing the minimum capital and surplus needed to start protected cell captive insurance companies, Tennessee Department of Commerce & Insurance (TDCI) captive sector director Belinda Fortman says: “Tennessee is sending a strong message that we value companies’ freedom to invest their money to obtain the high-

est return on investment possible rather than allocate money in excess of what is needed to support the potential risk of insurance losses in their captive.”

Last year was a record-setting year for the state's captive insurance section as captive premium volume topped \$1.6 billion and the number of active captives in Tennessee increased to 146.

Through the first five months of 2021, Tennessee has averaged 10 new captive formations a month. Fortman explains: “The growth of the captive insurance industry in Tennessee that we are seeing today is a byproduct of years of focused teamwork and the far-reaching vision of Tennessee's leaders.”

“I am thankful for the hard work and support of Governor Lee, the members of the Tennessee General Assembly and the captive insurance stakeholders who are helping make Tennessee truly the ‘Gold Standard’ of the South,” she adds.

Tennessee Captive Insurance Association (TCIA) president Kevin Doherty comments: “The TCIA supports the reduction in the minimum capital for protected cell captives to \$100,000 and believes this will help to spur significant growth in cell captives in Tennessee. The TCIA also believes it is significant that Tennessee is leading the way now in permitting captives to offer parametric insurance that can offer innovative ways to cover large numbers of insureds in natural disasters or other similar events.” ■



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Crawford & Company launches new Japan desk in Thailand

Crawford & Company has launched a Japan desk in Bangkok, Thailand, providing a dedicated facility to support the growing presence of Japanese companies and their affiliates in the South East Asia region.

The new Japan desk will be led by Tetsuya Fujita, director of Crawford's Japanese business unit.

[Read the full article online](#)

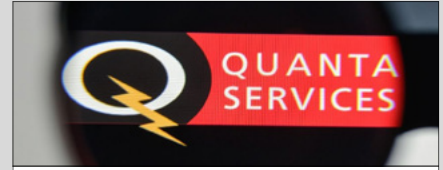


AF Group enters reinsurance market through partnership with Waypoint

AF Group, an industry leader in offering specialty insurance products, has entered into the assumed reinsurance marketplace through a new partnership with Waypoint Underwriting Management.

Waypoint will begin underwriting property, workers' compensation and casualty treaty reinsurance for and on behalf of AF Group beginning 1 July.

[Read the full article online](#)



A.M. Best affirms Quanta Services captive ratings

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

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

[Read the full article online](#)



Armanino and Brown Smith Wallace join forces as part of Midwest expansion

Brown Smith Wallace is set to join forces with Armanino in order for both firms to broaden their Midwest reach, effective on 1 August.

As part of the expansion, Brown Smith Wallace will rebrand as Armanino but maintain its current St. Louis operations.

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eMaxx launches alternative energy warranty products through captive

eMaxx has launched new alternative energy warranty products through a variable cost captive solution. The suite of warranty programmes provide support to manufacturers, developers and owners for renewable, alternative and energy efficiency projects by providing an insurance backed solution to product and performance shortfalls backstopped through XOL Quota Share Reinsurance.

