

# Exploring an independent approach to captive consulting

Nate Reznicek discusses how Captives.Insure's independent approach benefits brokers and captive managers



## Europe Focus

Experts explore strategies to unlock Europe's potential

## Employee Benefits

Tackling organ transplant costs for self-funded health plans

## Reinsurance

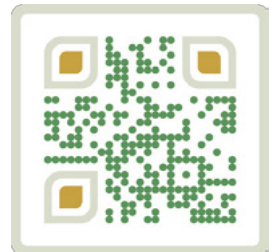
Clint Casabella from Grid151 gives advice on title reinsurance solutions

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## Issue 272

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Published by  
**Black Knight Media Ltd**

Unit 23, Metro Business Centre, Kangley Bridge  
Rd, London, SE26 5BW

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### Blackwell Captive Solutions partners with WellRithms

Blackwell Captive Solutions has teamed up with WellRithms to provide advanced medical bill review and payment integrity services for stop-loss captives.

According to the firms, this innovative approach aims to reduce risk and enhance the management of high-cost medical claims for complex and chronic conditions such as cancer, cardiovascular diseases, and neonatal care. These claims can quickly escalate into millions of dollars, posing a significant threat to the sustainability of self-insured health plans.

In a joint statement, Anna Quarum, president at WellRithms, and Kari Niblack, president at Blackwell, say: "Our partnership is focused on delivering concrete results for self-

insured employers. By integrating Blackwell's captive solution with WellRithms' precise bill review, defensible repricing, and claim indemnification, we are setting new standards in risk management.

"This collaboration empowers employers to protect their health plans from high-cost claims and reduce the financial pressures that drive up premiums."

The companies state that the partnership combines Blackwell's three-layered stop-loss model, offering US\$250,000 of floating protection above a client's deductible, with WellRithms' advanced repricing algorithms and medical expertise to cut illegitimate charges by 72 per cent, lowering healthcare costs. ■



### Verve Risk Services launches new captive product

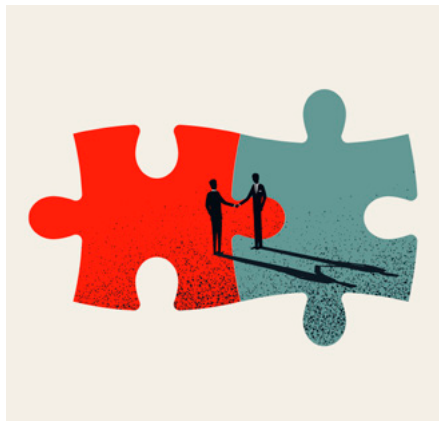
Verve Risk Services has introduced a new captive insurance product and its 'Verve Aura' broker portal, designed to meet evolving customer needs.

The move, supported by specialist MGA services platform OneAdvent, aims to provide multi-line solutions to complement Verve's existing coverage lines and bolster its offering within the insurance intermediary and captive space.

The 'Micro-Captive Defender' product provides captive insurance companies with defence cost coverage.

Scott Simmons, director and co-founder of Verve Risk Services and lead underwriter for the programme, elaborates: "[The new product includes] coverage for fines and penalties related to IRS investigations arising from 831(b) status, the exploitation of which has rocked the captive marketplace."

Furthermore, in its bid to provide an all-encompassing solution to its clients and producers, the firm states that it has spent the last 12 months developing the 'Verve Aura' portal, which has streamlined the way in which brokers can provide insurance to their clients. ■



### Ryan Specialty completes acquisition of P&C MGUs from Ascot Group

Ryan Specialty has completed the acquisition of P&C managing general underwriters (MGUs) owned by Ethos Specialty Insurance from Ascot Group.

Ethos P&C, founded in 2017 by Ascot Group, will become a part of the Ryan Specialty Underwriting Managers division.

It comprises eight programmes that underwrite on behalf of a diversified panel of insurance carriers. In the property division, the firm specialises in manufacturing, processing, and warehousing, excess property, wind deductible buydowns, and all other perils buydowns, while the casualty coverages include New York contractors, construction wraps, real estate and CleanTech general liability.

Patrick Ryan, founder, chairman and CEO of Ryan Specialty, says: "Ethos P&C has established itself as an underwriting manager offering innovation and excellent service in niche specialty lines.

"Their entrepreneurial spirit and complementary portfolio add depth and breadth to Ryan Specialty. We welcome this team of highly experienced underwriters and look forward to our future together." ■



### QBE opens new Leeds office

QBE has inaugurated its new Leeds office, the largest European site for the global insurer outside of London.

More than 450 employees will be based on the site to support QBE's technology, finance and operations capabilities, all of which have seen significant growth in the past few years.

The £3.6 million investment also houses a number of innovation and automation activities, including Robotic Process Automation (RPA), Application Programme Interfaces (APIs) and intelligent workflow solutions.

The new office comes as a result of QBE's 20 year presence in the city, following the acquisition of Iron Trades in 2000. The company has achieved consistent and upward growth in the region since 2008.

Commenting on the opening, CEO of QBE International, Jason Harris,

states: "We are excited to be moving our people to such a prestigious location that is in tune with our commitment to sustainability, modernisation ambitions and focus on employee wellbeing."

"From Leeds we are leveraging local talent to support our business across Europe enabling us to consistently deliver great service, helping businesses get back on their feet more quickly."

Head of trading at Leeds, Janine Wood, adds: "Brokers were clear about what they wanted, to be able to do business on their doorstep with decision makers who understand the local market and the challenges local businesses are contending with."

"What we're offering Leeds is the technical expertise, wide appetite, flexible solutions and empowered local underwriting the second largest financial services centre in the UK deserves." ■



### AM Best assigns 'Excellent' ratings to Southwest Airlines' captive

AM Best has assigned a financial strength rating of 'A-' (Excellent) and a long-term issuer credit rating of 'a-' (Excellent) to Triple Crown Assurance (TCA), a Texas-based captive insurance company wholly owned by Southwest Airlines. The outlook assigned to these credit ratings is 'stable'.

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

TCA's level of risk-adjusted capitalisation, as measured by Best's capital adequacy ratio, is assessed at the strongest level, where AM Best expects it to remain in future years.

The balance sheet strength assessment also considers the company's conservative investment

strategy, adequate liquidity measures, and favourable loss reserve development over the last few years. However, this is partially offset by the captive's elevated exposure to credit risk relative to its reinsurance treaties, as well as its higher-than-average underwriting leverage metrics. Furthermore, TCA's operating performance reflects the inherent benefits of being a captive insurer, as it has minimal acquisition costs and administrative expenses, driving its favourable expense ratio.

The business profile is assessed as limited, as a single-parent captive established to provide various insurance coverages for its parents, including workers' compensation, employers' liability, medical expense cost containment, terrorism, aviation, hail, and hull and liability risk coverages. ■

### AM Best affirms 'Excellent' credit rating of COSCO SHIPPING captive

AM Best has affirmed the financial strength rating of 'A' (Excellent) and the long-term issuer credit rating of 'a' (Excellent) of COSCO SHIPPING Captive Insurance, based in China.

The outlook of these credit ratings is 'stable'. The ratings reflect the captive's balance sheet strength, which AM Best assesses as very strong, as well as its adequate operating performance, neutral business profile and appropriate enterprise risk management.

The company's balance sheet strength assessment is underpinned by a very low underwriting leverage and a prudent reinsurance programme.

The ratings also reflect that the captive insurer is a strategically important member of its parent company, China COSCO SHIPPING Corporation, and that the firm provides a wide range of support in areas such as business development, risk management, and managerial and capital support.

Its risk-adjusted capitalisation remained at its strongest level in 2023, as measured by Best's capital adequacy ratio. ■

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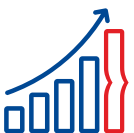
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## Howden acquires Foresight, expanding into captive consulting in Japan

Howden has launched into the Japanese retail insurance broking and captive consulting and management markets with the acquisition of Foresight Holdings.

