captive insurance times
The primary source of global captive insurance news and analysis
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Navigating captive regulations across US jurisdictions

Diana Bui talks to regulators from Vermont, Utah and North Carolina about their strategies to stay competitive and adapt to industry changes

Edgware Re

Structure of Marsh-owned captive

Investment income

Keys to captive growth

South Carolina

Stability, expertise and robustness

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Bermuda continues captive growths

Bermuda Monetary Authority (BMA) licensed three new captives between January and April 2024, taking the total number in the domicile to 630.

Three new captives registered in the period include Marsh's group captive Edgware Re, I-RE Insurance and Arrowhead Insurance.

The BMS also licensed four long-term insurers, two collateralised insurers and 12 restricted Special Purpose Insurers (SPI).

Four new intermediaries were also registered in the period, including one agent, First Specialty Excess; and three brokers, Colonnade (Re) insurance Solutions, Juniper Re Bermuda and International Risk Solutions. ■

LMG hopes for positive changes in UK captive regime under new government

Representatives from London Market Group (LMG) have expressed their hopes that a new UK government would back the regulatory changes needed to facilitate UK domiciled captives.

Caroline Wagstaff, chief executive officer at LMG, says: "Our data shows that London is the leading risk transfer market in the world. We very much hope the next government helps us capitalise on that by ensuring that we can offer clients all the tools in the tool kit and rapidly progressing a UK captive regime.

"It is a quick win for demonstrating a commitment to growth and competitiveness, and it would make an important contribution to the UK economy."

The comment follows UK Prime Minister Rishi Sunak's call for an early general election on 4 July 2024.

In its report published earlier this week, the LMG notes that the market for captive insurance worldwide is expected to reach US$161 billion by 2030, but the UK currently sees none of this business.

Apollo launches first captive syndicate at Lloyd's

Apollo Syndicate Management has launched the first captive syndicate at Lloyd's.

According to the company, Apollo is managing a captive syndicate in partnership with a major global client, with the aim of expanding its extensive market offering and leading managing agency services.

The launch signals the start of a new initiative at Lloyd's, where large captive clients can retain risk through their own Lloyd's-rated syndicate instead of via more traditional captive models.

It can increase a client's risk retention flexibility and allow them to take advantage of what their own Lloyd's syndicate offers.

This move follows recent launches by Apollo, including Envelop SPA 1925, ASR Syndicate 2454, and NormanMax Syndicate 3939.

David Ibeson, group CEO at Apollo, comments: "Establishing the first captive syndicate is a great achievement for our client and our industry.

"We are extremely proud of this milestone and the way in which it reinforces Apollo's reputation for the delivery of market-leading innovation at Lloyd's."

Andrew Gray, director of Strategic Partner Syndicates at Apollo, adds: "Apollo is committed to delivering mutual success through building long-term partnerships with like-minded, entrepreneurial and ambitious businesses seeking access to Lloyd's.

"Apollo's flexible and bespoke managing agency services allow our strategic partners to benefit from our innovative, collaborative and entrepreneurial approach to underwriting and our successful track record of establishing and managing Lloyd's syndicates."

Dawn Miller, commercial director at Lloyd's, remarks: "We are delighted to welcome Captive Syndicate 1100, which is the first syndicate to be launched under Lloyd's revised captive syndicate model.

"As part of our ongoing work to provide specialist risk solutions for our customers, we have sought to align our captive structure with the needs of third parties seeking access to operational benefits through Lloyd's global insurance expertise, licence network and financial strength ratings. We look forward to welcoming further businesses to our captive platform in the near future."

Lloyd's released a guide on its captive syndicates for applicants in January 2023, with an application fee of £100,000. This framework allows companies to operate a captive within London's insurance market. ■

Insurance Europe calls on adherents to Solvency II deal

Insurance Europe has urged the European Commission (EC) to adhere to the established political consensus and EU targets during the technical discussions of the Solvency II review.

The federation expresses its concerns in a letter addressed to EC Vice President Valdis Dombrovskis and Commissioner Mairead McGuinness before the inaugural technical session by the EC's expert group on banking, payments, and insurance scheduled for 15 May.

Insurance Europe worries that deviations in the detailed negotiations from the agreed objectives could hinder the sector's ability to support broader EU policy goals.

The industry warns against reversing the EU Parliament and Council's agreement to limit the impact of changes to the risk correction, a crucial component of the volatility adjustment that shields insurers from unwarranted volatility in the financial markets.

"It is very important to get this and other key calibrations, such as those relating to the extrapolation of the risk-free interest rates and risk margin, right," Insurance Europe says.

The federation also urges the EC to fulfil its commitment to slash the reporting burden by 25 per cent, which it believes is holding back innovation and investment.

Flagstone International expands into captive insurance market

Flagstone International has partnered with captive insurance manager Strategic Risk Solutions (SRS) to allow SRS's clients access to its cash deposit platform.

Launched last year in Jersey, Flagstone International allows trusts, funds, companies, and high-net-worth individuals to manage their cash deposits across multiple banks and jurisdictions using a single account.

Damian Cocking, head of sales at Flagstone International, comments: “Having made great strides within the trust space, we recognised similar issues were arising for managers of captive insurance structures — both standalone and cell structures — which made this a logical next step for Flagstone International.

“We are very excited to be launching into the captive space, and we look forward to rolling out our platform to other leading firms in this area of the market in the not-too-distant future.”

Peter Child, CEO at SRS Europe, says: “SRS provides our clients with the most innovative options when it comes to using their captive to better their business.

“The partnership with Flagstone International] is an interesting option to ensure our clients can continue to manage cash deposits with ease.”

Oklahoma to host OK Captive Day

The Oklahoma Insurance Department (OID) will host OK Captive Day, scheduled for 20 August at the Embassy Suites Oklahoma City downtown.

The event aims to bring together captive owners, risk managers, industry experts and other professionals to learn more about the Oklahoma captive domicile and the captive industry as a whole.

Earlier this year, the OID reported a 31 per cent net gain in licensed captive insurers in 2023, with the issue of 20 new licences and six dissolutions, bringing the total number to 59 in the domicile.

The OID’s varied licence landscape includes 34 pure captive insurers, one association captive insurer and 14 special purpose captive insurers.

There are also two sponsored captive insurers, four entity-protected, incorporated cells, one protected cell, and three series captive insurers.

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Vermont updates captive law to improve regulatory framework

Vermont Governor Phil Scott has signed the captive insurance bill H.659 into law, which seeks to improve several sections of the state's statute relating to the industry. Vermont House Bill 659 clarifies the law in multiple instances to improve the process and consistency of regulatory practices, address unnecessary redundancies, and better align requirements with the captive marketplace.

Commenting on this, Governor Scott says: "Vermont has a strong foundation of regulators and service providers who work together to ensure our state is as supportive as possible for Vermont's captive insurance companies. The passage of the yearly captive bill is always an important action to further improve the quality of our regulation."

The statute provides an update to the state's cell legislation, enabling a captive insurance company to be converted into an unincorporated cell, with all of its assets, rights, benefits, obligations and liabilities remaining unaffected by the process. It simplifies state confidentiality and information sharing, as well as giving regulators more flexibility in sharing and reporting captive information. The legislation also lowers the minimum capital requirement for an agency captive insurance company from US$500,000 to US$250,000.

Since the initial passage of the agency captive statutes in 2017, Vermont has gained significant experience regulating this type of captive insurance entity.

According to Vermont captive regulators, a lower minimum capital requirement will compare more consistently with the current captive insurance marketplace, without lowering the expectations of captive insurance companies.

In evaluating this change, the Vermont Department of Financial Regulation (DFR) determines it does not present a risk to solvency since the law states: "The Commissioner may prescribe additional capital and surplus based upon the type, volume, and nature of insurance business transacted."

Brittany Nevins, captive insurance economic development director at the Vermont Department of Economic Development, comments: "Captive insurance companies are regulated based on their individual risk profile, and our robust regulatory team is skilled at understanding appropriate capital to match the unique risk. Because of this, we realised it wasn't necessary to have a high, arbitrary starting point for these companies."

In addition, the amended law modifies the language concerning parametric policies to clearly allow captives to write parametric insurance contracts.

The DFR has the necessary regulatory processes and procedures to determine how a parametric contract should be classified and accounted for, when presented for approval by the Commissioner.

Every year, the Vermont Captive Insurance Association (VCIA) collaborates with the DFR to put forward a captive bill based on industry feedback to update Vermont's laws in order to keep pace with the industry's needs. ■


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VCIA opens registration for 39th annual conference

The Vermont Captive Insurance Association (VCIA) has opened registration for its 39th annual conference, scheduled for 12-14 August at the DoubleTree by Hilton in Burlington, Vermont. Captives and associates can go to engage.vcia.com to register and ensure their attendance.

The conference is America's biggest captive event, where attendees can expect to participate in networking, education sessions and business opportunities.

The event expects to host more than 1,000 captive professionals from the US and around the world.

VCIA CEO Kevin Mead says: "The industry at large is exploding with growth, and our conference always keeps pace and meets the needs of those who enter the captive space for the first time and those who continue to build out their captive knowledge and networks."

According to the organisers, this year marks significant changes in the conference schedule to enhance the attendee experience.

There will be 18 educational sessions, covering the latest captive trends and emerging risks, including cyber and AI, nuclear verdicts, creative uses for captives, and how to successfully form and maintain a captive with evolving regulatory standards.

A highlight of the conference will be the 20th Anniversary International Centre for Captive Insurance Education (ICCIE) celebration reception.

VCIA Board Chair Tracy Hassett adds: "It's not just the professional credit and the comprehensive scope of educational offerings. It's the atmosphere and the energy. The VCIA is truly where the captive world meets.

"We're proud of how much work we put into this industry flagship event. You're attending the biggest, you're attending the best, and you have access to everyone."

Sandy Bigglestone, deputy commissioner of captive insurance at the Vermont Department of Financial Regulation, remarks: "Vermont is the 'Gold Standard' of captive expertise and that's in no small part due to the robust educational and networking value the VCIA Conference provides."

S&P reaffirms 'A+' sovereign credit rating for Bermuda

S&P has reaffirmed Bermuda's sovereign credit rating of 'A+' and short-term rating of 'A-1'. The agency also assigns an 'AA+' rating to transfer and convertibility assessments and maintains the 'Stable' outlook rating of Bermuda. Bermuda is known as the oldest captive domicile and one of the world's largest captive hubs, with 630 companies registered.

In the report, S&P indicates that Bermuda's economy is on track to continue growing, reflecting the strength in the international business sector, particularly (re)insurance.

The agency highlights: "The stable outlook reflects our expectation that the local economy will remain healthy, and support solid government finances and low debt, as well as Bermuda's external asset position.

"We believe continued growth will support a balanced budget in line with the government's expectations this year. We assume a commitment to fiscal consolidation will lead to balanced budgets and a slight decrease in net general government debt over the next three years."

AXA XL reorganises insurance operation in the Americas

AXA XL has restructured its insurance underwriting operations in the Americas, aligning them under three business segments: large commercial, mid-market, and professional.

This move aims to serve the multiline insurance needs of AXA XL's largest clients in the US, Bermuda, and Canada.

The large commercial segment, led by Donna Nadeau, brings together P&C, cyber, construction, energy, and specialty product lines.

Nadeau assumes this new role after most recently serving as chief underwriting officer in the Americas, with more than three decades of industry experience.

While the mid-market underwriting operation, led by Matthew Waters, is dedicated to meeting the P&C insurance needs of businesses with less than US$1 billion in revenue.

Lastly, AXA XL's professional business segment is managed by its existing operating committee, including Tony Giacco, John Burrows, Sean Hearn, and Jim Koval. It will continue to address clients' D&O, M&A, crime and kidnapping, ransom, and extortion insurance needs.

Lucy Pilko, Americas CEO at AXA XL, comments: "After taking a close look at our structure, we're making changes to our regional model to optimise how we work and how our brokers and clients work with us.

"We're organising ourselves with the client in mind, giving our brokers and clients an easy access point to all product lines, and we look forward to sharing more as our new structure continues to take shape."

DARAG signs agreement with Unipol

DARAG Group, a legacy acquirer, has signed a service contract with UnipolSai Assicurazioni, part of the Unipol Group. DARAG Deutschland will be managing all non-proportional open claims related to the runoff of Unipol Re.

DARAG says that it is taking on its first outsourced service contract, and that this contract also marks one of the first uses of an outsourced legacy claims administrator in the Italian insurance market.

Tom Booth, CEO of DARAG, comments: "This deal represents an important milestone in the expansion of DARAG's services. It is a natural development of our business model whereby we offer our unique local claims expertise in Europe to strategic clients, in the process generating valuable fee-based revenue." ■

Lloyd's and BMA strengthen collaboration in innovation and education

Lloyd's has signed a memorandum of understanding (MoU) with the Bermuda Monetary Authority (BMA) with the goal of supporting and sharing knowledge and expertise across the international insurance market.