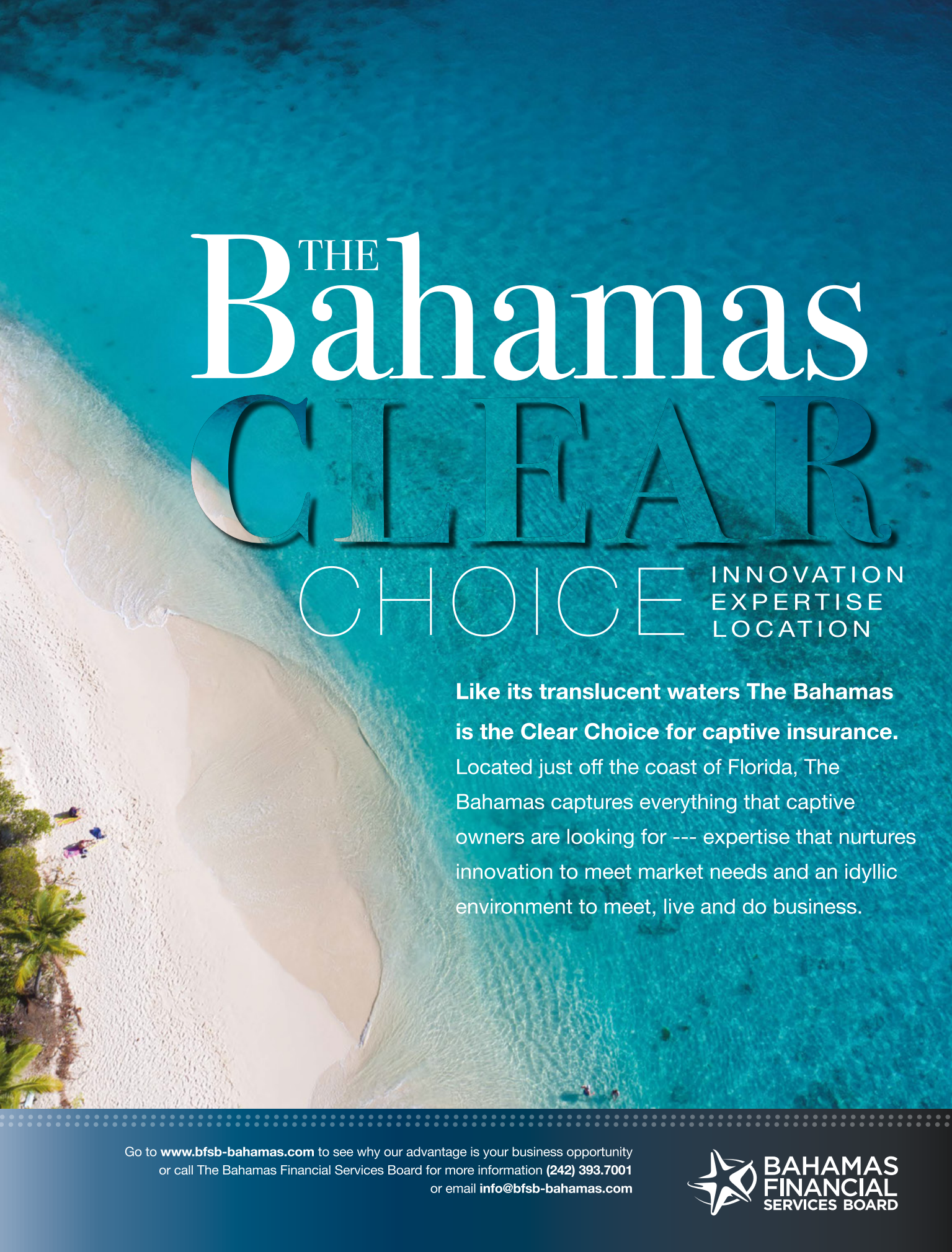
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BCC: Rise in cannabis companies looking at captive programmes

There is 'significant interest' in cannabis companies looking for alternative ways to deal with insurance problems, and captives are a great way for them to look at solving that challenge, according to Patrick Ferguson, Canadian captive and global life re sales leader, Marsh Canada.

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Keeping order

Economic substance legislation was designed to protect the reputation of offshore jurisdictions. Industry experts discuss how Bermuda works to remain compliant

The Crown Dependencies have enhanced their commitment to meet the Organisation of Economic Co-operation and Development's (OECD) principles for improving global tax transparency by introducing an Economic Substance Test.

This legislation, which came into effect 1 January 2019, was designed to protect the reputation of offshore jurisdictions by ensuring that income streams from certain activities are based on actual local activity to substantiate the use of low tax jurisdictions.

Those that have introduced this legislation include Bermuda, British Virgin Islands (BVI), Cayman Islands, Guernsey, the Isle of Man and Jersey.

Nicholas Miles, partner for Kennedys, says that this doctrine is applied to distinguish transactions by taxpayers with counterparties particularly related parties that are designed to exploit tax rate differentials and which lack 'economic substance'.

In the context of recent global legislative reforms driven by the EU and the OECD, it refers to proof that the revenue of a company is sufficiently attributable to activity in its domicile.

In a huge proportion of jurisdictions, corporate profits are taxed at the domicile of the company.

Louise Charleson, partner at Ocorian, explains that Bermuda's economic substance laws and regulations are enshrined in the Economic Substance Act 2018, the Economic Substance Regulations 2018 (both as amended, together with the ES Regime) and related Guidance Notes issued by the Minister of Finance on 18 September 2020.

One of the other aspects of global tax reform is tax transparency, including cross-border cooperation in identifying assets beneficially owned by taxpayers.

Miles states that Bermuda, for many decades, has gathered corporate beneficial ownership information in a central register, maintained by the Bermuda Monetary Authority (BMA) acting as Controller of Exchange.