The firm also appoints Takuya Aibe as CEO of its Japanese retail business. Aibe was CEO of Gallagher Japan and held a number of senior positions at Marsh Japan for over 20 years.

Founded in 2005, Foresight is a licensed group offering retail brokerage and captive consulting services in Japan, as well as captive management in Micronesia, Singapore, and Hawaii.

Earlier this year, the company announced its entry into the Japanese market with Kentaro Tada as CEO of Howden Japan, launching Howden Re Japan and forming a

strategic capital partnership with Keystone ILS to offer reinsurance brokerage, strategic advice, and ILS services.

Howden, following its February 2024 acquisition of ARM Holdings, an European independent insurance manager specialising in captives, now manages around 100 captive insurance companies worldwide.

Tada comments: "Howden Japan can now offer retail broking and captive management services alongside its reinsurance and ILS capabilities.

"We are delighted to welcome Aibe-san and believe that his many years of experience working with international brokers, combined with Howden's global platform, will enable Howden Japan to best serve its retail customers." ■

## West Bend Insurance partners with ZestyAI

West Bend Insurance has partnered with ZestyAI to use its Z-PROPERTY risk analytics platform to improve the accuracy of personal line underwriting and renewal processes.

Z-PROPERTY uses computer vision and machine learning to analyse aerial and satellite imagery, building permits, and other unique data sources for over 150 million residential and commercial properties.

The companies claim that the platform will enhance West Bend Insurance's ability to manage its residential portfolio with comprehensive coverage and precision, streamlining the underwriting process through advanced analytics for quicker, more informed decisions, while ensuring final coverage decisions are made by trained representatives.

Jonathan Schulz, assistant vice president for personal lines at West Bend Insurance, says: "Our partnership with ZestyAI has significantly improved our ability to assess and manage residential property risks.

"By expanding our use of Z-PROPERTY for our personal lines business, we can gain deeper insights into the properties we insure, allowing us to mitigate risks more proactively and efficiently."

Attila Toth, founder and CEO of ZestyAI, commends: "Conducting a thorough review of a portfolio can be a daunting task. Z-PROPERTY simplifies this process, enabling carriers to assess their entire book of business seamlessly, pinpointing the riskiest policies to ensure proper risk mitigation. The platform is easy to deploy, requiring no IT integration, and covers every property in North America." ■

## Würk joins forces with The Baldwin Group in captive programme

Würk, a human capital management (HCM) company in the cannabis industry, has partnered with The Baldwin Group in an employee benefit captive programme.

The collaboration will introduce clients to employee benefit captives, predictive risk scoring, and forward-looking claim projections that will help them gain an understanding of their particular health insurance premiums and identify potential cost-saving alternatives. The firms state that the initiative allows employers to control insurance costs by pooling premiums through a captive tailored to their specific risk profile, providing flexibility and stability beyond traditional plans.

Würk provides HCM tools to normalise the cannabis economy, while The Baldwin Group uses AI-driven underwriting for predictive risk analysis, offering a combined financial assessment to determine client suitability for an employee benefit captive.

Steven Uno, senior partner at The Baldwin Group, says: "We are proud to collaborate with Würk to equip cannabis companies with the information needed to make the best decision possible when choosing an insurance plan.

"Combining our knowledge of HCM, insurance, and risk management, we can introduce a new approach to insurance


that will allow Würk's clients to be more flexible and potentially save money that can be used to enhance a company's product portfolio, cultivation efforts, manufacturing efforts, and much more."

Deborah Saneman, CEO of Würk, comments: "Expanding our suite of human resource solutions, our employee benefit captive programme, along with our ability to offer predictive risk scores and 12-month forward-looking claim projections, amplifies our commitment to supplying cannabis operators with industry-specific workplace solutions and re-emphasises our position as the legal cannabis industry's premier HCM solutions provider." ■



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## Asian Captive Conference 2024: Foster growth and innovation

The Asian Captive Conference (ACC) 2024, co-hosted by Labuan IBFC and the Labuan International Insurance Association (LIIA), is designed to “foster growth and innovation across the region”.

Datuk Iskandar Mohd Nuli, executive chairman and CEO of Labuan IBFC, made the statement during his welcome speech at the event, which took place at the Sime Darby Convention Centre in Kuala Lumpur.

Nuli emphasised Labuan IBFC's status as the region's leading captive domicile, as evidenced by numerous awards that underlines its position as the preferred jurisdiction for captives in both Europe and Asia.

He also stressed the conference's importance in the global captive calendar, stating: “The ACC 2024 is designed to provide industry professionals with valuable insights and resources to excel in the captive industry.”

The conference, with Captive Insurance Times as a media partner, saw over 200 attendees, including regulators from Cambodia, Hong Kong, and India's

insurance industry; professionals, investors, and service providers from the global captive industry; representatives from government agencies; and the media.

Six informative sessions captained by industry leaders across various fields concluded that captives continue to play a crucial and ever-evolving role in enabling businesses to mitigate the spectrum of existing and emerging risks against prevailing economic conditions.

In his keynote speech, Nik Mohamed Din Nik Musa, director general of the Labuan Financial Services Authority (Labuan FSA), remarked the importance of regulations evolving in parallel with corporations' increasing insurance demands for alternative risk management vehicles.

He further commented: “The captive omnibus guidelines issued by Labuan FSA have resulted in more innovative applications of Labuan captive structures. This reflects Labuan FSA's recognition of the Labuan captive sector's growing maturity and higher technical capabilities to underwrite more complex risks.”

ACC 2024 opened with a presentation on how captive insurance aligns with the Organisation for Economic Co-operation and Development's (OECD) Base Erosion and Profit Shifting (BEPS) 2.0 rules, addressing global reporting, strategic value, and capital expense management.

The event continued with a comparison of top captive insurance domiciles, focussing on their regulations, features, benefits, and risk management enhancements.

In the afternoon, a panel explored using captives for employee benefits, highlighting better control, cost savings, and improved data management. Two afternoon breakout sessions catered to both newcomers and seasoned practitioners: Captive 101 and Advanced Captive.

The event concluded with a panel on using technology in captive insurance, including AI, with closing remarks from LIIA chairwoman Annie Undikai.

The next ACC will take place in 2026. ■





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| <input type="checkbox"/> ACTUARY          | <input type="checkbox"/> BANKER                        |
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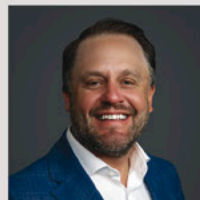
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### SRS and Strategica join to form SRS Italy

Strategic Risk Solutions (SRS) has joined forces with Italy-based Strategica Group to form SRS Italy, headquartered in Milan.

SRS states that the new business will be the first specialised company to provide insurance management services for captive and reinsurance entities domiciled in Italy.

Italy is poised for rapid growth as a captive domicile, following the registration of two captives in February 2024. The jurisdiction is expected to gain further momentum in Europe, with new captive legislation anticipated in the near future.

Brady Young, CEO of SRS, comments: "We're very excited to be moving into the Italian market at a time of great potential for growth in the captive sector."

"Partnering with Strategica gives us a local presence, knowledge, and expertise that, allied with our global servicing capabilities, will ensure that we are in the best position to help any business considering Italy as a potential location for its captive."

Enrico Guarnerio, CEO of Strategica Group and president of SRS Italy, states: "Captive reinsurance companies represent a sophisticated risk financing instrument; although it is still not very widespread in Italy, we are certain that in our country we will see an increasingly frequent use of this solution to optimise the retention and transfer policies of increasingly complex risks that cannot be treated solely through insurance solutions."