Both parties will work together to navigate regulatory developments, collaborate on Lloyd's Lab programmes, and provide educational and remote learning through the Lloyd's Academy in Bermuda and globally.

Through the MoU, Lloyd's will partner with the BMA to promote and deliver a reinsurance theme for Cohort 14 of Lloyd's Lab Accelerator programme, as well as explore opportunities to collaborate across the wider offerings within the Lloyd's Lab ecosystem, including the Lab Challenge programme, ICX, Launchpad, Futureminds and the BMA's regulatory sandbox and innovation hub.

Dawn Miller, chief commercial officer of Lloyd's and CEO of Lloyd's Americas, says: "I'm thrilled to be in Bermuda today for the signing of this agreement, which further strengthens our commitment made in March to closely collaborate and align on sharing risk expertise between the world's two major insurance and reinsurance hubs.

"This joint agreement will ensure we share the knowledge and expertise needed to deliver the products and solutions to tackle our customers' challenges and support the growth ambitions of our markets in the years to come." ■

Oklahoma Insurance Department recognised as ICCIE trained organisation

The International Centre for Captive Insurance Education (ICCIE) recognised the Oklahoma Insurance Department (OID) as an ICCIE trained organisation.

It was announced during the 2024 Western Region Captive Insurance Conference (WRCIC) in Tulsa, Oklahoma, further signifying the agency's commitment to making the state a desired domicile for captive insurance companies and service providers, according to the OID.

Oklahoma Insurance Commissioner Glen Mulready says: "Being an ICCIE trained organisation reaffirms our team's dedication to providing quality service to our thriving captive industry."

According to the centre, to qualify as an ICCIE trained organisation at least 20 per cent of the captive professionals in that organisation must hold the designation of Associate in Captive Insurance (ACI) in good standing.

Furthermore, at least 30 per cent of the company's captive professionals must either be ACIs, Certificate in Captive Insurance (CCI) holders, or currently enrolled in the ACI or CCI programme.

Steve Kinion, director of the OID's Captive Insurance division, comments: "The OID is one of only five captive insurance domiciles in the world to be ICCIE trained.

"This designation reflects Oklahoma's professional regulatory environment."

During 2023, OID issued 20 new captive licences, representing a 31 per cent net increase in licensed captive insurers, bringing the total number of captive insurers in the state to 59.

Labuan IBFC highlights benefits of captive solutions

Datuk Iskandar Mohd Nuli, CEO of Labuan IBFC, emphasises the potential of Labuan captives as an effective and cost-effective risk management tool, while speaking at an event about self-insurance structures and solutions in Kuala Lumpur.

The event, co-hosted by RAM Ratings, convenes delegates from corporates in Malaysia and representatives of the jurisdiction to explore the advantages of captive incorporation in Labuan IBFC.

In his welcome speech, Mohd Nuli states: "Captive insurance is well positioned to cater for the changing operating landscape by providing tailor-made insurance policies, while having direct access to the global wholesale reinsurance market to meet non-conventional risks."

In the panel discussion, experts debate perspectives on captive suitability, a roadmap for selecting captive options, and potential challenges.

Julie Ng, CEO at RAM Ratings, says: "This event has been an opportunity to exchange ideas, share knowledge and foster deeper connections between RAM, Labuan IBFC and the stakeholders of the captive community in Labuan IBFC. We hope to contribute to the long-term growth and governance of Labuan IBFC via our ratings, which apply RAM's hallmark of analytical rigour and trusted insights."

Labuan IBFC, located off the coast of Borneo, Malaysia, has been operating as an international business and financial hub for almost 35 years.

The jurisdiction is now home to 69 captives and recorded a total gross premiums of US$624.6 million in 2023. ■

BIBA CEO calls for innovation and regulatory stability

British Insurance Brokers' Association (BIBA) CEO Graeme Trudgill outlines his vision of cooperation and allyship to drive positive change across the industry in his BIBA Conference opening speech.

The conference, which is known as the largest insurance broking event in the UK, is taking place in Manchester from 14-15 May.

In his speech, Trudgill also calls for a period of regulatory stability and for the industry to help close the protection gap through innovation.

He emphasises that "only a small portion of the economic risk faced by individuals and businesses is insured", and "as nothing moves without insurance, it is vital to close this protection gap".

The CEO calls on the industry to "innovate, to cover new risks, and not to exclude them" and "work together" to better protect clients.

He highlights the successes already achieved through this approach with various initiatives across the UK insurance industry.

In particular, he mentions the launch of the Fire Safety Reinsurance Facility by the Association of British Insurers and McGill & Partners, the plan to reduce the scope of the consumer duty of the Lloyd's Market Association and the London & International Insurance Brokers Association, and the Broker Assess training tool launched by the Chartered Insurance Institute.

However, he expresses that "it is not right" that small brokers are having to sell up due to the influx of new and demanding regulations, remarking that "the consumer duty is an overarching piece of regulation".

Highlighting the BIBA Conference theme of ‘What’s next?’, Trudgill emphasises the launch of the Oxera Fair Value Assessment Framework, new roles in BIBA’s public affairs and regulation teams, broader engagement at political party conferences and with other stakeholders, and new guides and career initiatives. He also outlines how technology and AI are going to provide critical support for the sector and announces that BIBA will be producing new guidance on this, to help members maximise the opportunities.

Concluding his speech, Trudgill says: “I’m very positive about our future, and when we ask, What’s next? We will look to identify the opportunities.”

Authentic Insurance Services raises US$11 million in funding

Authentic Insurance Services, a New York-based insurtech startup offering captive programmes, has raised US$11 million in a Series A financing round led by FirstMark Capital.

Authentic, led by founder and CEO Cole Riccardi, offers a ‘captive-in-a-box’ solution that enables software companies, associations, and other communities to quickly establish captive programs for their small business members.

Authentic provides business owner policies to gyms, salons, and other ‘Main Street’ businesses with less than US$5 million in annual revenue.

The company has partnered with Mindbody, a scheduling and business management platform; Restaurant365, a restaurant management software; theCut, a barber booking app; and PushPress, a gym operating system.

To date, the company has sold over 100 policies through its partners and anticipates exceeding 1,000 policies by summer’s end.

Commenting on the funding, Riccardi says: “The Authentic team has built an incredible product that will fundamentally change insurance.”

Marsh launches tax insurance policy for US clean energy projects

Marsh has introduced tax investment default insurance, a solution designed to expand the pool of capital available to invest in federal tax credits tied to US renewable energy projects.

The initiative aims to protect developers from the risk of default if a tax credit investor fails to meet financial obligations. This protection reassures lenders, allowing them to accept tax investors that formerly would have been excluded.

Marsh's new policy form is supported by several A-rated underwriters, including Everest Insurance underwriting companies, which bound the first tax investment default policy for a solar developer in March.

The company reports that the solution aligns with a notable surge in Marsh clients acquiring tax insurance policies to safeguard their renewable energy tax credit investments from potential disallowance or reduction by tax authorities.

Under the Inflation Reduction Act of 2022, US developers can now transfer future tax credits to investors without needing an equity stake.

This allows developers to generate cash for early-stage projects, while buyers get future tax credits.

However, project lenders typically require tax credit investors to meet strict financial strength criteria, excluding a larger pool of potential investors without the necessary credit ratings.

David Kinzel, senior vice president of structured credit and political risk at Marsh, says: "The transferability of tax credits plays an essential role in the growth of the renewable energy market by offsetting the high upfront costs of constructing solar, wind and other projects.

"Marsh's tax investment default insurance further supports this growth by enabling a wider pool of investors to capitalise on more clean energy projects." ■

AM Best assigns credit ratings to Quasar Insurance Company

AM Best has assigned a financial strength rating of 'B++' (Good) and a long-term issuer credit rating of 'bbb' (Good) to Quasar Insurance Company. Based in South Carolina, Quasar is a single-parent captive established to provide liability insurance to its sister affiliate, DSLD Homes, as well as its other affiliated companies.

The outlook for both of these ratings was 'stable'.

The ratings reflect Quasar's balance sheet strength, which AM Best assesses as adequate, as well as its efficient operating performance, limited business profile, and appropriate enterprise risk management.

Quasar's overall balance sheet strength assessment is supported by its strong level of risk-adjusted capitalisation, as measured by AM Best's Capital Adequacy Ratio, as well as a conservative investment portfolio and adequate reserves and liquidity.

However, the assessment is partially offset by the company's lack of use of reinsurance to protect surplus in the event of natural catastrophes, and the high-limit offering relative to the captive's surplus.

The company's operational performance analysis is primarily based on audited results from the most recent five-year period, as well as the company's ability to execute its strategic business plan and meet forecast operating results.

The captive has reported strong results in recent years, fueled by underwriting and investment income, boosting the company's surplus growth. Forecasts indicate that its performance will remain adequate, with projected overall earnings for the next five years.

Premiums are primarily derived from the general liability, subcontractor default and builder risk lines of business and are expected to remain consistent in the near term, based on company forecasts.

Enterprise risk management is effectively managed under the ultimate parent company, which has adopted an active risk management approach.

This enables all affiliated subsidiaries to align their risk management practices with the organisation's overall strategic direction and risk appetite.

RGA reaches US$638 million reinsurance contract with Anshin Life

Reinsurance Group of America (RGA) has reached an agreement with Tokio Marine & Nichido Life Insurance (Anshin Life) to reinsure approximately US$638 million paid-up block of whole life policies through coinsurance.

Gaston Nossiter, senior vice president and head of Asia Pacific, Global Financial Solutions, at RGA, comments: "Our ongoing partnership with Anshin Life is a testament to RGA's strategic commitment to the Japanese market and our understanding of its distinctive requirements.

"This transaction is a reflection of our deep-rooted dedication to collaborate with insurers, addressing capital and market risks, and affirming our readiness to support our clients' evolving goals with innovative and customised financial solutions."

A representative of Anshin Life says: "RGA's local presence and ongoing partnership have been a key advantage, and they provided an attractive option that addresses our asset liability management strategies.

RGA, a global life and health reinsurance company, holds approximately US$3.7 trillion of life reinsurance in force and US$106 billion in assets.

Navigating captive regulations across US states

In the first of two articles on captive legislation in US states, Diana Bui talks to regulators from Vermont, Utah and North Carolina about their strategies to stay competitive and adapt to industry changes

Diana Bui reports

With the formation of the first captive in Vermont in 1981, the US has surpassed traditional off-shore jurisdictions Bermuda and the Cayman Islands to become the world's largest domicile, encompassing all states with captive statutes. Currently the country is home to 3,365 captives, accounting for more than half of the total worldwide.

The captive insurance industry is evolving rapidly in the US in response to a challenging insurance market. Captive insurance offers companies the flexibility to customise coverage for hard-to-insure or emerging risks, making it an increasingly appealing option.

Effective regulation, which ensures stability, compliance, and market confidence, is critical to this sector's success. Recent significant updates to captive legislation in several US states reflect ongoing efforts to enhance regulatory frameworks, making them more robust and adaptable to the dynamic needs of businesses.

As companies seek more control over their insurance costs and coverage, domiciles like Vermont, Utah and North Carolina, are refining their regulatory architecture to attract and support captive insurers.

Vermont: The 'Gold Standard'

Often referred to as the 'Gold Standard' in captive insurance, Vermont has long stood out in the captive industry as a mature and established onshore jurisdiction. Since its inception in 1981, Vermont's captive regulatory framework has been designed to support a growing and dynamic captive industry. The state offers a stable regulatory environment, experienced professionals, and a legislative structure that allows for flexibility in financing and risk transfer methods.

Sandy Bigglestone, deputy commissioner of captive insurance at the Vermont Department of Financial Regulation (DFR), explains that in Vermont, captive regulation starts with a pre-application process with the prospective captive owner and captive consultants. These meetings assist in evaluating a company's motivation for establishing a captive, determining its legality, and serving as a dialogue between the company and regulators.

She adds: "Vermont's standards include a licensing process that incorporates an evaluation of a captive insurance company with the resources of its parent, owners and affiliates in mind,

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Sandy Bigglestone
Deputy commissioner of captive insurance
Vermont Department of Financial Regulation

as well as assessing the quality of its chosen business partners. We also consider the insurance coverage the captive plans to retain, the future funding resources it will have access to, and the organisation's risk management strategies for managing and controlling losses, among other factors, to assess the feasibility and viability of any captive programme.

"Beyond licensing, Vermont's regulatory framework involves regular monitoring for solvency and compliance with laws and regulations. We achieve this by requiring ongoing regulatory filings for approval, financial filings, and performing analysis and examinations."

With the formation of 38 new captives, 2023 marked a strong year for the sector in the Green Mountain State. In the first quarter of 2024, Vermont added 15 new captives, taking the total number in the domicile to 669.

According to Brittany Nevins, captive insurance economic development director at the Vermont Department of Economic Development, the captive insurance industry has significantly benefited Vermont's economy, and for this reason, the state's legislature is consistently supportive of the industry.