He comments: "Pursuant to various Tax Information Exchange Agreements and its implementation of common reporting standards and country-by-country reporting, Bermuda shares and has shared its beneficial ownership data with authorities of a large number of foreign jurisdictions where required."

"Unlike most other jurisdictions, including the UK, Bermuda actually vets its beneficial ownership data, by requiring beneficial owners to sign personal declaration forms and to provide proof of identity and residence (which is reviewed by the Controller of Exchange)," he adds.

Reflecting on how Bermuda works to remain compliant with economic substance legislation, Carol Feathers, director of client services at Ocorian, says that the Bermuda Registrar of Companies (Registrar) is responsible for implementing, monitoring and enforcing the economic substance regime. The registrar has the power to issue notices on an entity to comply with the economic substance requirements.

Feathers states: "If the entity fails to do so, the registrar can impose civil penalties of up to BD\$250,000 in three stages. If, after the civil penalties have been exhausted, an entity continues to be non-compliant, the registrar may apply to the court for an order in such terms as it thinks fit, including an order for striking off the entity."

"Additionally, there is an offence of knowingly making a false economic substance declaration with penalties up to BD\$10,000 or imprisonment for two years or both," she adds.

Impact on captives

Bermuda is one of the largest captive insurance domiciles in the world.

At the end of 2020, the domicile had 680 total captives on the small island.

On how this regulation affects the captive insurance market, Miles explains that the Insurance Act 1978 and associated codes of conduct already contain provisions requiring a substantial presence in Bermuda, captives benefit from a deeming provision in the Economic Substance Regulations 2018 (ESR), according to which they may comply with the economic substance requirements by complying with certain requirements applicable to economic substance.

Miles outlines that a captive must maintain a principal office in Bermuda and appoint a principal representative in Bermuda approved by the BMA.

He notes: "They must also comply with various rules relating to the outsourcing of regulated functions.

A captive must file an annual economic substance declaration (ES Declaration) within six months of the end of its financial year."

For certain captives which require more intensive administration, such as industry group captives with multiple policyholders or those which write third party business including to clients of the onshore parent, Charleson adds these, by their nature, are more likely to have palpable substance evidenced by dedicated employees and premises.

"For other captives, such as those with a single policyholder (its onshore parent) which conduct

their offshore operations exclusively through a specialist captive management company, a more mindful review of whether its substance requirements are met may need to be conducted to ensure that all key strategic decisions and core income generating activities (CIGA) are taking place in Bermuda," Charleson highlights.

Understanding the challenges

Companies have often relied on conducting regular physical board meetings in Bermuda to demonstrate 'mind and management' and the carrying out of CIGA within the jurisdiction.

One of the biggest challenges over the last year has been the travel restrictions imposed as a result of the COVID-19 pandemic, which Feathers says has prevented entities from being able to conduct in-person board meetings locally. Physical board meetings are also essential for registered insurance entities to meet their regulatory obligations," she adds.

On 20 March 2020, the registrar issued a notice, which acknowledged that business continuity is challenging during this time and as such, where meetings or other similar economic substance compliance measures are not possible due to travel or quarantine restrictions, this may be taken into consideration.

However, Charleson points out that the registrar also noted that entities must continue to act in good faith and maintain a careful record of all meetings affected, details of restrictions and steps taken.

A widely-held view is that companies should nevertheless ensure that they have personnel who are resident in Bermuda to conduct CIGA, whether this be directors, direct employ-

ees or employees of outsourced service providers. On 6 July 2020, the BMA issued a similar notice, confirming that in assessing compliance with the requirement to hold physical board meetings in Bermuda for the period ending 30 September 2020, it would consider all circumstances including registrants' inability to hold such meetings due to logistical and health difficulties resulting from COVID-19.

However, Charleson also highlights that the BMA also noted that it expects registrants to continue to conduct their board meetings virtually, by telephone, video.

Developments

Currently, Bermuda's economic substance law applies to exempted and local companies, exempted and local limited liability companies, overseas permit companies and partnerships that elect to have a separate legal personality that carries on a 'relevant activity'.

Charleson says it is anticipated that the legislation will be revised to extend its application to all partnerships, not just those with separate legal personality.

She comments: "Bermuda's economic substance legislation will continue to develop as needed to ensure ongoing compliance with the scoping paper issued by the European Union's Code of Conduct Group (Business Taxation) in June 2018."