"Our ambition is to be recognised as a point of reference in the captive management sector also for the Italian market." ■

### Marsh McLennan to acquire McGriff Insurance Services

Marsh McLennan has reached an agreement to acquire McGriff Insurance Services with a payment of US\$7.75 billion in cash consideration. In addition, Marsh McLennan will assume a deferred tax asset valued at approximately US\$500 million.

The transaction is targeted to close by year-end, subject to regulatory clearance and other standard closing conditions.

The move aims to enhance Marsh McLennan Agency's capabilities across commercial property and casualty, employee benefits, management liability and personal lines.

John Doyle, president and CEO of Marsh McLennan, remarks: "McGriff is a business with excellent leadership, outstanding talent and a record of strong growth. The firm complements Marsh McLennan Agency's capabilities and culture, and I am excited about future opportunities with them as part of our company."

Read Davis, CEO of McGriff, adds: "Marsh McLennan's global resources and insights will enable us to deliver even greater value to those we serve while creating exciting opportunities for the growth and development of our team. This combination is a reflection of the quality of the McGriff team, and I am excited for our future together."

Founded in 1886, McGriff specialises in providing commercial property and casualty insurance, surety, employee benefits and personal lines insurance solutions to businesses and individuals across the US.

The McGriff team of more than 3,500 employees, including CEO Read Davis, will join Marsh McLennan Agency and continue to operate from their existing office locations. ■



### VCIA to host captive roadshow in Philadelphia

The Vermont Captive Insurance Association (VCIA) will hold its roadshow educational event on 29 October in Philadelphia. The agenda includes captive educational sessions, followed by a reception for networking between captive professionals and industry experts.

In the event, participants will learn the fundamentals of captive insurance companies: why they form, the feasibility process, and ways to meet the challenges in creating a healthy captive programme. The seminar will focus on different types of captives, with leaders sharing their insights and tips on successful captive formation.

Presenters will also discuss why Vermont is the leading captive domicile in the US, why it is considered gold standard, and what makes it a prudent and highly rated domicile for a captive insurance company.

The organisers say that continuing professional education (CPE) and Vermont continuing legal education (CLE) credits are available for participation. ■



### Hong Kong authority promotes captive insurance to support energy projects

Hong Kong's Insurance Authority (HKIA) advocated for using captive insurance to support Belt and Road projects, particularly those on less coal-intensive energy, during a breakout session at the Belt and Road Summit on 11 September.

The panel, moderated by MM Lee, executive director of the General Business Division of the HKIA, pulled together senior executives in the industry to discuss the use of captives in managing risks derived from overseas energy projects and the emerging opportunities and challenges brought about by energy transition.

Experts also reflected on risk management related to other fast-growing sectors, such as electric vehicles, that would benefit from sustainable development along the Belt and Road.

In addition, the panellists explored Hong Kong's role as an international risk management hub in developing the captive market.

Lee remarks: "The use of captives by mainland enterprises to holistically monitor their overseas project risks and scale up their intra-group risk management capacity is gaining prominence. Being a global risk management centre, Hong Kong is well-positioned to provide comprehensive professional services to facilitate the operations of captive insurers."

"We stand ready to be the preferred captive domicile for state-owned and private corporations in the mainland that are expanding their global footprint or shepherding projects in the Belt and Road countries."

The panel also discussed fostering a vibrant risk management ecosystem in Hong Kong, the benefits a Hong Kong-based captive insurer could offer its parent company, and how the local insurance sector can support reinsurance demand and meet evolving risk management needs during the low-carbon energy transition. ■



## Cayman Islands reinsurance roundtable breakfast returns to New York

The Cayman Islands Reinsurance Companies Association (CIRCA) hosted a roundtable breakfast at the Harvard Club in New York City, attracting the participation of more than 200 leaders and experts in the industry.

The event, organised in partnership with Cayman Finance and the Insurance Managers Association of Cayman (IMAC), included discussions about the jurisdiction's growing reputation as a leading hub for reinsurance.

Steve McIntosh, CEO of Cayman Finance, moderated the panel titled 'Why Cayman', in which he remarked: "The reinsurance sector in Cayman is experiencing extraordinary growth, bolstered by political stability, a favourable regulatory environment, and our position as a global financial hub."

In the panel, David Self, chair of CIRCA, emphasised the importance of the collaboration between the public and private sectors in the domicile, stating: "The growth we are seeing is the result of a strong collaboration between the private sector, the Cayman Islands government, and CIMA. Our ability to work together effectively is truly the secret behind our success."

Cayman Islands Deputy Premier André Ebanks delivered the keynote address, reaffirming the government's commitment to the jurisdiction being a globally respected centre of excellence and innovation in financial services.

"Our government recognises the instrumental, sound role reinsurance has in global markets and recognises the intrinsic link forming with institutional investors, such as private equity fund vehicles that are well-regulated in the

Cayman Islands. As a result, the Cayman Islands presents a viable, innovative, compliant centre for reinsurance business," he added.

Kara Ebanks, CIMA's head of insurance supervision, echoed these sentiments in her presentation on regulatory updates, emphasising the Cayman Islands' regulatory strength.

"The Cayman Islands continues to set the standard for regulatory excellence in the reinsurance industry. Our proactive and transparent approach ensures that companies can operate with confidence, knowing they are in a jurisdiction that prioritises both innovation and compliance with international standards," she said.

IMAC will host the Cayman Captive Forum from 3-5 December 2024, which expects to attract nearly 1,500 attendees. ■



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### Marsh and Tokio Marine Kiln introduce insurance facility for ports and terminals

Marsh has partnered with Tokio Marine Kiln to launch an exclusive insurance facility for ports and terminals that provides cover against business interruption arising from trade disruption.

The companies state that the product is the first of its kind available in the market, offering capacity up to US\$50 million for trade disruption, such as the impact of geopolitical events and weather-related incidents.

Led by Ed Parker, Tokio Marine Kiln's head of special risks, it is available to Marsh clients globally.

With this offering, ports can now secure additional coverage in the event that wider events beyond their control divert ships away from or prevent them from sailing to their facilities.

The facility also provides additional cover for ports impacted by

blockages, whether by sea or land, increasingly volatile weather events, or more severe hurricane and typhoon seasons, which have increased the risk of trade disruption from blocked access to ports.

Louise Nevill, CEO of UK Marine at Marsh Specialty, remarks: "This new facility offers our port and terminal clients a rapidly available layer of cover to protect their operations and facilitate an expeditious resumption of normal operations when these events occur."

Parker adds: "We are delighted to work with Marsh to bring this product to market. Developing innovative solutions which reflect changing risks and which respond to client demand is core to the Tokio Marine Kiln approach and we look forward to working with Marsh and port businesses around the world to provide a much needed solution to the threat posed by trade disruption." ■

### Howden launches Resilience Laboratory supported by Microsoft

Howden has introduced the Resilience Laboratory, a platform that uses Microsoft technology to help companies assess and manage climate risks. Developed by Howden and powered by Microsoft's cloud services — Azure, Microsoft 365, and Dynamics 365 — the Resilience Laboratory enables clients to model climate scenarios and assess financial impacts.

By transforming large volumes of complex data, such as environmental, societal, and financial, into actionable insights, the platform enables asset owners, investors, and other stakeholders to understand and manage climate risks more effectively, thereby increasing their resilience and optimising decision-making, the company states.

Furthermore, the Howden Resilience Laboratory uses industry research and partners with data and modelling experts, as well as the Microsoft planetary computer.

Lyn Grobler, chief information officer at Howden, explains: "This collaboration with Microsoft allows us to create an innovation hub powered by data, AI, and computation to model climate scenarios and assess financial impacts, which will enable strategic and confident investment decisions that protect assets and businesses.

"Together with Microsoft, we will continue to integrate insights and collaborate with other data partners and researchers to help scale and build the tools and capabilities to de-risk financing decisions and accelerate the transition to a more resilient world."