"For example, every year, the Vermont Captive Insurance Association (VCIA) collaborates with the DFR to put forward a proactive captive bill based on industry feedback to update Vermont's laws to keep pace with the needs of the industry. This is a unique, collaborative process that benefits captive owners tremendously," states Nevins.

The director reveals that in the 2024 session, the captive bill H.659 was introduced that primarily included technical corrections and clarifications relating to controlled-unaffiliated risk, conversions of captive insurance companies into protected cells, parametric contracts and confidentiality.

After passing the Vermont General Assembly, the bill was signed into law by Governor Phil Scott on 20 May. The amended legislation aims to clarify the previous law in multiple instances to improve the process and consistency of regulatory practices, address unnecessary redundancies, and better align requirements with the captive marketplace.

Notably, the statute provides an update to the state's cell legislation, enabling a captive insurance company to be converted into an unincorporated cell, with all of its assets, rights, benefits, obligations and liabilities remaining unaffected by the process.

It also simplifies state confidentiality and information sharing, as well as giving regulators more flexibility in sharing and reporting captive information.

Finally, the amended legislation lowers the minimum capital requirement for an agency captive insurance company from US$500,000 to US$250,000.

In comparison with other US states, the Vermont captive sector is known for having the largest team of captive insurance regulators, with 32 staff members focusing entirely on the regulation of captive insurance companies.

According to Nevins: “captive insurance companies often reflect on how accessible Vermont’s regulators are and how the department works at the speed of business. This is combined with the expertise of Vermont’s team, many of whom have been working in the industry for many years.”

She says that Vermont has experience with all types of captive insurance companies trying to use their captives in unique ways, so this makes Vermont’s regulation highly effective and tailored in its approach. Today, Vermont is a domicile for various captive types, including everything from single-parent and group captives to risk retention groups (RRGs) and affiliated reinsurance companies.

Bigglestone adds that the state frequently monitors changes in the commercial insurance marketplace, and its regulation, to obtain a solid understanding of potential or emerging impacts on the captive insurance sector.

As commercial and captive insurance deals become more intertwined, the deputy commissioner remarks that captive insurance regulators may be required to shift their focus, expanding from the typical pure captive approach, to one more in line with regulators focused on consumer protection.

As times evolve, so do the landscapes of insurance risks. For over 40 years, Vermont has remained a reliable and experienced captive domicile, working with thousands of business entities in their efforts to manage and self-insure risk.

In terms of the industry’s future, Bigglestone anticipates that Vermont will continue to have opportunities for an increase in global captive insurance prospects. “We certainly had success with our mission to Mexico and would like to build from that experience,” she states.

Brittany Nevins
Captive insurance economic development director
Vermont Department of Economic Development

"In Utah, when we see opportunities to be responsive to industry concerns and embrace new innovative approaches, we like to seriously consider them and adjust where appropriate"

Travis Wegkamp
Captive insurance director
Utah Insurance Department

Utah: Innovative captive domicile

Since the passage of captive legislation in the state in 2003, Utah has risen to become the second largest captives domicile in the US. In 2023, the state licensed 56 captive insurers, including 44 stand-alone captives and 12 cell captives, bringing the domicile's total count to 439.

As one of the world's top captive insurance domiciles, Utah is known for its business-friendly environment and innovative approach. Travis Wegkamp, captive insurance director at the Utah Insurance Department, remarks that the captive law in the jurisdiction, which does not impose a state premium tax on captive insurers, has made Utah a popular choice for smaller captives seeking to enter the industry. Captive insurance companies in Utah only pay a nominal annual licence renewal fee of US$7,500.

To keep the domicile competitive with other jurisdictions, Utah continues to make improvements and updates to legislative statutes. Wegkamp states that there are three significant updates to the captive regulations this year, helping to make captives a more attractive and viable option for lower and midmarket companies, during what are arguably tough market conditions.

He says: "The motivation behind most of our recent regulatory changes stems from our observations of the continued hard commercial market and feedback from current, and potential, captive owners seeking additional relief and solutions in the alternative market.

"In Utah, when we see opportunities to be responsive to industry concerns and embrace new innovative approaches, we like to seriously consider them and adjust where appropriate."

Wegkamp adds that the first change is lowering the minimum capitalisation of sponsored captive programmes to US$250,000, with a minimum of US$50,000 from the core/sponsor at all times This is down from US$500,000 and US$200,000 respectively.

"For those that have found the minimum capitalisation requirements of a pure captive, or even a cell captive, to be an insurmountable barrier to entry in the captive space, we hope this may provide them an opportunity to reconsider a captive," he notes.

The second significant change is to allow association captives to provide personal homeowner coverage on a direct basis to their members. The captive director explains: "This is a unique solution for homeowners in potentially high-risk areas that have found it nearly impossible to find affordable coverage, or coverage at all, in the current market.

"I believe Utah will be the only captive domicile offering this option for captive insurers. As mentioned, this coverage will be limited to association captives insuring their members. To move forward with this, we felt it necessary that all those being insured under such a coverage have 'skin in the game', as we like to say."

The last change is to remove the mandatory five-year examination cycle. "Going forward, we will call examinations as needed based on our review of their annual filings, audit reports, and compliance history. Additionally, while not part of any legislative update, Utah has made the decision to allow for cannabis captives that operate in the medical use space — another exciting opportunity that Utah can be a leader in," Wegkamp remarks.

However, the director asserts that maintaining compliance with Utah statutes is the primary challenge in regulating captives. Much of the time, this is related to ensuring the required minimum capitalisation remains unimpaired, and oftentimes the crux of this issue comes down to investments.

"When dealing with captive owners that are typically more engaged with their parent company operations, and accustomed to being able to take advantage of investment opportunities, we then have to take the steps to rein them in and remind them of the insurance company investment guidelines, the need to take a more conservative approach than they may be used to, and that any sort of related-party loan must have prior approval of the commissioner," specifies Wegkamp.

He further adds: "Also, I would say that the whole concept of 'prior approval of the commissioner' is one that remains an ongoing effort for us to make captive owners aware of. This relates not only to related-party loans, as previously mentioned, but always to business plan changes involving lines of coverage and/or alterations to limits, as well as various other changes the captive may make."

With its dedication to creating a favourable environment for businesses of all sizes, Utah stands as one of the top domiciles for micro-captives. Wegkamp says: "As a captive domicile, we do our best to think of ways to make Utah an attractive jurisdiction for captives in any way possible. Our approach to new trends, particularly innovation, is to construct our statutes in a way that doesn't stifle, but encourages captives to come to us and present their unique ideas.

"We make an effort in our legislative language to be a bit vague, or rather, we don't say what you can do, but say what you can't do. In that way, we are able to accept and allow innovations not explicitly prohibited, and once we have gained some experience with these new trends and innovations, we can then craft new legislation, if necessary, to limit aspects of it that just don't seem to work."

North Carolina: Modern captive landscape

Ten years after the state's captive law was passed, the captive industry in North Carolina is thriving. Starting later than other US domiciles, the Old North State has quickly caught up with the competition, reaching a significant milestone in licensing. It has now become the US's third-largest domicile, with 49 new captives licensed last year. This pushed the total number of risk-bearing entities registered in the state to 1,069, composed of 311 licensed companies and 758 approved cells and series as of 2023 year-end.

Explaining the success of the development of captives in the state, Lori Gorman, deputy commissioner at the North Carolina Department of Insurance (NCDOI), states that the modern nature of the North Carolina General Statutes, passed in 2013, lends itself to the continued growth of the state's captive programme. North Carolina is an attractive domicile because it continues to offer low-cost formations and operations for captive insurers.

"The NCDOI collects no fees from its captive insurers. The North Carolina Department of Revenue does collect premium taxes, but we believe our tax rates are competitive with those of other US domiciles," Gorman adds.

North Carolina regulates its captive insurers differently than most states, opting for a targeted examination approach rather than routine reviews every three to five years, and relying instead on annual independent audits and actuarial opinions. However, North Carolina follows the National Association of Insurance Commissioners accreditation standards and examines risk retention groups every five years.

To stay up to date with the innovations in the industry, the NCDOI, under the direction of Commissioner Mike Causey, works closely with the North Carolina Captive Insurance Association to propose legislation, aiming to ensure that captive law remains current and meets the evolving needs of the industry. Gorman says that North Carolina's captive law provides the department with a great deal of discretion to regulate captive insurance efficiently within a business-friendly framework.

Lori Gorman
Deputy commissioner
North Carolina Department of Insurance

According to the deputy commissioner, there are recently proposed changes before the legislature. North Carolina Senate Bill 319, currently under consideration, seeks to reduce the retaliatory tax applied to foreign RRGs to 1.85 per cent from 5 per cent, encouraging more RRGs to form in North Carolina. The bill clarifies that the cost of examinations for those entities will be the responsibility of the examined RRGs.

Gormans explains that significantly, the bill extends the premium tax holiday for captive insurers that redomesticate to North Carolina, including a waiver of premium taxes for the year in which the captive insurer relocates to the state as well as the next year's premium taxes.

"This provision encourages captive owners who established their captive insurer before the enactment of North Carolina's captive law to choose North Carolina as their captive's domicile. We have held preliminary discussions with captive managers interested in the redomestication process and the low-cost captive operation available in our domicile," she states.

As emerging risks evolve, captives are providing more types of coverage than ever before. Gorman emphasises that to keep pace with emerging industry trends, the insurance team regularly attends and exhibits at industry conferences throughout the year, where they have the opportunity to participate in focused educational sessions and engage with other knowledgeable industry professionals.

"We continue to see an uptick in interest in cell structure formations, as these structures can provide many benefits to managing a company's risk, and may often require less time for implementation and have lower operating costs as well as lower initial capital requirements," she says.

The director predicts that as the commercial market hardens, North Carolina will continue to grow as a captive domicile, with an increasing number of captives in the state. "Captive insurance has become a valuable risk management tool in today's economy for businesses of all sizes to gain access to reinsurance markets, control costs and customise gaps in coverage," Gorman states. ■

Continuing the discussion on captive insurance regulations, the next instalment will explore the regulatory advancements in Missouri, Delaware, and Oklahoma. Discover how these states are adjusting their frameworks to better accommodate captive insurers within a dynamic industry landscape, as Diana Bui brings the latest insights.

South Carolina

Stability, expertise and robustness

As South Carolina continues to grow as a captive domicile, the benefits of its stable captive regime have come to bear. Challenges persist in the industry as a whole, however, continued growth will require reflection on how best to handle them

South Carolina is a formidable player in the captive insurance world.

Since the first captive legislation was passed in 2000, the domicile has steadily carved out a niche as a go-to destination for businesses seeking tailored risk management solutions, building a comprehensive infrastructure to support its burgeoning captive market.

The domicile's robust regulatory framework, business friendly environment, and dedicated infrastructure, have greatly contributed to rapid growth in the captive insurance sector, as more businesses seek to use innovative solutions to manage risk and optimise insurance costs.

With over 200 active captive insurance companies, South Carolina continues to see interest in its captive insurance sector from businesses in a variety of industries, with a steady increase in the formation of new captive insurance companies as well as increased interest from small and mid-sized companies.

Significant interest in captive formations

With rising insurance costs, there has been an increased interest in self-insurance, according to Warren Miller, senior relationship manager at Performa and president of the South Carolina Captive Insurance Association (SCCIA). He adds that in South Carolina, there is continued interest in forming captives due to its reputation as one of the world's premiere domiciles.

"Special purpose captives and cell structures have been most popular recently, and the largest coverage written in South Carolina captives continues to be property, along with plenty of medical professional liability," Miller states.

Dawn Dinardo, managing director of Captive Management Operations at Hylant Global Captive Solutions and education chair at the SCCIA, remarks: "From a captive management and consulting perspective, we are seeing growth in the use of property, medical stop-loss, and still the traditional lines such as workers compensation, general liability and auto liability."

Dinardo notes that the hard market "is still driving risk financing strategies in captives, increasing retention, and adding lines of coverage to existing captives". In addition, Miller says South Carolina captive owners are continuing to look for "new and innovative ways to utilise their captives, which is leading to growth amongst existing captives in addition to new formations".

Opportunities for captive companies

South Carolina offers a wealth of opportunities for captive insurance companies, in large part driven by its favourable regulatory environment, strategic location, and supportive infrastructure. Miller says that the state takes a "business friendly" approach to captive insurance regulation, offering significant opportunities for new and existing captive owners.

"If a company has a creative idea on how they can take more control of their risk management process by retaining and financing their own risk through a captive, South Carolina is the place for them," he says.

Miller adds: "The robust regulatory environment paired with the highly skilled captive service provider community that exists within South Carolina, uniquely positions us to help captive owners solve insurance and risk management problems through self-insurance."

South Carolina's regulatory framework is particularly conducive to the success of captive insurance companies. With a dedicated captive division within its Department of Insurance, the state is able to focus specifically on the regulation and support of captive insurance companies, as well as providing specialised expertise and assistance. The regulators in this division have knowledge and experience of the industry's nuances, allowing for a more informed and collaborative regulatory approach than in some other domiciles.