"There may also be minor changes relating to 'levelling up' between all offshore jurisdictions to reduce any motivation to 'island-hop,'" Charleson concludes. ■

To the letter of the law

Belinda Fortman, Nate Reznicek and Peter Kranz discuss the importance of the relationship between regulators and the industry as well as some of the challenges for US captive regulation



At the start of the 2021 legislative session, many US captive insurance domicile states introduced new and updated captive bills to their state legislative process.

For example, Alabama's captive bill amendments, which if passed, will see the introduction of three new alternative risk vessels, a new formal redomestication process, risk retention groups (RRGs) and a reduction to the minimum capital requirements. Meanwhile, in Vermont, governor Phil Scott signed new captive bill legislation into law, which is set to strengthen the state's captive regulation in a variety of areas.

Elsewhere, Tennessee governor Bill Lee approved the latest modernisations to the Volunteer State's captive laws, which is set to fuel its "growing reputation as a first-choice domicile", while North Carolina's includes two proposed changes affecting the premium tax paid by captive insurers.

However, most notably, a captive bill that would see the creation of a framework in the State of Washington for registering eligible captive insurers and imposing a premium tax on the risk covered by premiums allocable to the state became law after governor Jay Inslee signed the legislation on 12 May.

There are currently more than 30 states in the US that have captive insurance laws on their books. Though there are many similarities among the states in terms of the captive statutes and how captives are regulated, there are significant differences that a captive owner needs to consider when they choose which state to establish a captive domicile.

The most reputable domiciles have active associations that interact closely with their respective domicile regulators. These associations often provide regular updates on pending legislation

or news within the state or industry that could impact captive business within the states.

"By and large these associations are great advocates for the captives within the related domicile and I would strongly recommend that every captive owner join their respective domicile association," says Nate Reznicek, head of US distribution, International Re.

The regulators

The relationship between the captive insurance industry and the regulators is an important one.

Across the US there are different stages of domiciles – some have been around a very long time while others are in their infancy or growth stages.

Examining if the regulators have enough knowledge of this niche sector, Peter Kranz, executive managing director and captive practice leader at Beecher Carlson, says: "I firmly believe almost every regulator I've encountered has technical competence and knowledge to implement the regulations of their domicile in an effective way."

However, Kranz explains that there are some captive regulators who might be newer to the industry, or don't have many captives licensed in their domicile, and perhaps haven't been exposed to everything and therefore need to spend some extra time working through a programme structure.

"There are also some regulators in the industry who, say, for example, need to better understand that a letter of credit is a cost-efficient way to capitalise a captive and it doesn't mean the captive owner/parent is too small or not financially strong – it just might make more financial sense. By and large, though, captive regulators

"As regulators, our role is to ensure that our captive insurance companies remain in compliance with our captive laws and regulations and operate as good corporate citizens in the market"

are very strong and understand the industry and the value it brings," he adds.

Communication is vital in many sectors, including captives. Belinda Fortman, director of captive programmes for the Tennessee Department of Commerce and Insurance (TDCI), suggests it's beneficial for captive insurance stakeholders to hear directly from the captive regulators on an ongoing basis.

She notes: "As regulators, our role is to ensure that our captive insurance companies remain in

compliance with our captive laws and regulations and operate as good corporate citizens in the market.”

She suggests that regulators also have insights into what’s proven to work and what hasn’t including what could be coming around the corner in terms of new initiatives.

“For captive owners and captive managers, this direct contact provides them with a feel for the regulator themselves, and what it could be like working with them, which would help in making the decision on what domicile is best suited to their needs,” Fortman explains.

The small print

With US regulation being very strong, effective, and easy to understand, Kranz says the challenge is the ‘everything else’ such as direct placement taxes, federal income taxes, international laws and regulations.

He says: “These can be a bit tougher because things can come out of the left field.”

“For example, Washington State with their cease and desist letter to Microsoft or several years back when the Vermont Housing Finance Agency (VHFA) prohibited captives from becoming members of any Federal Home Loan Banks, even when they otherwise clearly met the requirements and fit the mission better than other organisations allowed to be members,” Kranz adds.

He explains that some states that have created their budget challenges, “are chasing dollars wherever they can find them”.

“It’s a non-business friendly approach which ultimately hurts their citizens by not creating jobs

and not generating captive premium tax or fee revenue.”

He suggests that this challenge could become a benefit to those states that understand being captive friendly creates jobs, high paying jobs, which create spending and tax revenue in their state.