Bill Borden, corporate vice president, Worldwide Financial Services at Microsoft, adds: "The Howden Resilience Laboratory is using technology and data platforms to model, understand, and mitigate climate risks in ways that were previously unachievable." ■

## Fitch assigns 'A-' insurer financial strength rating to Eureka Re

Fitch Ratings has assigned a long-term insurer financial strength rating of 'A-' to Eureka Re, a Barbados-based reinsurer established by the Rainmaker Group. The rating outlook is 'Stable'.

The result reflects Eureka Re's stable financial performance driven by strategic focus, extremely strong capitalisation, low investment risk from USD Treasury Bonds, low earnings volatility, and high but well-managed retrocession dependence through a stable reinsurance

policy and adequate reinsurers. The company focuses on two main segments: a risk-bearing model, underwritten through MGAs like XSGlobal and treaty reinsurance, and a fee-based model that services captive insurance companies, fully ceding risks to retrocessionaires.

Eureka Re's company profile is rated 'bbb-' due to moderate diversification and weaker competitive positioning and business risk profile compared to global peers.

Furthermore, the firm's investment and liquidity risk is very strong, with high-quality, fixed-maturity investments, manageable risky assets, and favorable liquidity.

The liquid assets to technical reserve ratio falls in the 'bbb+' score category, but Fitch assesses it at 'a-' due to the company's policy of strengthening incurred but not reported reserves per best practices. ■



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### WTW partners with Kayna in insurance solutions for SMEs

WTW has engaged its affinity insurance business with insurtech Kayna to deliver solutions to SME clients in the UK and US through Vertical software-as-a-service (SaaS) platforms.

The partnership intends to provide full programme administration for US and UK-based industry-specific platforms in the construction, legal, salon/spa, fitness and field service sectors. WTW's specialist teams in these regions will lead the development and distribution of insurance products tailored to these platforms.

Paul Lubbers, head of Affinity and Programs US at WTW, remarks: "This is affinity insurance 2.0. Insurance at your fingertips, forms derived from the actual key data that informs insurance metrics, and a

facilitated process that goes beyond the policy purchase to trigger alerts if coverage level needs to be updated to mitigate risk."

Commenting on the partnership, Paul Prendergast, CEO and co-founder of Kayna, says: "This is all about driving lots of new types of data-led, automated, simplified insurance business, tapping into huge distribution opportunities and doing all the heavy lifting for vSaaS platforms and their customers.

"WTW powered by Kayna will be providing trusted full service, tailored insurance solutions direct to SMEs via platforms whose core business is not insurance but whose rich, curated SME data is the critical success factor in ensuring right-sized insurance cover." ■



### Computershare expands its insurance-linked securities products

Computershare has enhanced its insurance-linked securities (ILS) products to support the catastrophe (cat) bond market.

The company will now provide cat bond trustee and paying agent services to insurance and reinsurance companies, as well as asset managers at hedge and other funds. It further says that the services will aim to align with US business hours to ensure immediate support and same day response times to clients.

The expanded service comes after cat bonds have become increasingly popular with investors, especially in light of enhanced cyber-security risks, the firm says.

Michael Alfano, VP of sales for US Corporate Trust at Computershare, comments: "Supporting cat bonds as a trustee and paying agent is a natural expansion of our current role in the ILS market, and this new collateralised reinsurance product is also part of our ongoing efforts to provide corporate trust clients with enhanced offerings." ■



## HDI Global establishes US life sciences division

HDI Global Insurance Company, US subsidiary of HDI Global, has launched its excess life sciences liability policy, offering coverages up to US\$10 million in capacity.

Brian Carlsen, who recently joined HDI as an assistant vice president, will serve as its new US life sciences lead. He will be responsible for building out the company's book of business within the region.

Carlsen brings 16 years of underwriting experience, with the last 10 being focused exclusively on life sciences placements. Prior to joining HDI, he was life sciences underwriting manager for the East Territory at Markel.

The new offering targets biotechnology and specialty pharmaceutical manufacturers and distributors, implantable medical device manufacturers, blood plasma manufacturers, and contract manufacturing and contract development manufacturing organisations.

Marco Hensel, chief underwriting officer at HDI Global Insurance Company, says: "HDI is committed to providing our insureds with bespoke solutions within the life sciences segment.

"The launch of our US life sciences division is another example of HDI's continued focus on growth within the region and to act as a true partner in transformation for our clients in times of exceptional acceleration within the medical realm."

Dani Maurer, head of Liability Global Risk at HDI, adds: "[Carlsen] brings extensive experience with small to large life sciences firms, underwriting accounts ranging from start-ups to large multinational corporations. His expertise will play a key role in HDI's product line expansion within the US." ■



## Everest Insurance International launches operations in Colombia

Everest Insurance International has established Everest Compañía de Seguros Generales Colombia, a local entity in Bogotá.

Mauricio Ocampo Gómez, country manager of Everest in Colombia, will lead the team to provide a wide range of insurance products and risk solutions for key sectors, including property, casualty, energy and financial lines.

The firm says the launch is a significant step in its strategic expansion throughout Latin America, following its recent opening in Mexico.

Ocampo Gómez highlights: "We enter Colombia with a depth and breadth of innovative product offerings and high-calibre underwriters with a deep understanding of the local market's needs, empowered to provide superior service to our clients and brokers."

Pablo Korze, senior vice president and regional president in Latin America, adds: "Colombia presents an exciting growth opportunity for Everest Insurance International. We are bringing a new commitment to the Latin American market to address the challenges and emerging risks facing the market." ■

## Delaware to reduce insurance premiums in workplace safety programme

Delaware governor John Carney has signed SB 306 into law to update the workplace safety programme in the state, lowering criteria in insurance premiums to participate in the initiative.

The new legislation, driven by Delaware insurance commissioner Trinidad Navarro and the Delaware Insurance Department, aims to overhaul the Delaware Workplace Safety Programme (WSP) and the Experience Rating Plan (ERP).

The new bill eliminates the previous requirement for employers to pay a minimum of US\$3,161 annually in workers' compensation premiums to participate in the WSP.

Eligibility for the WSP is now linked to the recently updated ERP, filed by the Delaware Compensation Rating Bureau (DCRB) and approved by the state insurance commissioner.

Under the revised system, employers with US\$5,000 or more in Delaware-only workers' compensation premiums over a three-year period will automatically qualify for the WSP.

This change is expected to increase WSP participation by an estimated 2,120 employers, representing a 15 per cent growth in the programme.

Approximately 1,320 of these newly qualified employers are projected to actively participate in the programme, promoting safer work environments throughout the state.

In 2023, the WSP saved participating companies in Delaware a total of US\$5.6 million.

With the move, the state expects to provide employers with strong incentives to prioritise safety in their workplaces. ■



## CICA announces topics for 2024-25 student essay contest

The Captive Insurance Companies Association (CICA) has announced case study topics for its 2024-25 essay contest 'Captive Insurance Solutions for Today's Risk Management Challenges'.

Winners will receive cash prizes and present their winning papers at the 2025 CICA International Conference, which will take place on 9–11 March 2025 at the JW Marriott Starr in Arizona.

The winning essays from the contest, sponsored by Hylant Global Captive Solutions, will be featured in Captive Insurance Times.

The competition is open to two-person teams, who will select one of three case study topics and design a captive insurance solution addressing risk management challenges.

These case studies, created by Hylant, come with mentorship from the company's expert team.