The state offers flexibility, accommodating various types of captives, including pure captives, group captives, and protected cell companies, and has a streamlined approval process for captive formations and ongoing operations. This allows businesses to choose the best structure to fit their needs, and allows them to quickly set up and manage their captives with ease. Furthermore, South Carolina's regulatory environment is stable and predictable, allowing businesses to rely on clear and consistent regulations while reducing uncertainty. The competitive premium tax rates in the state also make it cost-effective for companies to domicile their captives in the jurisdiction.

However, opportunities bring challenges, and captives domiciled in South Carolina are not immune to the wider hurdles facing the industry. Dinardo notes, for example, that property coverage is still a significant challenge facing the captive industry. Property insurance can often involve high-severity losses, such as those resulting from natural disasters, which lead to substantial financial claims, making it difficult for captives to manage and absorb the loss without impacting their financial stability.

Additionally, looking at some of the wider challenges, the captive insurance industry continues to face a talent shortage, which Dinardo says should be a focus for South Carolina and the captive sector as a whole. Dinardo explains that Hylant is dedicating itself to recruiting younger talent, offering internships, and hiring recent college graduates from "all degree types" to assist in consulting and managing captives. And while this continues to be one of the industry's greatest challenges, Dinardo says that the industry is "starting to truly mentor and promote the young talent for succession planning".

According to the managing director, Hylant's internship programme serves as an example of this mentorship and is the "driving force behind recruitment for full-time employees. We believe early-career graduates are the future of the insurance and brokerage industries, and they have a long-term career trajectory with Hylant", she remarks.

The firm regularly recruits and hires captive management and consulting interns, "building and implementing a programme dedicated to early career professionals and college graduates," she says, "to give them a foundation in insurance and exposure to different career opportunities as their first stepping stone out of college".

She further explains: "Even for those with non-traditional backgrounds, they have the opportunity to apply and be considered for full-time opportunities within the business where they will be educated and learn rapidly about the industry. We appreciate and value our interns and beginning career employees."

Future outlook for captive

South Carolina's dedicated, business-friendly approach, and its robust regulatory framework have led to increased growth in recent years. Miller notes that South Carolina licensed 23 new captives last year, and will license seven more in 2024.

"To ensure long-term stability, we continue to prioritise quality over quantity when considering growth in our domicile, and we are thrilled with the types of companies that have recently chosen to domicile in South Carolina."

Miller explains: "We maintain a healthy mix of all types of captives that the South Carolina statute allows for, including single parent, association captives, industrial insured captives, and risk retention groups."

If a captive owner wants a more unique structure, Miller highlights that the state's special-purpose captive licence is a great tool to accommodate those situations, which does seem to be happening more often.

The special-purpose captive licence allows businesses to create tailored solutions for specific and complex risk scenarios that traditional insurance markets may not be able to address. Businesses with specialised risk profiles can use these licences for various purposes such as securitisations, reinsurance of unusual risks, and alternative risk financing mechanisms. These licences are able to accommodate a wide range of business plans and structures under the state's regulatory framework, allowing companies to implement unconventional and novel risk management strategies.

Through 2024, South Carolina will continue to develop itself as a captive domicile, and Miller notes that the state's plan this year is to continue building its reputation as one of the world's top domiciles "by attracting high-quality companies that focus on risk management and safety to form their captives in South Carolina".

Speaking on behalf of the SCCIA, he says: "As an association, we also plan to support the Department of Insurance in any way that we can as they continue to build their team of world-class captive regulators."

Finally, echoing Dinardo's comments on talent, Miller emphasises the "importance of attracting talent to the captive industry in South Carolina to ensure that we maintain our status as a top-tier domicile." ■

Investment income and payment efficiencies

Keys to captive growth

Andy Roderique, assistant vice president at IPFSDirect, and Greg Cobb, director of Insurance Solutions at Sage Advisory Services, discuss how effective investment and payment strategies contribute to captive growth

How does investment income contribute to captive insurers' financial stability and surplus growth, and why is a healthy surplus essential for effectively underwriting risks in the captive insurance space?

Unlike the unpredictable and sometimes volatile nature of underwriting risk and income, investment income is more stable and can help to strengthen and grow surpluses, effectively mitigating potential underwriting losses.

Adequate-to-healthy levels of surplus enhance consistent growth and underwriting capacity.

Historically, investment income has helped offset potential underwriting losses for captive insurers, allowing them to report positive overall results. What are the implications of this dynamic for captives, and how can they strike a balance between underwriting discipline and prudent investment strategies?

Investment income is critical to profit margins, earnings, and overall positive results.

For small to mid-size insurance companies, net income is the key driver of the captive's well-being. This income enables captives, particularly those insuring long-tail lines of business, to counterbalance potential underwriting losses, enhancing their financial strength.

What key factors should captive insurance companies weigh when developing investment strategies that align with their unique risk appetites, liquidity needs, and return objectives as captive vehicles?

Captives must strike a balance between their risk appetite, business lines, and claim payment patterns, in order to align their liquidity needs with investment strategies while maximising return objectives.

As such, there should be a parallel evolution of investment objectives, parameters, and strategies.

A more consultative and iterative approach between the captive, captive manager, and investment consultant, will drive the correct investment solution.

How can a focus on investment income and returns enhance the competitive advantages and capacities of captive insurance companies compared to the commercial insurance market?

Maximising the pool of investable assets and the resultant growth in investment income adds to a captive's bottom line, bringing greater stability to surplus. A successful investment programme gives the captive the option to hold the line on insurance pricing in order to improve its competitive position and add value to its policyholders.

As captives look to digitally transform, how could integrating investment management and payment solutions help streamline operations and improve customer and stakeholder experiences?

Payment solutions, including upfront payment-in-full for premiums, accelerate cash flow, leading to larger pools of investable assets and investment income. Collecting premiums upfront reduces the cost of instalment billing programmes and helps to streamline the insurance sales process. The integration of premium funding and payment processing can significantly reduce the number of touches required to close the sale, bill, and collect premiums. Most often, funding and payment processing partners can offer more desirable payment options to insureds, helping smooth out their cash flow requirements while reducing the captive's technology costs.

For captives, collecting premiums efficiently can be a challenge. How can digitising premium payments through solutions like IPFS mitigate risks and provide easy payment options?

Digitising premium payments alleviates many of the challenges captives face when creating efficiencies for their business. By selectively partnering with a payment or instalment provider, captives can create key advantages for their business by collecting up-front funding more expeditiously, giving the insureds a variety of digital payment options, and promoting a faster binding and issuing process.

Recurring payments alleviate the potential for missed payments and enable insureds to focus on their core business. Digital payments reduce overall risk while maximising time and efficiency for everyone involved.

What branding and visibility benefits could IPFS's payment solutions offer captive insurers looking to reinforce their identities throughout the premium collection process?

IPFS provides captive insurers with a variety of options for co-branding and white-label processes to increase marketplace visibility and branding.

We help our clients create added value for their policyholders, giving them peace of mind knowing the captive has done their due diligence in selecting a trusted partner to do business with.

From your perspective, what are the key advantages of digital premium payments for captive insurers specifically, and how do IPFS's solutions help address the risks of traditional methods?

When presenting an insurance quote, the insurer can bind more efficiently and sell more insurance by offering multiple, easy-to-navigate payment options. IPFS Direct and IPFS Payments Powered by AndDone continue to invent and innovate, paving the way for insurance payment technology.

We help insurance companies and their distribution partners do business faster and with better service than others in the market.

Looking ahead, what role will investment income and efficient payment capabilities play in driving sustainable growth and shaping the future of the captive insurance industry?

Investment income is, and will continue to be, a key driver of the long-term success of traditional insurance companies and captives. It fosters continued growth and helps pave the way for future sustainability.

Digitisation will continue to accelerate, further simplifying the sale and delivery of insurance products to offer an improved customer experience for insureds and distribution partners.

Group and association captives will continue to benefit most from more streamlined payment options and processes that elevate the purchasing experience. Upfront premium collections for 'one and done' transactions will continue reducing costs and creating more investment income growth opportunities. ■

Andy Roderique
Assistant vice president
IPFSDirect

Greg Cobb
Director of Insurance Solutions
Sage Advisory Services

Upskilling in the captive industry

J.J. DeBrosse, Tom Faulconer and William Gulley from Butler University's Lacy School of Business, talk about different programmes for professionals working in risk and insurance industry

Can you provide an overview of the Master of Science in Risk and Insurance (MSRI) programme at Butler University? What are the key features and benefits of this degree?

Our 20-month, fully online, cohort-based MSRI programme provides the best of both worlds: specialised courses about property and casualty, employee benefits, and the operation of a captive insurance entity, paired with foundational business courses typically offered in an MBA programme.

Students learn from experienced and accessible faculty who bring years of real-world success to the table. Butler students graduate well prepared to succeed — and quickly advance — in the expanding risk management and insurance industry.

The online MSRI programme will equip graduates with many relevant skills. The course covers specialised topics exclusive to risk and insurance including property and casualty, health and life insurance, and insurance-linked securities. They will learn to assess risk and formulate appropriate approaches to minimise and mitigate the potential cost.

Students will learn to use current and emerging tools to analyse and recommend alternative risk financing methods, as well as developing risk management and insurance solutions using advanced data analytics methods and communication strategies.

In addition, they will be able to demonstrate managerial capabilities by applying financial management, team management, and leadership skills. Our graduates will be able to enter or accelerate their career with insurance carriers and brokers, and have access to some of the best jobs available for corporate risk managers.

Who is the MSRI programme designed for, and what types of career advancement opportunities does the programme offer students?

The MSRI programme caters to risk and insurance professionals who aspire to advance to a leadership position in their company or the risk and insurance industry. It provides the learner with a comprehensive understanding of the risk and insurance landscape while simultaneously developing and improving leadership and business skills. Graduates of the programme have found themselves in line for leadership roles across their company's landscape.

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Can you describe the in-residence experiences that are part of the MSRI programme? What do these on-campus sessions entail, and how do they enhance the learning experience?

The in-residence experiences are an opportunity for students to strengthen bonds with faculty, staff, and classmates, as well as expand their networks while interacting with Butler's risk and insurance partners. Each is unique. The first is held in the early weeks of the programme in Indianapolis, where students have the opportunity to meet the individuals with whom they will be sharing a virtual classroom for the next twenty months. The three-day event in Indianapolis includes classwork, networking and socialising, and allows students to get to know the university's interworkings and resources. At the end of the programme, a second in-residence takes place in Burlington, Vermont, the home of the Butler University student-run captive. This in-residency lets the students present their capstone projects to various industry partners and celebrate the end of the programme.

In the Butler programme, you work with professors and deal with professionals. I enjoyed watching the way they taught. Everyone has a different learning style.

I gleaned from the different methods they used to ensure we retained the information.

It is useful at work to figure out how else we can pivot and broaden our approach to reach everyone who learns in different styles.

Tabitha Richardson
Director
The Institutes CE Solutions

Beyond the MSRI, what other professional education offerings does Butler University provide for those working in the insurance and risk management fields?

Our Executive Education department currently offers three additional programmes in risk and insurance. We provide certificates in Enterprise Risk Management (ERM), Cyber Risk Management (CRM), and the Butler Insurance Academy.

In my mind, returning to academics and obtaining a Master's in Risk and Insurance really tied my knowledge base together.

It provided opportunities and enhanced my knowledge and skills. I also completed coursework as part of the degree that counted towards earning the Customer Relationship Management, Chartered Property Casualty Underwriter, and Associate in Captive Insurance designations.

Nathan Logan
Director of Graduate and Professional Recruitment
MidCorp

Can you describe the Butler Insurance Academy and the types of commercial insurance training modules available through this programme?

The Butler Insurance Academy currently offers 26 full-length courses, tailored for individuals interested in learning a new policy contract or industry segment. These courses range from beginner to expert level, mirroring the offerings of industry designations.

The Butler Insurance Academy covers everything from personal lines to commercial lines and annuities. New hires without industry experience can benefit from the academy's training.

Recent Butler undergraduate students used the Butler Insurance Academy as preparation for national property and commercial insurance designation exam. Our students have an 86 per cent pass rate, which compares with a 70 per cent pass rate for experienced agents, and 50 per cent for typical college students.

How do the CRM and ERM programmes help professionals strengthen their skill sets in cybersecurity and risk management to create value for their organisations?

Assessing risks in the online environment is more complex compared to standard risks. CRM courses are designed to help students identify and quantify these unique risks, enabling them to determine the most effective mitigation strategies.

Meanwhile, ERM courses help individuals understand existing risk governance plans or develop new ones if they do not exist.

It guides organisations in crafting a comprehensive risk management strategy, incorporating advanced analysis tools to illustrate the probability and impact of various risks.