Also discussing challenges, Fortman says that captive owners are usually not insurance professionals — it’s the captive managers, auditors and actuaries who provide the information that is needed to ensure that the captives are operating under their business plan.

She explains that when these industry professionals are not responsive, provide inaccurate information or are not experienced, it makes the regulators job far more difficult.

IRS

The Internal Revenue Service (IRS) has targeted micro captives for years, but in more recent times they have ramped up its 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.

Examining if there needs to be more regulation around captives to block out any bad players

within the industry, Reznicek says “absolutely”, however, he notes the challenge has always been deciding who/how will do the regulation.

To date, the captive sector has largely had to “self-police” with the Self-Insurance Institute of America (SIIA) leading the way by releasing a Code of Conduct in 2019 with several domiciles following shortly thereafter with annual Code of Ethics and Conflict of Interest requirements.

As much as the industry agrees that there is a need to remove these bad captive promoters, he suggests there is an equal resistance to the regulation of captive managers.

Reznicek explains: “Domiciles tend to run at, or near, capacity from a workload perspective and are largely opposed to the additional work that would be required. Managers are generally opposed to the idea as it would impose additional reporting/compliance requirements that they may feel are overly burdensome if they operate correctly.”

“Unfortunately, this hesitancy allows these sham promoters to continue their ways, largely under the radar. Promoter audits, investment companies owned by related businesses/shareholders of captive managers, or life insurance/tax-motivated promotion largely go undisclosed to the captive owner,” he adds.

With each state enacting and enforcing its own regulatory requirements, Reznicek says this will inevitably lead to inconsistent requirements based on the individual domiciles.

“Further complicating matters is the fact that domicile regulators aren’t in a position to enact changes based upon US federal income tax issues — which is often at the heart of the issue,” Reznicek concludes. ■

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Steve Melton

Risk adviser

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Personal bio: I grew up in McLean Virginia, the son of a 'sign painter' from Lenoir, North Carolina who served in World War II, migrated to California and then back east to start a business — he worked in Washington, DC for 40 years. I was fortunate to be able to live a nice suburban life in McLean and how ironic that many of my neighbours were senators, congressmen, lawyers and doctors. Playing baseball became my avocation; I played from little league one through Babe Ruth and industrial leagues, high school and college.

Professional profile: I attended The University of Richmond where I played for three seasons. I ran into the rigours of business school, so I decided to choose school over ball. I graduated from the business school with a BSBA with a marketing major and was a Philip Morris Lyon's Scholar. After school, I emigrated to Charlotte, North Carolina to work for Travelers Insurance Employee Benefits, back when they were a leader in the industry. I worked in the employee benefits via Lincoln National and BCBS plans. I migrated into commercial lines risk with Zurich/Universal Underwriters in 2001.

My passion is meeting educating and involving others on ways to build their business! I also like to keep fit.

How did you end up in the captive industry?

I met Tom Kendall from Captive Solutions and CRUISe II in Davidson, North Carolina via LinkedIn. Tom helped me understand how finding a business purpose first by talking with the company leaders to better understand their operations, financials and strategic direction helps identify areas where a captive might fit and assist. He advocates being a trusted advisor and educator to companies.

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

Had a great discussion/education with a large environmental firm – which has led to their interest in furthering a review for the use of a captive to aid their business.

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

Tom Kendall, Artex seminars and Captive Insurance Times articles.

What is your impression of the industry?

It is a tight community, with the traditional insurance brokerage firms and insurance carriers. There are key players in the captive world for these very sizable markets that can build solutions easily as they have the experience and can learn on the fly. The knowledge of captives is still low in the North Carolina C-Suite. I see tremendous growth potential in this area to provide business solutions as well as the common insurance trade off carrier/agency solution.

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

I would like to continue to build on my education and confidence so that at least half my business revolves around problem solving utilising a captive in the solution.

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

Read everything you can. Listen to the leaders that have been in the industry for years, learn how to talk with the C-suite on their business and understand the different financial/tax areas they might be in.

I also think you should learn about the variety of solutions/alternatives on how a captive might fit. Attend seminars/webinars and subscribe to Captive Insurance Times to stay abreast of the changes that take place around the captive industry. ■

“There are key players in the captive world for these very sizable markets that can build solutions easily as they have the experience and can learn on the fly”

“I would recommend Steve Melton as an Emerging Talent in the captive arena as his understanding of traditional insurance is vast yet his desire to learn more about how captives can assist companies is greater.”