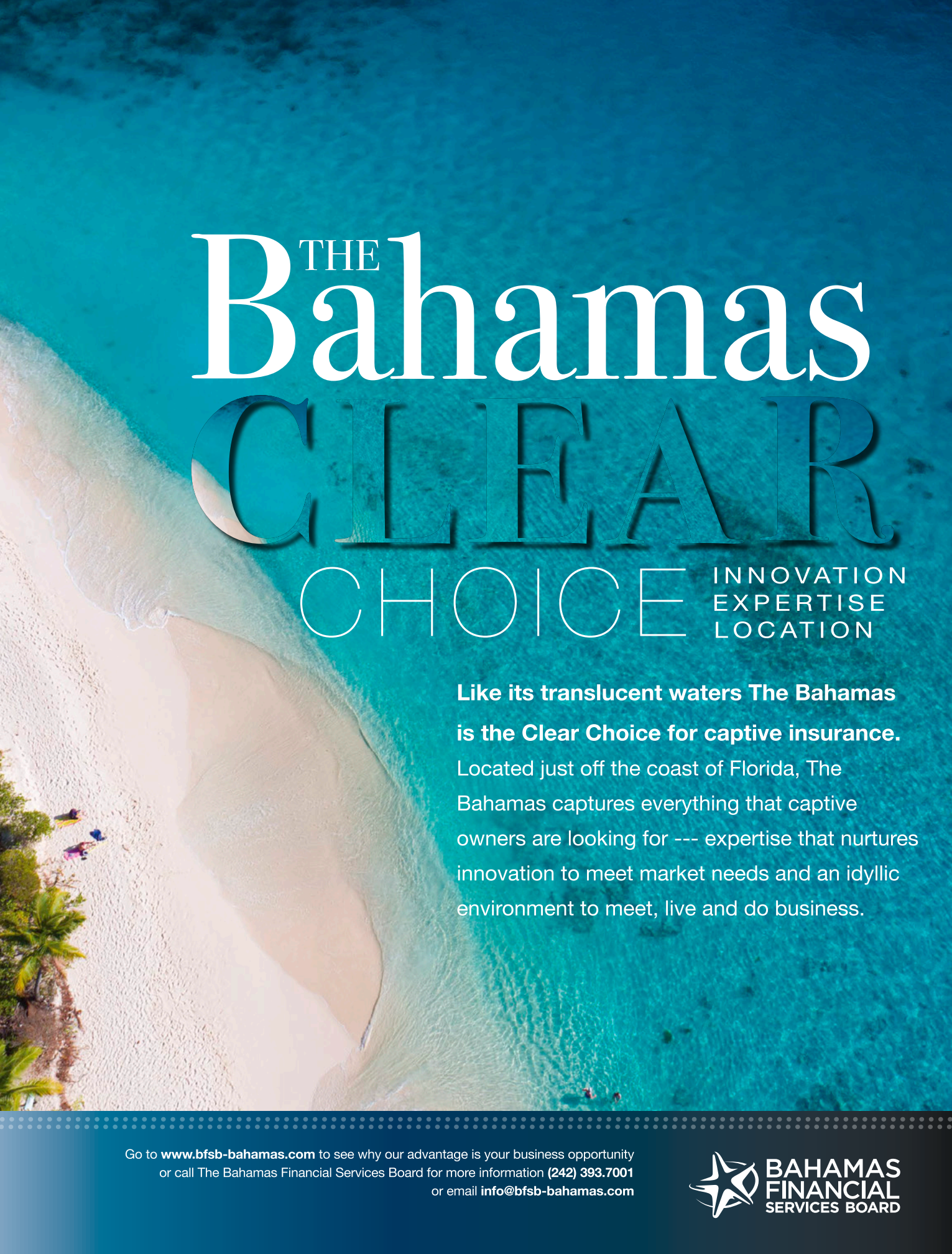
The first case study, Acadia Field, centres on a 100,000-seat stadium responsible for the safety of 1,700 employees and 1.6 million attendees at over 600 events each year. The stadium is grappling with rising insurance premiums and limited coverage options for major risks.

The second one, Seagrass Lodges, features a group of 15 oceanfront hotels with 900 employees across all properties. The company faces increasing premiums across multiple core commercial coverages.

The last case allows students to choose an industry — such as healthcare, manufacturing, or renewable energy — and select a specific organisation. Teams will identify emerging risks and design an appropriate captive insurance strategy.

Contest details, full case study descriptions, entry requirements and award details are available on the CICA website. ■





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# Adding value

## Exploring an independent approach to captive consulting

Nate Reznicek, president and principal consultant at Captives.Insure, discusses how the firm's independent approach to captive consulting and underwriting benefits brokers and captive managers



**As an independent captive insurance consulting and underwriting firm, how does Captives.Insure's unaffiliated status allow you to provide more objective and value-added services to your broker and captive manager partners compared to other providers in the market?**

The market naturally and understandably eschews engaging with captive managers owned by other brokerage firms. Although there are many instances where a broker-affiliated captive manager is successfully able to firewall information received by the submitting broker, there are also certainly instances where key information on accounts miraculously ends up in the hands of a competing broker after being sent to the affiliated captive manager.

This approach can also limit the available solutions and/or result in proposed solutions that frequently inject unanticipated regulatory risk into the transaction. As managers only present what their current knowledge and experience can support, brokers are often unintentionally entering the game with one hand tied behind their back.

Brokers may also lack the experience and exposure in the captive insurance space to fully understand the risks associated with engaging managers who are either inexperienced or have a history of engaging in questionable transactions or business practices. They frequently assume that managers are licensed individuals who have passed a regulatory credentialing exam before becoming captive managers. Unsurprisingly, most brokers and insureds are shocked when they learn that this is not the case.

On the captive manager side, they have a tendency to focus almost entirely on what they have historically done well — like many successful businesses. Although understandable, this siloed approach can quickly become a hindrance when the needs of insureds or the general market change. For example, managers who have historically operated in the enterprise risk or medical stop loss space may not have the experience and expertise to address their clients' traditional property and casualty needs.

Just as we do in the broker space, Captives.Insure does not operate as a captive manager or receive any type of revenue or compensation from management activities. Captive managers are free to use our services to help fill gaps in their offerings without fear of introducing competition. We simply underwrite, structure, and complete the transaction by ceding the ultimate risk back to a captive formed and/or managed by a third-party captive manager.

**Can you elaborate on Captives.Insure's expertise in conducting enterprise risk assessments and how this data-driven, third-party evaluation process helps clients determine the optimal captive insurance structure to address their unique risk profiles?**

Keeping in line with best practices, Captives.Insure often works with clients to complete thorough enterprise risk assessments. These assessments provide our clients with a formal deliverable, based on extensive research, that outlines our opinions on what can go wrong within a business to cause a loss of income or extra expense, whether or not those risks could be considered insurable, and if the risks meet the necessary threshold where Captives.Insure would suggest that captive insurance is a viable solution for the insured.

Beyond just the risk identification, the process also allows us to gain a thorough understanding of the general risk tolerance and business practices of the potential captive owner. Assuming that Captives.Insure found that a captive to be a viable solution, we then provide multiple captive solutions (different managers, domiciles, corporate structure, reinsurance, etc) that are truly tailor-made to the unique needs of the future captive shareholder.

Our findings, developed by experienced captive insurance professionals, are independent, objective, and free of conflicts of interest, as we receive no compensation for the formation or management of the suggested captive.

**Walk us through Captives.Insure's programme design and formation consultation services. How do you work with clients to navigate the complexities of captive regulatory environments, risk distribution structures, and captive service provider selection to ensure a successful captive implementation?**

Some clients come to us with a very specific goal in mind, for example being able to participate in the risk of their property, workers' compensation, or professional liability programmes.

We simply do not need a full enterprise risk assessment in these instances. In these situations, we operate as a traditional underwriter. By gaining an understanding of the premiums, loss, and exposure history, we are able to then provide bespoke terms. These terms use the right insurer partners and account for all the expenses associated with the suggested transaction (fronting, reinsurance, collateral, service providers, etc).