> *I felt like I was missing the fundamentals of the role: contract negotiations, renewal strategies, and basic accounting. When I saw the Butler programme, I thought, 'This is exactly what I need'. The course covers all aspects of risk management and provides a thorough understanding of insurance.*
>
> *The capstone project was exciting because we explored new ideas to incorporate into the Butler captive.*
>
> *It gave me a new perspective, and I could take the creative and non-traditional practices I learned and apply them to our captive.*
>
> **Jen Blair**
> Director of Property & Casualty and Product Development
> Worldwide Broker Network

For employers looking to invest in the professional development of their risk and insurance teams, what advice would you offer in terms of evaluating and selecting the right programmes from Butler University?

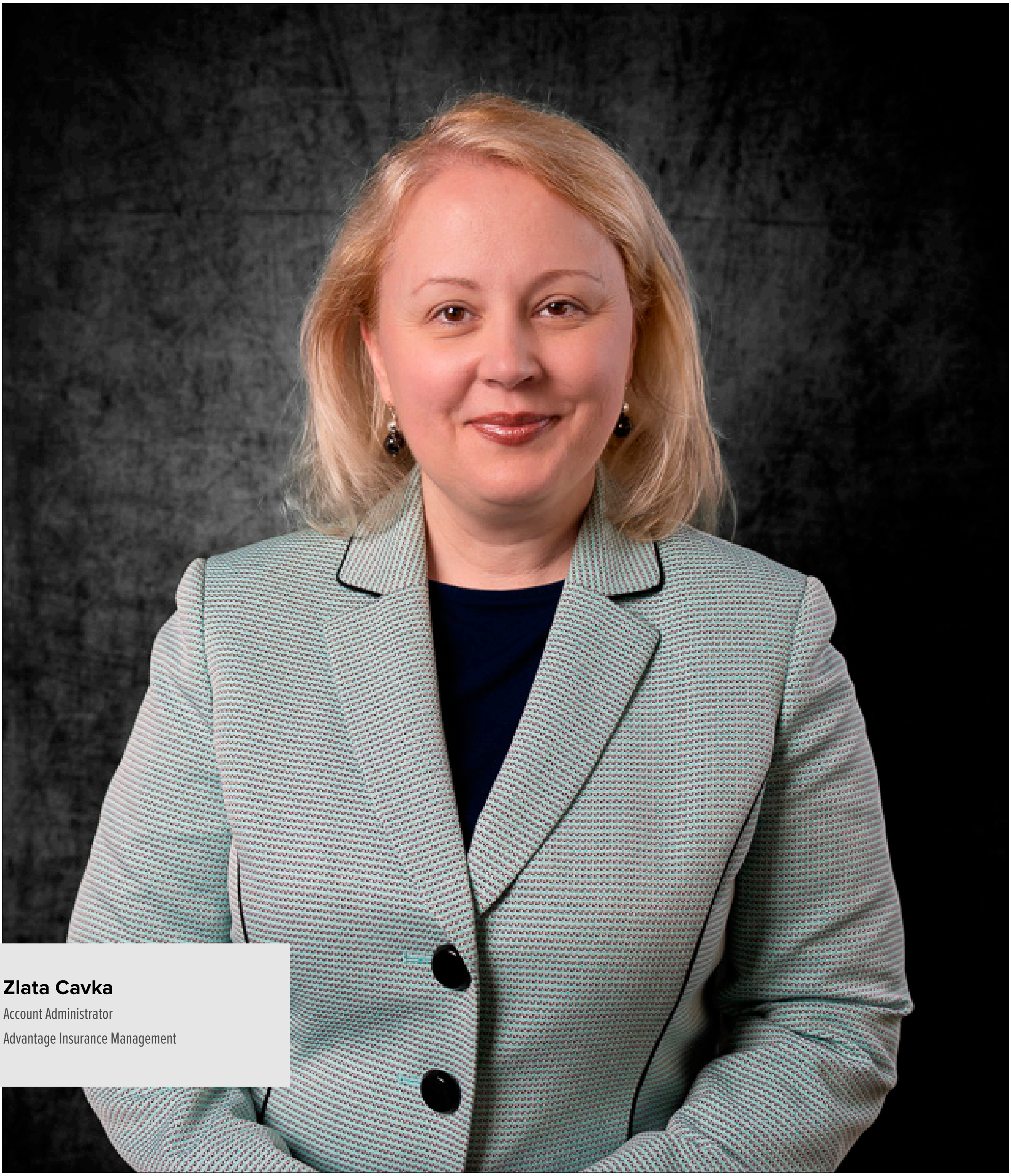
First, they should analyse the ideal state of risk management competencies required in their organisation. Then, they need to evaluate their team's current performance against these competencies.

Finally, they can collaborate with Butler University's team to identify which learning programs — MSRI, MBA, ERM, Customer Relationship Management or Custom Development — are the best fit for their organisation. ■

J.J. DeBrosse
Director of Graduate and Professional Recruitment
Lacy School of Business, Butler University

William Gulley
Executive Director
Butler University's Executive Education

Tom Faulconer
Lecturer in Risk Management and Insurance
Lacy School of Business, Butler University



Zlata Cavka
Account Administrator
Advantage Insurance Management

Emerging opportunities in captives

Zlata Cavka, an account administrator working with captive companies in Vermont, speaks with Diana Bui about captive management and emerging opportunities in the industry

Could you share any insights or experiences you have had in the captive insurance industry? What types of companies have you assisted in captive formation, and what specific risks were they aiming to protect against?

Although I only joined Advantage Insurance and the captive industry two years ago, I have been working with a variety of captive owners, ranging from Fortune 500 companies that own pure captives, to hundreds of business owners in the same industry who own group captives. A recent formation that I assisted with involved various business entities in all 50 states, affiliated with a fintech company.

Before the captive, the businesses were buying general liability, property, cyber, employment practice liability, directors and officers, professional liability, errors and omissions, excess, and umbrella coverages from dozens of insurers.

Despite a very favourable loss history, their inefficiency made insurance coverage expensive. Now their captive is changing things for the better.

How has your previous experience prepared you for your current role?

I previously worked as a licensed financial services representative in banking for over a decade, where client relationship management, regulatory compliance, and attention to detail in every financial transaction were key to success. Knowing my clients meant knowing and managing their needs while being constantly vigilant of the regulatory framework. Those same skills are just as helpful in my new career.

Based on your experience, what would you say are the key benefits of working in this industry?

Insurance has a rich history dating back hundreds of years. Similar to the various industries we serve, some risks have remained unchanged, while others have undergone complete reinventions. Innovation has happened on a global scale, and captives react faster to market forces than traditional insurance. Our industry is constantly breaking new ground. Advantage Insurance has offices

Personal bio

I grew up in Bosnia and Herzegovina, where I attended law school and developed a passion for empowering women.

I volunteered as an instructor for the Women Can Do It program, an initiative supported by Norwegian People Aid, that encouraged women's participation in government and the public sector.

I moved to the beautiful state of Vermont 18 years ago. In my free time, I love spending time outdoors with my husband, our two teenage boys, and our Goldendoodle Charlie.

After 15 years in the retail banking industry, two former and now current colleagues introduced me to the captive management insurance company.

I enjoy the opportunity to serve on VCIA's Legislative Committee.

Having met Zlata several years ago while we worked for the same bank, I quickly learned what a go-getter she is. When we had an opening at Advantage Insurance Management for someone with an accounting and financial background, I thought of her. We were fortunate to bring her onboard and show her the ropes of captive management. Zlata has excelled at every challenge, and the captive industry is fortunate to have her as part of it.

Ariel Vadeboncoeur
Associate in captive insurance, account manager
Advantage Insurance Management

In the two years since she joined us, Zlata has worked on a variety of captives and won clients' praise for her dedication and growing expertise.

Christina Kindstedt
Managing director
Advantage Insurance Management

in major captive domiciles around the world. I get to collaborate with my colleagues both onshore and offshore.

The captive insurance industry has many networking opportunities. I particularly enjoy the events organised by the Vermont Captive Insurance Association (VCIA), such as their annual conferences, roadshows, and member mixer events. This industry offers opportunities to learn and advance in many areas, and it is very rewarding.

Can you name your main influences in the industry?

I am very fortunate to work on Christina Kindstedt's team. She single-handedly built our Vermont office from zero to US$3 billion in annual premiums in six years, all while winning accounts, mainly through client referrals. Most of the people on our team have worked in captives for at least 20 years.

In my daily work, I have learned so much from them. In Vermont, several influential women lead the Captive Insurance division of the Vermont Department of Financial Regulation. I am honoured to belong to a team and industry where I can learn from the best.

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

Captive management is the most diverse career I have experienced. I would like to see myself as an accomplished captive manager and support my team first. It would also be the best reward to become a mentor to the next generation and help them succeed in this industry. My interest is also in cybersecurity and the captive insurance industry is becoming more and more engaged in addressing cybersecurity risks.

What advice do you have for someone considering a role in captive insurance?

Whether you are fresh out of college or already have an established career, the captive insurance industry offers many opportunities in fields such as finance, risk management, programme management, auditing, actuarial, business, and insurance law. As an avid learner, I strongly believe in continuous education. I obtained a bachelor's degree in economic crime investigations at Champlain College in Burlington, and I am now working on an MBA in information security. ■

What financial **opportunities** *does your captive have?*

Navigating the solutions your captive needs requires the right plan and financial partner.

At Comerica, we've backed captives for more than 25 years with unwavering support from one of the only dedicated teams in the industry.

Get the financial tools your captive needs with one-on-one guidance to protect your business and bottom line, from the Leading Bank for Business*.

Schedule your complimentary consultation by calling **313.757.5046.**

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MEMBER FDIC. EQUAL OPPORTUNITY LENDER. *Comerica ranks first nationally among the top 25 U.S. financial holding companies, based on commercial and industrial loans outstanding as a percentage of assets, as of March 31, 2022. Data provided by S&P Global Market Intelligence.

CB-564503-03 07/22

Edgware Re cyber-only group captive

Timothy Marlin, senior vice president in Cyber Practice for US and Canada at Marsh, talks about the structure and operating model of Edgware Re group captive

Marsh launched its group captive Edgware Re in March, focusing solely on cyber insurance, to provide organisations with enhanced control and stability in their cyber programmes.

Based in Bermuda, Edgware Re only transacts business with its members, allowing participants to purchase up to US$10 million in (re)insurance based on their needs. The captive pools participants' cyber risks and premiums, absorbs losses, and facilitates the exchange of cyber-security best practices among members.

As a captive insurance solution, how does Edgware Re's structure and operating model enable participating organisations to more effectively manage their cyber risk exposure and optimise their insurance spend compared to traditional market offerings?

Edgware Re was created to meet the needs of financially stable companies, with strong cybersecurity hygiene, from diverse industries, that are looking for more stability, control, and contract certainty than what the current traditional cyber insurance market may provide. By pooling their risks and premiums and absorbing losses, the group captive provides additional pricing stability and control, potentially reducing market volatility.

The use of Marsh's proprietary cyber insurance wording ensures contract certainty. Participants also benefit from strategic flexibility and economies of scale, as well as the sharing of cybersecurity best practices with like-minded organisations.

This innovative approach empowers organisations to better protect themselves in today's evolving cyber threat landscape.

From an actuarial and risk management perspective, how does Edgware Re leverage data analytics, predictive modelling, and other advanced techniques to price cyber risks, set appropriate loss reserves, and ensure the long-term financial stability of the captive?

Oliver Wyman, a Marsh McLennan business, will leverage the proprietary Cyber Attritional Loss Model (CALM) from the Marsh McLennan Cyber Risk Intelligence Centre (CRIC) to provide actuarial services.

Working together with Marsh cyber brokers and using current market rates, they will calculate member premiums.

The underwriting approach will initially be conservative. Edgware Re's goal is not to undercut market pricing, but rather to serve as a group captive that enables members to assume risk and potentially receive dividends in the future based on performance.

It does not aim to provide significant cost savings in comparison to the existing commercial market.

"Edgware Re was created to meet the needs of financially stable companies, with strong cybersecurity hygiene, from diverse industries"

In terms of coverage, how does Edgware Re's use of Marsh's proprietary cyber policy forms allow for greater flexibility, customisation, and contract certainty compared to off-the-shelf cyber insurance products? What are the key differentiators in terms of scope, limits, and trigger mechanisms?

Edgware Re's use of Marsh's proprietary cyber policy forms allows for greater flexibility, customisation, and contract certainty compared to off-the-shelf cyber insurance products. Today, some commercial insurers are restricting cyber coverage, making it increasingly difficult for businesses to protect against the growing scale, severity, and frequency of cyber events.

In response to our clients' evolving needs, we have enhanced our market-leading proprietary forms. Offering even broader protections for businesses seeking cyber coverage beyond typical privacy exposures, these forms are founded on the premise that, subject to applicable terms and conditions, cyber risks should be insurable — not excluded — by your insurance.

This tailored coverage aligns with each organisation's unique risk profile, providing comprehensive protection against a wide range of cyber risks, including technology failures, data breaches, ransomware, and privacy regulations.