“Steve has learned that you need to understand the business issues first by getting into the understanding of the issues and needs to determine the best solution.”

“From there Steve has learned how to get into the operational, financial and strategic areas that will aid in determining the right design. Lastly, he has learned there is no shelf product to walk in the door with but to listen and learn as much as he can in his discussions and to partner with the right team members in the industry to help with building the right captive solution for his clients.”

Thomas Kendall, president & CEO of Captive Solutions

CIC Services has appointed Shoshanna Simmons to lead its client services division.

Simmons will oversee all aspects of administration and oversight throughout the captive formation, retention and management process.

She joins CIC Services with extensive experience in risk management and insurance.

Previously she served as risk manager for The Integral Group in Atlanta, Georgia, where her responsibilities included creating and managing the company's corporate insurance programme through individualised risk mitigation strategies within enterprise risk management, underwriting, claims management, property management, safety, compliance and regulatory reporting standards.

Commenting on her new role, Simmons says: "I am thrilled to join a firm that serves middle market clients and helps them manage their risk and protect their businesses."

"Not only did CIC Services' clients with COVID-19 losses have their claims paid, but CIC Services also stood up to the Internal Revenue Service (IRS) and defeated the IRS in a recent 9 to 0 loss in the Supreme Court decision IRS versus CIC Services. I look forward to working with CIC Services' clients, businesses and the thousands of employees they represent," she adds.

In May, the US Supreme Court ruled in favour of the CIC Services in their case against the Internal Revenue Service (IRS) over Notice 2016-66, in a unanimous decision.

Bryan Ridgwa, CIC Services chief operating officer and managing partner, comments: "We believe Shoshanna's background and industry knowledge will elevate the customer experience with CIC Services. Not only is she highly experienced, but her customer-centric perspective is also paramount to our corporate culture." ■



PMA Companies has named Derek Hopper as executive vice president and chief underwriting officer.

Hopper will be responsible for leading the underwriting, product management and development, risk control, and corporate marketing areas.

In his new role, he will continue to report to John Santulli, president and CEO of PMA Companies.

Hopper joined PMA in 1990 and has held various leadership roles in his 30 years at the company, including vice president, corporate distribution and assistant vice president, commercial markets underwriting.

Most recently, he was senior vice president, shared services.

Commenting on Hopper's promotion, Santulli, says: "Derek Hooper is a talented leader with an outstanding track record of delivering underwriting and operational excellence."

"We are confident that Hooper will drive disciplined underwriting strategies that deliver exceptional results for PMA Companies and impactful solutions for our brokers and clients." ■



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Cassie Bachman has rejoined Elevate Risk Solutions as managing director of operations and legal.

Bachman was previously managing director of compliance for Elevate Risk Solutions but “took a brief hiatus to grow her professional legal experience abroad”.

In September 2020, Bachman joined Arsenal Insurance Management as director of legal affairs.

Bachman, who has worked with both government agencies and private industry, has numerous years of experience in the captive industry after coming from the international law sector.

Commenting on her new role, Bachman says: “I’m very excited to join Elevate and help manage the growth they’ve experienced this past year.”

“Working with this team has reinforced the importance of policies and procedures, client communications, and due diligence, especially in our industry. These, among others, are all things I



have grown to understand and greatly appreciate. I come to the team with tremendous respect and so much excitement for where we’re going,” she adds.

Jerry Messick, CEO of Elevate Risk Solutions, notes: “We’re very excited to have Cassie Bachman on board. Her depth of experience and knowledge in our industry will com-

plement our growing company and team of seasoned executives.”

Previously at Elevate Risk Solutions, Bachman assisted in several compliance matters and notable captive insurance cases, including the Internal Revenue Service (IRS) versus Delaware Department of Insurance (DOI) case and the IRS Amicus Brief. ■

Hylant Global Captive Solutions has hired Alex Gedge as it expands into the UK. Based in London, Gedge joins as a senior captive consultant.

Gedge joins Hylant from Marsh, where she served as vice-president of insurance consulting, business development and captive insurance for over three years.

During this role, she has supported companies across classes and industries with their captives, offering strategic consulting through its life cycle, analysing how to use

their captives more efficiently and in line with their business plan. She has also conducted feasibility studies to assess whether a captive is a viable solution for a client’s risk management programme.

Prior to her role at Marsh, she was a captive insurance consultant at Willis Towers Watson (WTW) for more than two years. ■





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