As long as the selected service providers are capable, competent, and qualified, the insured/captive shareholder is free to select their desired captive manager, domicile, captive structure, etc. It is important to note that Captives.Insure does not charge a fee for this service. This allows new captive owners to gain a full understanding of all of the details of the proposed transaction without having to worry about the risks and expenses associated with a traditional feasibility study. The elimination of the feasibility study at the initial stages of captive insurance exploration removes one of the largest hurdles in starting the process, providing a major benefit to our broker and captive manager partners.

In almost all cases, we agree with Benjamin Franklin when he commented on how the city of Philadelphia needed to be better prepared to prevent and react to fires: "An ounce of prevention is worth a pound of cure."

**Given the rapid growth in captive consultants, how does Captives.Insure's independent approach and focus on education help establish your firm as a trusted partner for broker and captive manager clients looking to expand their captive capabilities?**

Despite all the good and exciting things happening in the captive insurance space, it still has a Wild West feel to it, because where opportunity exists, money quickly follows. The phenomenal growth of the captive insurance industry has resulted in not only insurance brokers and carriers developing captive practices, but has also attracted significant interest from private equity and opportunistic entrepreneurs. With little to no regulatory guardrails to define the minimum standards a competent captive manager or consultant must exhibit, it is often left up to the business owner or their broker to decide what good looks like — quite a risky proposition.

We believe that only foundational education can build the trust necessary for sustainable and long-lasting relationships. We back up these statements with a steadfast commitment to formal captive insurance education and are huge advocates for the International Centre for Captive Insurance Education (ICCIE). I have had the privilege of being a longstanding faculty member for ICCIE, and I firmly believe in the quality of my fellow instructors' education and competency. As a testament to this dedication, Captives.Insure is a certified ICCIE Trained Organisation, and we require that all members of our staff have either already completed their Associates in Captive Insurance (ACI) or are enrolled to complete it.

We strive to eliminate statements of puffery or exaggeration, presenting an objective, fair-handed, and honest perspective on the proposed ideas. Even though we are the company that came up with the proposal, we take into account all aspects of it.

The good news is that at Captives.Insure we know what good looks like and are able to 'separate the wheat from the chaff'. Whether we are conducting public speaking engagements at universities, industry events, or imparting foundational captive insurance education to our broker partners, our clients can rest assured that the information they receive is accurate and truthful.

This approach is one of the biggest reasons we are the first call our partners make when they encounter captive insurance opportunities.

**For clients with existing captive arrangements, what does Captives.Insure's captive insurance structure evaluation and reporting process entail? How do these comprehensive assessments identify potential issues or areas of concern, and what types of unbiased recommendations do you provide to remediate problems or optimise the captive's performance?**

We often engage with captive owners, whether current or prospective, seeking reassurance and peace of mind due to the complexity, nuances, and variance of captive insurance transactions. Perhaps they recently saw some news about their manager or structure and want to ensure that things are as they should be.

Perhaps they have received a proposal or feasibility study and are uncertain about its suitability and value. Maybe the captive has been in operation for years, and they want a true, independent opinion on the health and trajectory of their captive.

For these clients, we dissect and evaluate all of the captive components. We will clearly outline all the parties involved, uncover unreported conflicts of interest, time in business, reputations, services provided, and costs charged, in order to provide a clear picture of where things stand today.

If we notice any material discrepancies or opportunities for improvement, we also provide recommendations for how they could rectify the situation and any anticipated costs that they may incur to make the change.

**I understand Captives.Insure has developed specialised captive insurance programmes like EmpoweredRE and DealerCell. Can you expand on the unique features and value proposition of these offerings, and how they align with the needs of specific industry verticals or client segments?**

We developed both programmes to address significant market gaps. For DealerCell, we partnered with the world's leading auto-related insurer to provide inventory and other property and casualty coverages in a captive insurance company arrangement.

High-performing auto, outdoor, and equipment dealers have faced market constriction due to natural catastrophe losses, which has resulted in increased premiums and lower inventory levels, making it even more challenging to recoup their higher insurance premiums.

EmpoweredRE is our larger, heterogenous programme. Under this programme, we are able to provide captive insurance solutions for nearly all types of coverage throughout the US and in select international jurisdictions.

Via EmpoweredRE, we have been able to successfully bind coverage for property, general liability, land marine, workers' compensation, commercial auto, professional liability, and many more lines of business for well-managed business owners.

Regardless of the ultimate solution, a few things always remain true when working with Captives.Insure — our insureds can continue to use their chosen broker, and our structures are purposefully designed to allow participation without the client having to sacrifice the power and flexibility offered by the selected captive manager.

**Beyond the initial captive formation or evaluation, how does Captives.Insure continue to provide ongoing strategic advisory and consulting services to help broker and captive manager partners navigate the evolving captive insurance landscape and identify new opportunities for their clients?**

We believe that a captive insurance company should possess flexibility and adaptability, mirroring the evolution of the business(es) it insures in their operations. It should not be viewed as a 'set it and forget it' solution.



**Joe McDonald was recently appointed as executive vice president and director of captive consulting at Captives.Insure, bringing his experience as a captive regulator at the South Carolina Department of Insurance.**



**"Staying apprised of captive industry trends and regulations is critical to the success of any service provider"**

Captives.Insure recognises the market's current gaps and provides genuine, impartial strategic advice by serving as a non-voting board member or not participating in the director/resident director appointment process.

Through our strategic advisory engagements, we not only guarantee the successful execution of the transaction, but also establish a framework for ongoing risk evaluation and performance monitoring to optimise the captive's use and meet the needs of its shareholders.

**What is Captives.Insure's approach to staying at the forefront of captive industry trends and regulations? How do you ensure your team's expertise and the solutions you provide remain cutting-edge and responsive to the changing needs of the market?**

Staying apprised of captive industry trends and regulations is critical to the success of any service provider. We do this in several ways at Captives.Insure: one, by remaining in tune with what our clients are experiencing through regular and consistent communication — their input and feedback is crucial; two, by our presence at industry conferences, which allow us to gauge, measure, and put into perspective the data we gather on our own; three, the purposeful pursuit of formal continuing education, attending seminars, doing our own research into the marketplace, and consuming a voracious amount of trade media content, so that meaningful macro changes in the industry remain on our radar; four, by actively participating in leadership positions in various associations, events, and lobbying groups; and five, by maintaining solid relationships with regulators and trusted stakeholders we are able to stay apprised of changes in the regulatory and political environment of various domiciles.

Massive losses caused by multiple, or even singular, events can have a significant impact on the insurance and reinsurance markets, which in turn inevitably affect the captive space. We have seen this more recently with property markets, but also with other kinds of risks, including cyber.

Changes, whether positive or negative, in captive statutes, captive regulatory teams, and the mindset of captive regulators can significantly influence a specific domicile and the captive industry overall. We simply cannot highlight enough the interconnectedness of all aspects and stakeholders of the insurance world.

**Can you share some examples of successful captive insurance programmes that Captives.Insure has helped design, implement, or optimise for clients? What were the main challenges or objectives that your team was able to address, and what were the measurable outcomes and benefits realised by the captive owners?**

Recently, we completed a review of the captive structure for a client who is contemplating the formation of a new captive insurance company. The client had some questions about the proposed structure and its alignment with their captive ownership goals. We thoroughly examined the transaction, offering a formal opinion on all key components and service providers, including the manager, third-party administrator accounts (TPA), trust accounts, fronting and reinsurance arrangements, domicile, and more.

Our opinions covered not only the providers' expertise and experience, but also proposed expenses in relation to a fair market rate. The resulting recommendations outlined how to adjust the current programme to maximise efficiency, provided significant reductions in capital and collateral, and reduced operating costs. This saved our client hundreds of thousands of dollars in the first year alone.

Often we end up being the folks people turn to for more difficult risks when others have failed to provide solutions. In this vein, we have recently bound builders risk programmes for several residential home builders and developers, addressed sexual assault and molestation risks, provided standard commercial auto coverage for large trucking fleets, transferred loss portfolios for legacy liabilities, and provided property cover for insureds in habitational accounts with significant Natcat exposures — just to name a few.