Can you discuss the captive's approach to accumulating and sharing cybersecurity best practices and loss mitigation strategies among its participating members? How does this knowledge-exchange component enhance the overall value proposition?

Members of Edgware Re will form a Chief Information Security Officers Committee to, among other things, share best practices. By sharing insights and experiences, participants can gain valuable insights into emerging cyber threats and effective risk mitigation strategies from their best-in-class peers. This collective knowledge helps to strengthen all members' cyber resilience and improves their ability to effectively manage and mitigate cyber risks.

From a corporate governance perspective, how are the decision-making processes and oversight responsibilities structured within Edgware Re to ensure alignment with the strategic interests and risk management objectives of its member organisations?

Edgware Re operates with a board of directors who collectively make key decisions and provide strategic direction. This board composition allows for representation from different member organisations, ensuring diverse perspectives and alignment with their interests. Additionally, the board oversees captive management, including underwriting, claims advocacy, and incident response, to ensure effective risk management practices are in place.

This governance structure ensures that decisions and actions taken by Edgware Re are in line with the risk management objectives and strategic goals of its member organisations, providing them with confidence and control over their cyber insurance programmes.

What role do Marsh's risk advisory capabilities, including its global cyber practice, play in supporting Edgware Re's underwriting, claims management, and risk engineering functions, and how does Edgware Re's reinsurance strategy utilise traditional reinsurance and alternative risk transfer mechanisms to optimise risk-bearing capacity and member value?

Marsh's broader risk advisory capabilities, including its global cyber practice, play a crucial role in supporting the underwriting, claims management, and overall risk engineering functions of Edgware Re. As a leading insurance broker and risk advisor, Marsh brings extensive expertise, claims, market data, and industry knowledge to the table.

While Edgware Re's risk-bearing capacity and strategy have been created based on significant feedback from prospective members to best deliver value from day one. As the company matures and grows, the members themselves will decide how best to update the reinsurance utilisation strategy.

How does Edgware Re's cyber-only focus and participant eligibility criteria, which exclude certain high-risk industries, contribute to its ability to maintain underwriting discipline and achieve sustainable profitability over the long term?

By focusing exclusively on cyber risks, Edgware Re can develop a deep understanding of the unique challenges and dynamics of the cyber insurance market. This specialised focus allows for more accurate risk assessment, pricing, and underwriting practices tailored specifically to cyber risks. It enables Edgware Re to allocate its resources and expertise efficiently, ensuring a disciplined approach to underwriting cyber insurance policies.

By carefully selecting participants with strong cyber hygiene and robust risk management practices, Edgware Re can mitigate the potential for adverse selection and concentration of risk. This approach helps maintain a balanced and diversified portfolio, reducing the likelihood of catastrophic losses and promoting sustainable profitability.

Looking ahead, what are the key areas of innovation and expansion that Marsh is exploring to further enhance Edgware Re's capabilities and ensure it remains a cutting-edge solution for organisations seeking to proactively manage their cyber risks?

Ultimately, Edgware Re is controlled and governed by its members. The members of the group captive will control further innovations and enhancements to the coverage and capabilities offered.

This could include such enhancements as additional capacity or the addition of technology error and omission coverage as the company grows.

Marsh's Cyber Practice and Captive Solutions will continue to advise the members so that they are aware of changing marking conditions and innovations. ■

"Marsh's broader risk advisory capabilities, including its global cyber practice, play a crucial role in supporting the risk engineering functions of Edgware Re"

Timothy Marlin
Senior vice president
Cyber Practice for US and Canada, Marsh


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Captive domiciles in Asia Pacific

Henry Brandts-Giesen and Jackson Tu'inukuafe of Dentons talk about key domiciles for captive insurance in Asia Pacific

Captive insurance can bring significant benefits to businesses, including enhanced coverage for risks that are expensive, unidentifiable, or otherwise uninsurable in the commercial insurance market. As an insurance company itself, a captive can provide bespoke insurance policies designed to fit an organisation's specific risk needs.

In APAC, the key domiciles for captives are New Zealand, Singapore, Hong Kong, Labuan, and the Cook Islands. However, captives can be set up, and are popular, in most offshore jurisdictions, including Guernsey, Bermuda, the Cayman Islands, as well as some states in the US. Determining the captive's domicile is crucial for evaluating its viability, as it significantly impacts its administration factors like formation ease, regulatory environment, regulator flexibility, administration cost, accessibility, communication, and convenience.

Singapore

Singapore has emerged as a prominent captive domicile in the Asia Pacific region due to its strategic location, favourable regulatory environment, and robust financial infrastructure. Singapore's geographical location at the intersection of East and West, positions it as a natural hub for business and commerce in the region. Its proximity to major Asian markets, including China, India, and Southeast Asia, offers strategic advantages for family offices and trading businesses, which are important use cases for captive insurance.

Singapore also boasts a well-established and transparent regulatory framework for insurance and financial services, which is conducive to the formation and operation of captive insurance companies. The Monetary Authority of Singapore (MAS), the country's central bank and financial regulatory authority, provides a stable and business-friendly environment, offering regulatory certainty and guidance to captive insurers.

MAS offers a straightforward licensing process for captive insurers, enabling efficient setup and operations while also adopting a risk-focused approach to supervision, tailoring regulatory requirements to the specific risk profiles of captive insurers. Singapore maintains stringent prudential standards to protect policyholders' interests and maintain financial stability in the insurance sector. Moreover, MAS actively promotes innovation in financial services, encouraging captive insurers to explore new technologies and business models to enhance efficiency and competitiveness.

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Additionally, Singapore has a world-class financial infrastructure, characterised by a robust banking system, sophisticated capital markets, and a wealth of professional service providers.

Captive insurers benefit from access to a wide range of financial products and services, including reinsurance, investment management, and risk consulting, enabling them to effectively manage their risk portfolios and optimise returns. The city-state's reputation as a global financial centre enhances the credibility and visibility of captive insurance entities domiciled in the jurisdiction, instilling confidence among stakeholders and counterparties.

Hong Kong

Hong Kong's evolving captive insurance landscape, recent regulatory enhancements, and potential for growth position it as a promising APAC domicile. The jurisdiction's captive landscape has been experiencing notable developments, driven by factors such as its mature insurance market and robust financial infrastructure, providing a solid foundation for the growth of captive insurance. Businesses and family offices in Hong Kong and the wider region recognise the value of captive insurance in managing risks more effectively, driving demand for captive solutions.

Hong Kong's mature insurance market and robust financial infrastructure provide a solid foundation for the growth of captive insurance. Industries such as financial services, healthcare, and logistics increasingly view captive insurance as a strategic tool for diversifying risk and optimising risk financing strategies.

The jurisdiction has made significant regulatory enhancements to strengthen its captive insurance framework. In 2018, captive-specific legislation was introduced, providing a clear regulatory architecture for the establishment and operation of captive insurers. Additionally, the Hong Kong Insurance Authority (HKIA) adopts a risk-based supervision approach, tailoring regulatory requirements to the risk profiles of captive insurers, ensuring effective oversight while minimising regulatory burden. The HKIA has implemented enhanced capital requirements for captive insurers, aligning with international standards to ensure financial soundness and stability within the captive insurance sector.

Hong Kong's captive insurance sector holds significant potential for growth, driven by several factors, such as its strategic location at the gateway to China and the Asia Pacific region, which positions it as an attractive domicile for captive insurers looking to access regional markets and tap into Asia's economic growth. In addition, Hong Kong's status as a leading international financial hub and its well-established legal and regulatory framework enhance its appeal to companies seeking to establish captive insurance entities. The territory's emphasis on innovation and technology presents opportunities for captive insurers to leverage advanced risk analytics, digital solutions, and insurtech innovations to enhance operational efficiency and risk management capabilities.

Labuan

Labuan, Malaysia, has gained traction as a competitive captive insurance domicile in APAC, largely due to its favourable tax regime, regulatory framework, and increasing appeal to international businesses. Labuan offers a highly attractive tax environment for captive insurance companies, characterised by low tax rates. Profits are taxed at a flat rate or subjected to a maximum tax cap, providing significant tax savings compared to many other jurisdictions. The jurisdiction also offers a variety of tax incentives and exemptions to encourage the establishment and growth of captive insurance businesses, including tax exemptions on dividends, royalties, and capital gains for qualifying entities.

Labuan's regulatory framework for captive insurance is known for its flexibility and responsiveness to the needs of businesses, offering streamlined regulatory processes. Labuan provides a straightforward and efficient regulatory process for setting up captive insurance entities, enabling quick and cost-effective establishment and licensing. Labuan tailors the regulatory requirements for captive insurers to their specific needs and risk profiles, thereby enabling greater flexibility in capitalisation, governance, and risk management practices.

The jurisdiction has experienced a steady increase in its popularity as a captive domicile due to several factors, including its strategic location. Situated in the heart of Asia, Labuan offers easy access to key markets in the region, including Southeast Asia, China, and India, making it an ideal location for companies with regional or global operations. Furthermore, Labuan boasts a diverse and dynamic business ecosystem, comprising a wide range of financial services providers, legal professionals, and support services, facilitating the establishment and growth of captive insurance ventures. Labuan's reputation for regulatory stability and reliability enhances its appeal to international businesses, providing assurance and confidence to captive insurers and their stakeholders.

The Cook Islands

The Cook Islands, located in the South Pacific, have emerged as a notable captive insurance domicile, offering unique advantages. The Cook Islands' strategic location in the South Pacific provides a tranquil and stable environment for captive operations. While geographically remote, the Cook Islands offer a jurisdiction with political stability, a robust legal system based on English common law, and a favourable regulatory environment for captive insurance.

The Cook Islands' captive insurance regime has several special features, including a low statutory minimum capital requirement. The jurisdiction requires NZ$100,000 (US$61,000), whereas other key domiciles have much higher capital requirements for international businesses. This makes captive insurance more accessible for family offices.

"Determining the captive's domicile is crucial for evaluating its viability, as it significantly impacts its administration factors like formation ease, regulatory environment, regulator flexibility, administration cost, accessibility, communication, and convenience"

The Cook Islands financial service industry has been operating since the 1980s and has an experienced and knowledgeable fiduciary services industry. The Cook Islands strictly enforce the rule of law, and its judges, often current or former New Zealand judges, apply Cook Islands law. The Cook Islands Financial Supervisory Commission (FSC) and the Captive Insurance Act 2013 (CIA) govern captive insurance in the Cook Islands.

Market demand led to the enactment of the CIA, which specifically aims to offer flexibility and administrative ease to organisations and individuals seeking to establish and manage a captive in the Cook Islands.

Trends and developments

In recent years, the insurance market has faced significant challenges, notably a contraction in coverage options for various modern day risks. As emerging technologies and new business models evolve, traditional insurance policies have struggled to keep pace, often excluding coverage for cyber threats, climate change impacts, and pandemics. This gap leaves businesses and individuals vulnerable to substantial financial losses.

Moreover, insurers are becoming increasingly selective in underwriting risks, driven by the need to maintain profitability amidst rising claims and uncertainties.

This trend not only highlights the necessity for innovative insurance products, but also underscores the urgent need for regulatory frameworks that encourage comprehensive coverage without compromising the sector's financial health.

As businesses and family offices in the Asia Pacific region continue to recognise the value of captive insurance in managing risks more effectively, there will likely be a rise in the establishment of captives across various industries, including family-owned businesses managed by family offices.

Captive insurers may explore innovative solutions to address emerging risks, such as cyber threats, supply chain disruptions, and pandemic-related risks. Captives could also play a role in covering non-traditional risks, including environmental liabilities and intellectual property risks.

Captive insurers may leverage technology solutions, such as data analytics, artificial intelligence, and blockchain, to enhance risk assessment, underwriting processes, and claims management, leading to greater efficiency and cost savings.

With regulatory scrutiny increasing globally, captive insurers will likely prioritise governance, risk management, and compliance frameworks to meet evolving regulatory requirements and maintain financial stability.

Expanding into new markets is one opportunity for growth and innovation in the sector. Captive insurance domiciles in APAC, such as Singapore, Labuan, Hong Kong, and the Cook Islands, may attract more captives to cover risks in the region, presenting growth opportunities for the sector.

Another option could be the integration with family office services. Family offices managing the wealth of high-net-worth families and individuals may explore the integration of captive insurance solutions into their overall risk management strategies to protect family assets, manage insurance costs, and enhance financial resilience.

Finally, captive insurers may develop customised risk financing solutions tailored to the specific needs of family-owned businesses, providing comprehensive coverage for unique risks while optimising cost efficiency and control.

However, there are challenges and regulatory changes in the sector, including regulatory scrutiny, geopolitical risks, cybersecurity, and data privacy. Captive insurers may face increased regulatory scrutiny both domestically and internationally, resulting in more stringent regulatory requirements, reporting obligations, and capitalisation standards to ensure compliance and financial stability.

Geopolitical tensions and regulatory changes in key markets could also impact the captive insurance landscape, leading to uncertainty and volatility in the regulatory environment and potentially affecting captive operations and cross-border transactions.