For all of our clients, we returned at least 60 per cent of the gross written premium as a reinsurance premium, and, in many instances, up to 85 per cent.

Although our clients have vastly different exposures and operations spread around the globe, they all have one thing in common: they hate buying insurance.

Regardless of the solution, our clients and partners can rely on us to consistently deliver a swift, precise, and truthful assessment of the acceptability of the submitted risks, along with practical solutions that aim to optimise the client's capacity to manage risk and premium.

**Looking ahead, what do you see as the most significant growth drivers and emerging opportunities in the captive insurance industry? And how is Captives.Insure positioning itself to capitalise on these trends to drive continued success for the firm and its partners?**

Like many, we are excited about the growth of the captive industry, the recent pace of captive adoption, and alternative risk transfer mechanisms within the larger insurance industry.

Addicted to innovation, we are not taking our foot off the gas any time soon.

As an example, we are launching a new, open distribution, heterogeneous group captive in 2025 that is specifically designed to allow our captive manager partners the ability to retain the management and formation responsibilities and revenue they are accustomed to without our broker partners having to figure out how to overcome the reduced compensation they often receive when placing clients in more traditional group captive arrangements.

Our mission with this programme is pretty simple: deliver a captive solution with single parent power at group captive premium levels.

Our captive managers and broker partners continue to appreciate our ability to help them expand their service offerings, allowing them to retain more business and drive new revenue.

Our reputation for consistently delivering underwriting results provides our carrier partners with an incredibly high level of confidence in the risks we assess, how we assess them, and the structures we design. We remain excited about the opportunity to show our mutual clients a clear, profitable, and predictable path to insurance company ownership.

It is nearly impossible to beat the traditional global insurance market, but we can show clients the way to successfully join in, retain, control, and efficiently finance their risk.

This ultimately levels the playing field and adds immense value to their parent company's operations, which can provide significant competitive advantages.

They may still end with the same 'hate' as the traditional insurance market, but they will ultimately love their captives, and we couldn't be more excited for their win. ■

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# European captives on the rise

Europe, home to many of the world's leading financial centres, has yet to fully capitalise on its potential in the captive insurance market. Experts explore strategies to unlock the continent's untapped potential for growth in captive  
*Diana Bui reports*

Over the last 50 years, the insurance industry has undergone seismic shifts, yet one constant remains — the robust expansion of captive insurance. In the face of financial upheavals, shifting global economies, and the rise of new risks, captives have demonstrated their value as a strategic risk management tool for businesses across various sectors.

In Europe, domiciles such as Guernsey, Luxembourg and Malta are becoming increasingly attractive, with these countries hosting a significant portion of Europe's 670 captives. Companies operating in these jurisdictions benefit from the ability to write directly across the EU.

Guernsey leads the way with its flexible, proportionate regulations and rapid setup times, making it a preferred choice for captives. Luxembourg and Malta also play key roles, each offering regulatory environments that appeal to varying business needs. However, cultural preferences, solvency requirements, and regulatory frameworks shape domicile decisions more than just taxes. Emerging domiciles like France and Italy are entering the fray with new legislation, aligning themselves culturally and regulatory-wise to attract captives.

Despite its promise, Europe remains under-represented, hosting just 11 per cent of the world's captives, while the US dominates with more than half of the global market, followed closely by North American offshore jurisdictions like Bermuda, the Cayman Islands, and Barbados. The potential of the Old Continent remains largely untapped, leaving a significant opportunity for growth and development in the European captive insurance space.

### Established captive hubs

In the first eight months of 2024, captive insurance growth surged by five per cent, continuing the strong momentum seen in recent years. Peter Child, CEO of SRS Europe, attributes this to the hardening insurance market that began about four or five years ago. "The renewed interest in captives has remained steady," he explains.

Although Europe does not match the growth rates of the US or North American offshore markets, the landscape is more complex. Many European captives, particularly in Guernsey, operate through protected or incorporated cell companies, so the real numbers are likely higher. "Though Europe's captive market is smaller, some captives, especially within the EU, manage significantly higher gross written premiums and assets than their counterparts in offshore domiciles," Child adds.

Guernsey continues to stand out as Europe's largest captive domicile, closely competing with Luxembourg depending on the metrics used. "Guernsey's dominance is no accident," says Child.

Since introducing captive-specific legislation in 1983 and pioneering the world's first protected cell company (PCC) legislation in 1997, Guernsey has maintained its lead through a flexible, proportionate legal framework.

These regulations are critical in attracting businesses in hard markets, offering advantages such as lower capital requirements and swift setup times. Child notes that the pre-authorisation regime for cell companies in Guernsey enables the setting up of a captive within two to four weeks — a speed unparalleled in Europe.

Because the island is an offshore jurisdiction outside the EU, it has greater freedom in tailoring regulations to captives. EU domiciles benefit from passporting risks across member states, but they must comply with standardised rules that may not always cater to the captive industry. This gives Guernsey a competitive edge, allowing it to offer a regulatory approach designed specifically for the unique risks captives face.

Meanwhile, Malta, after joining the EU in 2004, sought to create a legislative framework that aligns with EU regulations while maintaining flexibility akin to non-EU regimes. "Drawing on expertise from Guernsey, Malta developed its insurance market, becoming the only EU country with PCC legislation similar to Guernsey's. This allows for flexible options such as setting up captives within cells and establishing dedicated fronting cells for both insurance and intermediation," Child notes.

While Malta's regulator is approachable, regulatory turnaround has historically experienced delays, a common issue across the EU due to ever increasing and complex regulatory environments. However, Child observes that the regulatory environment is improving, particularly in terms of proportionality in applying captive regulations.

Luxembourg, another major hub, has its own distinct advantages. "Luxembourg is the largest EU reinsurance domicile and has a deep infrastructure of insurance professionals, making it a key player in the market," Child says.

One of Luxembourg's key features is the equalisation reserve mechanism, which delays profit recognition on underwriting — a draw for many clients, particularly from German, French, and



Spanish markets. Nevertheless, setting up and managing a captive in Luxembourg comes with higher costs due to the complexities of navigating the EU's Solvency II framework.

### Selecting a European domicile

Marine Charbonnier, head of captives and facultative underwriting, APAC and Europe, AXA XL, elaborates on the factors to consider when considering European domiciles for businesses.

"There are several criteria that come into play when it comes to choosing a domicile for a captive.

Some of the most important are the regulator's responsiveness, transparency and stability around the regulation and its requirements, corporate governance requirements, and expertise and support in that domicile."

Tax efficiency and compliance are also critical considerations in domicile selection. According to Charbonnier, companies considering setting up a captive often face the challenge of satisfying regulatory, accounting, and tax requirements, which they may find unfamiliar and intimidating.

"It is our role, as a fronting partner, to make sure that captive owners have the right people in front of them to answer their questions, and access to the information and data they need, when they need it.

"We are here to facilitate the sharing of best practices in addressing the challenges and needs of the captive and its group. In my experience, and certainly for the clients we support, accounting and tax efficiency is not a decision factor when it comes to creating a captive, although it sometimes helps and can be a factor in the choice of domicile."

Karl Johan Rodert, group director of captive and insurance at Autoliv, adds to this perspective by reflecting on the post-Solvency II landscape, which initially saw many smaller captives close due to increased regulatory burdens.

"The threshold for keeping or starting a captive became higher due to the significantly increased reporting and administrative work," Rodert explains.

However, as the market levelled out and managers adapted to the regulatory demands, the environment became more manageable, and updates to Solvency II — which introduced greater proportionality — have improved conditions for captives.

**"Though Europe's captive market is smaller, some captives, especially within the EU, manage significantly higher gross written premiums and assets than their counterparts in offshore domiciles"**

**Peter Child**  
CEO  
SRS Europe





"The tide has turned," he says, with more captives now being formed.