In addition, as cyber threats continue to evolve, captive insurers will need to enhance their cybersecurity measures and data protection practices to safeguard sensitive information and comply with regulatory requirements, posing challenges to managing cyber risks effectively.

The captive insurance landscape in APAC is poised for growth and innovation, driven by increasing demand for risk management solutions, technological advancements, and evolving regulatory trends.

While opportunities abound for captive insurers and family offices, navigating challenges such as regulatory changes and emerging risks will require proactive risk management strategies and a commitment to regulatory compliance and best practices.

When setting up a captive, obtaining professional advice is crucial. Selecting an appropriate domicile is a key decision, influenced by regulatory environments, tax considerations, and the political stability of the location.

Expert advisors can provide valuable insights into the nuances of each jurisdiction, helping to optimise the benefits of a captive arrangement.

Equally important is the selection of reputable and reliable brokers and issuers. These professionals play a pivotal role in the structuring and management of the captive, ensuring that it meets the specific risk management needs of the business while adhering to legal and regulatory requirements.

Inadequate or improper guidance can lead to severe financial consequences and operational inefficiencies, making experienced advisors indispensable in this complex field. ■

Henry Brandts-Giesen
Partner
Dentons

Jackson Tu'inukuafe
Solicitor
Dentons

Transforming health insurance with captive solutions

Jeb Dunkelberger, founder and CEO of ClearPoint Health, talks about the company's new initiative focusing on the 'full spectrum' of alternative risk solutions for health insurance

ClearPoint Health recently announced the establishment of a comprehensive focus on the 'full spectrum' of alternative risk solutions. What motivated you to establish this focus?

The motivation behind ClearPoint Health centres on offering a 'full spectrum' of alternative risk solutions to address the significant challenges faced by small and medium-sized enterprises (SMEs) in managing health benefits cost, quality, and experience. The current health insurance landscape in the US disproportionately impacts SMEs.

Our company aims to provide sustainable, transparent, and financially viable solutions that empower employers to take control of their healthcare expenses.

What specific services and offerings will ClearPoint provide to SMEs through this initiative?

We will offer a diverse range of services, including level-funded solutions, traditional medical stop-loss insurance for standalone self-insurers, and various captive solutions such as group and single-parent captives, as well as our proprietary CliniCaptive product. Additionally, we have assembled a carrier panel for traditional stop-loss and level-funded businesses, supported by a network of A-rated carrier partnerships. We have designed an extensive suite of solutions to meet employers where they are, while enhancing control, flexibility, and transparency in managing their health benefits.

The healthcare landscape is rapidly evolving. What are some of the biggest challenges facing employers when providing health insurance today?

Today's employers face several significant challenges, such as escalating healthcare costs, navigating complex regulatory environments, and finding adaptable benefit solutions that meet the diverse needs of their employees and market conditions.

The surge of new clinical and pharmacy point solutions, though promising, often remains unproven, creating difficulties in configuring effective benefit strategies. Maintaining a balance between comprehensive coverage and affordability to attract and retain talent is also a critical issue. ClearPoint Health's initiative seeks to address these challenges by offering tailored solutions that help employers manage risks and costs more effectively.

How does being part of a captive solution help SMEs better manage the risks and costs associated with health benefits?

Participating in a captive solution allows SMEs to pool their resources by joining a community with similar entities, gaining access to insurance at reduced costs with more favourable coverage terms and less volatility. Participating employers are also able to access discounts on administrative, clinical, and pharmaceutical services.

Captives reward employers for greater involvement in claims management, underwriting, and loss control activities by sharing in any remaining unused premium dollars, enabling tailored health benefits plans that potentially reduce costs over time. This collaborative approach enhances transparency and control, making healthcare expenses more predictable and manageable.

What are the unique capabilities and innovations ClearPoint Health brings to the table? How will you differentiate your offerings?

We believe ClearPoint Health stands out by offering a comprehensive understanding of alternative risk solutions and a specialised focus on SMEs. One size does not fit all, so we encourage our service teams to seek out a solution rather than push a product.

Our unique capabilities and product suite include tailored captive programmes as well as traditional and level-funded products, which tie together with advanced technology integrations for streamlined operations. We combine our offerings with expert guidance to effectively navigate the complex and constantly changing health benefits landscape. We provide localised expertise, supported by regional vice presidents dispersed across the country. Our advisor-first approach ensures we deliver high-quality service and innovative solutions that meet the specific needs of our clients.

How does ClearPoint Health's approach give employers the flexibility to select preferred partners for services like third-party administrators (TPA) and pharmacy benefit managers (PBM), and why is that important?

Encouraging employers and benefit advisors to select preferred service providers, including TPA, PBM, and networks, is crucial for tailoring healthcare solutions to their unique requirements. Networks and PBM are essential for creating customised healthcare solutions that meet their specific needs.

This flexibility helps employers negotiate better terms, manage costs more effectively, and ensure that the services align closely with their health benefits strategies and objectives.

As we look ahead, what do you see as the biggest opportunities in the medical stop-loss captive space?

The biggest opportunities in the medical stop-loss captive space include expanding into underserved markets, modernising advisor, carrier, and employer experiences, utilising technology to improve data analytics and risk assessment capabilities, and developing innovative insurance products that address the evolving needs of employers.

We are seeing an increase in employers rejecting the status quo, as costs continue to rise at unsustainable rates.

The rapid growth of group medical stop-loss captives and the increasing interest in single-parent captives represent significant opportunities for ClearPoint Health to provide scalable, sustainable solutions.

Since launching the new initiative, what has the early reception been like from employers and advisors?

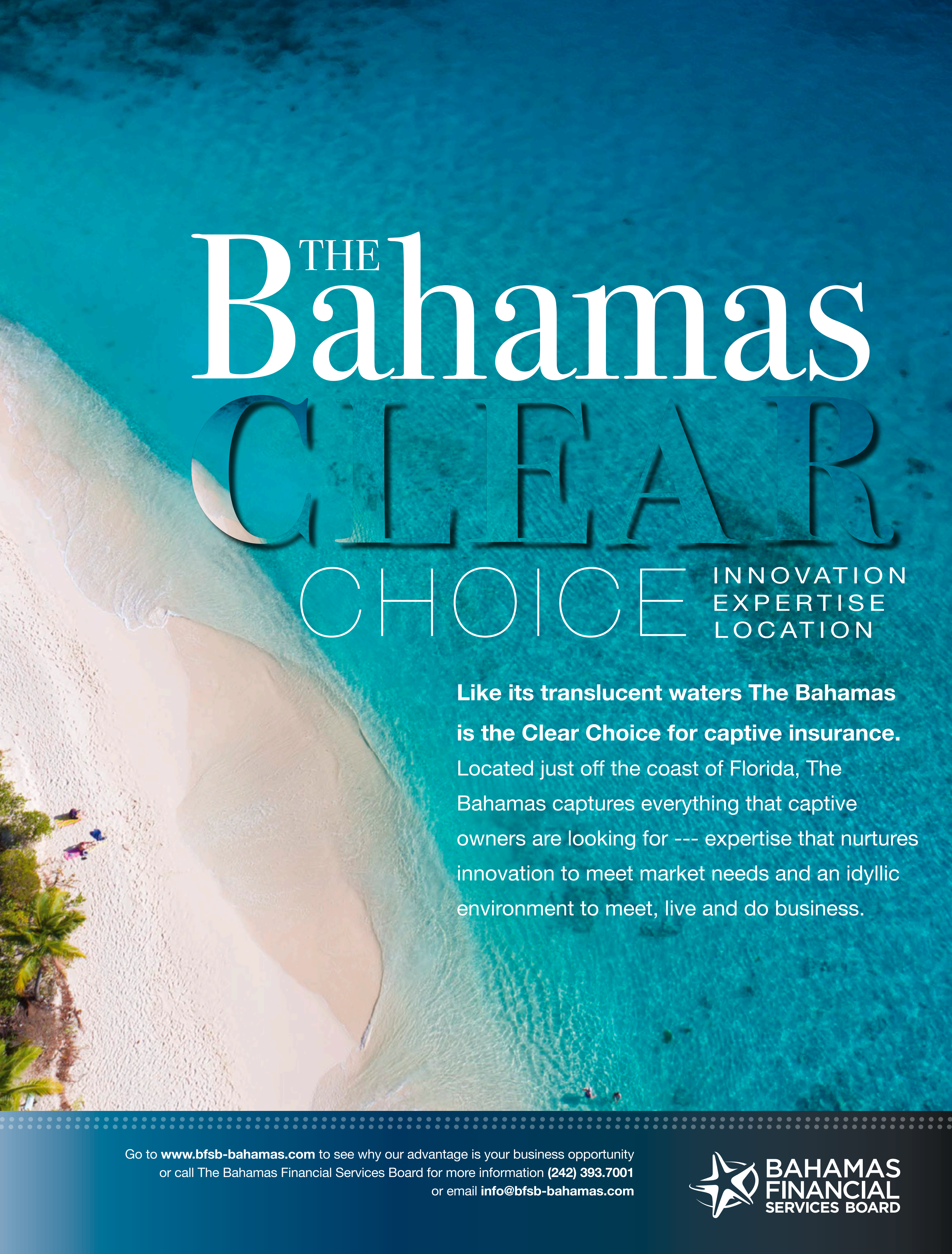
The early reception to ClearPoint Health's new initiative has been incredibly positive, requiring us to scale the company at a much faster rate.

Employers and benefit advisors have shown significant interest in our innovative approach to health benefits, recognising the potential for cost savings, transparency, and enhanced control.

Positive feedback and growing engagement from potential clients and industry experts indicate a strong start for our product suite, aligning with our mission to make employee benefits more affordable and of higher quality. ■

"The rapid growth of group medical stop-loss captives and the increasing interest in single-parent captives represent significant opportunities for ClearPoint Health"

Jeb Dunkelberger
Founder and CEO
ClearPoint Health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Industry Appointments

Mais appointed Vice Chair of IAIS executive committee

The International Association of Insurance Supervisors (IAIS) has appointed Andrew Mais as vice chair of the executive committee.

Mais is Connecticut's insurance commissioner and president of the National Association of Insurance Commissioners.

The IAIS executive committee is responsible for providing the overall strategic direction and managing the association's activities.

Mais has served as commissioner for the Connecticut Insurance Department since 2019. He was a member of Deloitte's Centre for Financial Services, providing thought leadership and insight on US and international regulatory affairs.

Prior to that, he was a director at the New York State Insurance Department, where he served four governors as part of the department's senior leadership team.■

CICA announces new leaders for NEXTGen Committee

The Captive Insurance Companies Association (CICA) has appointed Diana Hardy, partner at RH CPAs, and Bailey Roese, partner at Dentons Bingham Greenebaum, as co-chairs of its NEXTGen Young and New Professionals Committee.

The NEXTGen initiative aims to provide education and networking opportunities, as well as create a supportive community for young and new professionals in the industry.

Roese says: "Interest and excitement surrounding captives is higher than ever, and it has never been more important to attract top talent and grow new leaders to ensure our industry's success far into the future.

"NEXTGen has meant so much to me as someone newer to the captive space, and I look forward to welcoming others into the fold."

Hardy states: "It's great that NEXTGen provides a vehicle to bring us all together. Whether you're new in the captive space or you've been around for a while and want to help promote young and new captive professionals, all are welcome."

CICA president Dan Towle comments: "NEXTGen has found a great formula. By combining education about the industry and their personal experiences, NEXTGen members are creating a supportive network for each other, and presenting captive insurance careers in ways that resonate with the next generation.

"Diana and Bailey are wonderful leaders. I look forward to seeing NEXTGen continue to build on the progress the committee has made."

Pastorius joins Alliant Insurance Services as Executive Vice President

Mark Pastorius has joined Alliant Insurance Services as executive vice president and managing director for Alliant Specialty.

Pastorius' insurance career spans more than 37 years, with a focus on complex risk programme design and placement, and alternative risk solutions, including loss-sensitive programmes, captive formation, and self-insurance.

He has extensive experience with several specialised markets, such as long-term care, home health, construction, grocery/retail, manufacturing, hospitality, and transportation.

Previously, Pastorius worked as managing director at Lockton, and he was vice president at AIG.

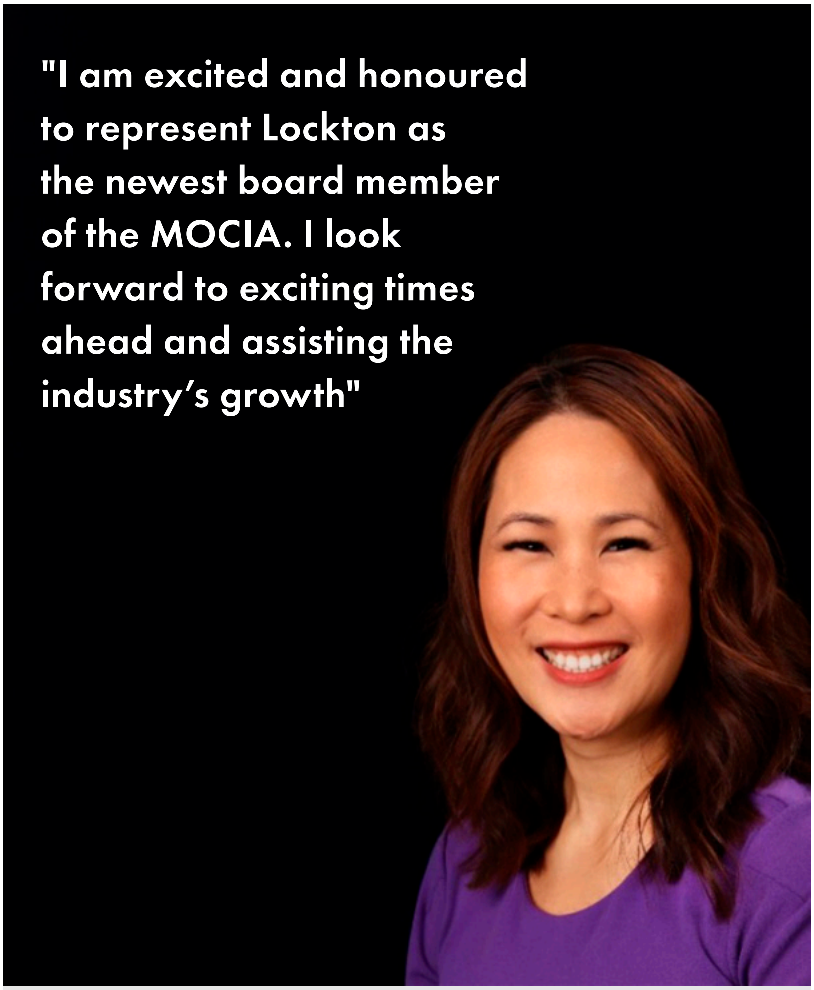
He holds the designation Chartered Property Casualty Underwriter, Associate in Risk Management, and Associate in Reinsurance.

Peter Arkley, president at National Brokerage, Alliant Insurance Services, says: "Mark has a history of supporting clients through aggressive growth periods, including risk management experience with multi-carrier roll-up consolidations.

"His experience will lend exceptional value to our specialised brokerage team in positioning clients to navigate their unique and complex risk management challenges."

Atlas Insurance appoints Ganado and Xuereb to board of directors

Atlas Insurance has appointed Max Ganado and Marisa Xuereb as independent non-executive directors. They will take over from Andre Camilleri and Philip Micallef, who have reached the end of their terms.



Missouri Captive Insurance Association welcomes Bernards

The Missouri Captive Insurance Association (MOCIA) has welcomed Ellen Sue Bernards as its newest board member.

Bernards is a senior vice president in alternate risk finance practice at Lockton Companies, with a focus on alternative risk programmes, captive and risk retention group consultation, and collateral strategies.

She holds the Chartered Property Casualty Underwriter, Associate in Risk Management, and Certified Public Accountant designations.

Commenting on the appointment, Bernards states: "I am excited and honoured to represent Lockton as the newest board member of the MOCIA. I look forward to exciting times ahead and assisting the industry's growth." ■

Frédéric de Courtois elected President of Insurance Europe

Frédéric de Courtois, deputy CEO of AXA Group, has been elected president of Insurance Europe.

De Courtois received unanimous support to lead the federation of European (re)insurance associations over the next three years.

The French national succeeds Andreas Brandstetter, the chairman and CEO of the UNIQA Insurance Group.

During his introductory speech delivered during the 14th International Conference in Helsinki, he says: “My main priority will be to contribute to building a better and more competitive Europe.

“The insurance industry is part of the solution and is keen to engage constructively and work with all stakeholders to develop and co-build the right solutions.”

De Courtois has worked in the insurance industry for over 30 years, having served at various senior and leadership roles. He has been deputy CEO at AXA since 2021, and also a member of its Group Management Committee.

Prior to that, he was a board member at Association LAZARE. ■

Starting his career as a maritime lawyer, Ganado went on to develop the financial services practices at Ganado Advocates, from which he retired as a senior partner in 2020.

With more than 40 years of legal experience, he has been involved in the drafting of new legislation required for Malta’s development as a financial centre, including provisions on derivatives, life insurance, protected cell companies, and fiduciary obligations.

Xuereb is the former president of the Malta Chamber of Commerce, Enterprise, and Industry, with a track record in the manufacturing sector and representing business interests at both national and international forums.

Malcolm Booker, Atlas Insurance chairperson, comments: “The professionalism and attributes of our board members have consistently enabled the board of directors to provide oversight and strategic guidance.

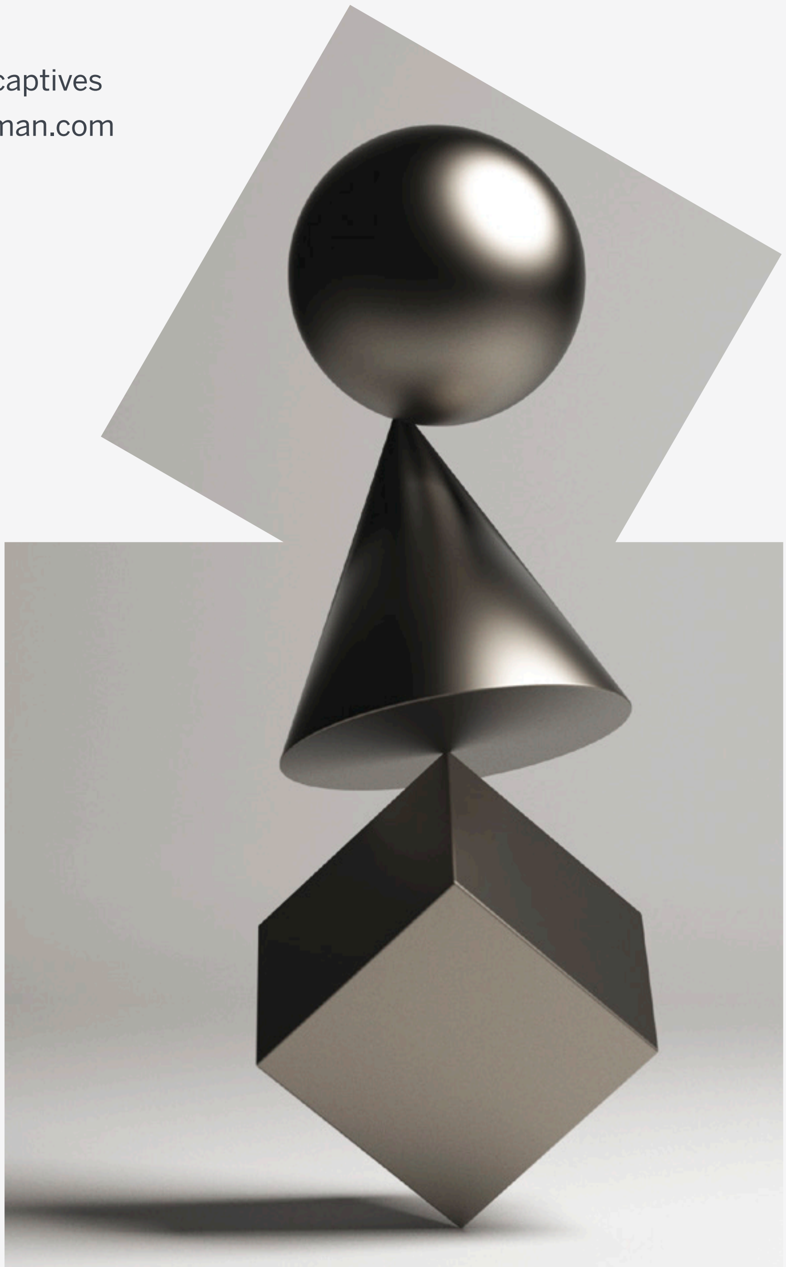
“We warmly welcome Marisa and Max, who will bring a wealth of knowledge and experience to our leadership team.”

Captive Resources announces key executive changes

Captive Resources (CRI) has expanded the roles and responsibilities of several of its leadership team, as well as adding a number of new senior leaders to the company.

Three CRI senior leaders have taken on expanded responsibilities following the creation of two separate business units, Property & Casualty (P&C) and Health Solutions.

JP Boulus has been appointed as president of P&C, Donna Dreuth as chief financial officer and chief administrative officer, and John Pontin as chief growth officer.



Swiss Re names Gonzalez as CEO of Corporate Solutions

Swiss Re has promoted Ivan Gonzalez to CEO of its Corporate Solutions unit, succeeding Andreas Berger. The move will be effective on 1 July. Gonzalez is currently CEO of Swiss Re Reinsurance China and country president of China, responsible for property and casualty, and life and health businesses in the territory.

He will relocate from Beijing to Zurich and join the group executive committee at Swiss Re.

Previously, he led the Corporate Solutions Business unit in the Americas, managing North America from 2017 until 2021, and Latin America from 2011 until 2016.

Prior to that, he worked in Asset Management and Group Strategy divisions at Swiss Re.

Christian Mumenthaler, group chief executive officer at Swiss Re, says: “Ivan has deep knowledge of corporate solutions after spending ten years in leadership roles there and helping to reposition the business from a generalist capacity provider to a specialised risk partner.

“He also brings a global mindset, unique international experience — having worked in Beijing, Singapore, New York, São Paulo and Zurich — and proven leadership capabilities to the role.” ■

The CRI executive committee is now composed of these three senior leaders and the two co-CEOs, Nicholas Hentges and Mike Foley. The company has also hired Steven Gransbury as president of Health Solutions, Mark Knipfer as chief strategy officer, and Terry McCafferty as chief underwriting officer at P&C.

Gransbury joined CRI in April from QBE North America, where he worked as head of specialty, while Knipfer and McCafferty joined in January 2024 and December 2023 respectively. Prior to that, Knipfer was chief operations officer at Zurich North America, and McCafferty served as president and chief executive of Falls Lake National Insurance Company at James River Holdings.

In addition to the creation of the two new business units, CRI has two new subsidiaries: Kensington Management Group and Edgewater Actuarial Insights.

Hentges comments: “I am very excited about the recent changes and additions to our leadership team. These changes position Captive Resources for the continued robust growth we’re seeing in both our P&C and Health Solutions businesses.

Crawford to lead captives team at Crumdale Partners

Crumdale Partners has appointed Tonya Crawford as captive sales director. In her new role, Crawford will help build captive solutions at Crumdale Partners. She specialises in the development and ongoing management of medical stop loss captives, self-funded health plans, commercial health plans, and government health plans.

Previously, Crawford worked as regional vice president of captives at Summit Reinsurance Services and as vice president at True Captive Insurance.

Scherzinger promoted to Group Head of Captives at Zurich Insurance

Adriana Scherzinger has been promoted to group head of captives at Zurich Insurance, effective from 1 September.

Scherzinger is currently head of alternative risk solutions at Zurich North America, where she is responsible for the service and management of international insurance programmes for multinational customers.

With her new role, she will be based in Zurich, Switzerland, and report to Vinicio Cellerini, global head of customer and distribution management for the Commercial Insurance Division in Zurich.

She started at Zurich in 2005 as a reinsurance specialist, having a long history with captives at the company, including the roles of head of captive services in Latin America and captive fronting manager in Europe.

Scherzinger will succeed Emma Sansom, who left Zurich at the beginning of April.

Joshua Nyaberi, who has taken on the global captive role on an interim basis since Sansom's departure, will continue until Scherzinger starts in the position on 1 September. ■

Macdonald appointed Chief Claims Officer at Munich Re Specialty

Peter Macdonald has been appointed chief claims officer at Munich Re Specialty North America.

Macdonald succeeds Mary Beth McClellan, who will become group claims director for global markets at Munich Re Specialty. He brings 20 years of primary insurance claims experience to his new role. He will be reporting to Sabrina Hart, president and CEO of Munich Re Specialty North America.

Previously, Macdonald was head of casualty claims for North America General Insurance at AIG.Prior to that, he held various senior claims roles at The Hartford Group, where he worked for more than 14 years.

WTW appoints Wright and McLaughlin to strategic client team

WTW has appointed Chad Wright and Conor McLaughlin to the Strategic Client Engagement Leadership (SCEL) team within Corporate Risk and Broking in North America.

Wright will serve as a strategic client engagement leader, and McLaughlin will be a global client advocate, both focused on the Fortune 1000 (F1000) industry segment.

The new hires join WTW from Marsh, where Wright worked as a managing director and senior client executive, and McLaughlin served as a senior vice president and associate client executive.

Wright will focus on cultivating relationships with executive management within the F1000 segment. Based in Atlanta, he will report to Nancy Korcinsky, Southeast region leader at Corporate Risk and Broking in North America, and Louise Pennington, group leader of the SCEL team. ■