Rodert also highlights the evolving landscape for domicile choice, pointing out that France and potentially the UK are emerging as favourable locations due to positive regulatory attitudes. Traditional domiciles like Malta and Luxembourg continue to attract captives, thanks to their established infrastructure and supportive regulators.

He observes that one of the aims of Solvency II was to standardise regulations across different jurisdictions, but its interpretation has varied from country to country. "It seems the interpretation of Solvency II was quite different in different countries, thus still keeping the variation," he says.

Despite this, he believes the situation has generally improved over the last decade. "Much of this progress is thanks to the Federation of European Risk Management Association's (FERMA) work in lobbying for better proportionality in Solvency II regulation," Rodert adds.

When it comes to tax efficiency, Rodert notes that the differences between EU countries have largely diminished. "I know many

companies in Sweden that used to have captives in 'tax-efficient' countries have moved their captive domicile to Sweden over the last decade or so," he says.

However, compliance remains a key factor, as EU regulations continue to impose heavy reporting and administrative burdens on captive owners. This, Rodert explains, "makes compliance a large factor when choosing a domicile."

He also underscores a trend in the Nordics, particularly Sweden, where companies are now considering the reputational impact of their domicile choice.

"Choosing a domicile purely for tax reasons can appear to be tax avoidance, which could damage a company's reputation," Rodert notes. This concern encourages some companies, particularly in France, to consider moving captives back to their home country as domestic regulations become more favourable.

Building on the discussion of regulatory and compliance challenges, Child highlights the additional complexities captives face when underwriting third-party, unrelated business in European domiciles. He notes that regulations differ significantly across jurisdictions, making each domicile unique in its approach.

**"We have seen growing interest among European risk managers for onshore captive solutions, driven by a desire from some organisations to domicile their captive operations closer to their corporate headquarters"**

**Marine Charbonnier**

Head of captives and facultative underwriting, APAC and Europe  
AXA XL



"The topic of underwriting third-party, unrelated business in European captive domiciles is complex," Child explains, emphasising that these variations further complicate the decision-making process for companies as they navigate Europe's diverse regulatory landscape.

Unlike in the US, where writing for private insurance or variable universal life (VUL) captives might be irrelevant, European captives face different rules and definitions.

The criteria for what qualifies as 'captive business' — particularly 'pure captive business' — can vary widely, with pure captives typically writing only first-party risks.

"The definition of first-party risk can range from covering the property risks of the shareholder to those of affiliated businesses," Child adds.

For companies that qualify as pure captives, proportional legislation applies, including capital and reporting requirements.

However, captives classified as commercial entities face stricter regulatory standards, creating a need for careful consideration when choosing a domicile.

### Boom time for captives

As the European captive insurance market evolves, several key domiciles — France, Italy, and the UK — are experiencing a surge in interest, driven by a broader shift toward onshore captive domiciles.

This mirrors a trend seen in the US over the past decade, where major financial hubs introduced captive-specific rules to encourage local establishments.

Child notes that this movement toward onshore domiciles is reshaping Europe's captive market, with countries like France and Italy taking the lead.

France made a significant move in early 2023 with the introduction of new regulations that simplify the process of establishing captives, especially for mid-sized businesses.

"By adopting elements of Luxembourg's regulatory framework, including equalisation reserves, France has created an efficient and effective captive regime," explains Child. These changes led to the licensing of six new captives last year, with more expected in the current and upcoming years.

**"I can see an easing of the European domicile market when it comes to regulation, and I hope that it will become more attractive for companies to start captives"**

**Karl Johan Rodert**  
Group director of captive and insurance  
Autoliv



Historically, smaller businesses found it inefficient to establish captives, but France's new approach has made the model accessible to a wider range of companies. France has also made no secret of its ambition to re-domicile captives within its borders, driven by the need for increased oversight. "France wants to bring captives' activity and assets back onshore, in part in order to more closely regulate their operations," Child says.

In this regard, Charbonnier further comments: "We have seen growing interest among European risk managers for onshore captive solutions, driven by a desire from some organisations to domicile their captive operations closer to their corporate headquarters.

The recent changes in France at the beginning of last year have made the country a more attractive option for French companies looking to set up a captive or redomicile. This is likely to expand the scope of eligible companies and make captives in France more accessible to medium-sized companies."

Among the rising domiciles in the European market, Italy is quickly gaining traction as a key player. A significant development came when Strategic Risk Solutions (SRS) partnered with the Italy-based Strategica Group to launch SRS Italy in September, the first specialised firm dedicated to providing insurance management services for captives and reinsurance entities in the country.

In February 2024, Italy registered two new captives, signalling the country's growing potential.

Child notes that earlier this year, a notable captive, previously domiciled in Ireland and the Netherlands, returned to Italy, with another following shortly after.

With anticipated captive-specific legislation on the horizon, Italy is gaining momentum as an attractive domicile, offering new opportunities for businesses looking to enhance their risk management strategies in Europe.

The UK is also in the race to push for captive-specific legislation, led by the London Market Group. Industry players remain hopeful despite the uncertainty of the government's potential to advance these efforts.

"The UK could see significant developments in its captive market if legislative advancements materialise," says Child, pointing to London's potential to establish itself as a leading captive domicile.

Looking ahead, the future for captives in Europe appears increasingly promising. Rodert predicts: "I can see an easing of the European domicile market when it comes to regulation, and I hope that it will become more attractive for companies to start captives."

He believes that as regulators recognise the benefits of captives as effective tools for risk transfer and management, the bar for establishing them will lower. "We could see many more companies starting and using captives — similar to the US," he says. That would be tremendous progress for Europe in this area," he adds.

Charbonnier shares a similarly optimistic outlook. She highlights the maturity and sophistication of the European captive market and expects it to continue growing. "Ongoing challenges facing the (re)insurance market, including heightened natural catastrophes, ransomware attacks, and social inflation, are not going away anytime soon," she says.

According to Charbonnier, the evolving risk landscape and the increasing relevance of emerging and developing risks will only strengthen the role of captives in the long term.

She also anticipates strong continued interest in captives as companies look to re-domicile and expand their captive use to finance higher retentions. "I expect more captives to be established as owners add new lines and adjust to current market conditions," she says. In this changing environment, companies will be looking to finance group retention, driven both by market dynamics and a commitment to promoting effective risk prevention policies.

However, Charbonnier emphasises the importance of reducing the administrative burden on captives, particularly to allow them the flexibility to adjust their underwriting in response to market constraints.

"It would be useful not only to reduce the administrative burden, but more importantly to allow captives to adjust their underwriting as much as possible on the basis of their own risk and solvency assessment (ORSA) exercise," Charbonnier states.

As Europe's captive insurance market continues to evolve, the consensus among industry leaders is clear: the future holds enormous potential for growth, innovation, and a more streamlined regulatory environment that could usher in a new era for captives on the continent. ■





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**Clint Casabella**

Senior vice president for strategy and business development  
Grid151

# Grid151

## Pioneering title reinsurance solutions

Clint Casabella, senior vice president for strategy and business development at Grid151, highlights the potential for title reinsurance solutions to address gaps left by traditional title insurers in the captive insurance market

**Grid151 has positioned itself as an innovator in the title insurance space. Could you talk more about how your quota share reinsurance programme for captives fills a gap that traditional title insurers may have missed?**

Our reinsurance programme was designed to add value to both the broader title insurance market and captives simultaneously. For title insurers, utilising reinsurance to spread the risk on large transactions is not a new concept. The central question is not whether they will use reinsurance, but rather, with whom will they reinsure? Historically, traditional title insurers have primarily sought reinsurance from each other. In a perpetual daisy chain, title insurer 'A' reinsures title insurer 'B', who in turn reinsures title insurer 'C', and so on.

This paradigm presents considerable concentration risk, which is bad for both insureds and the insurers. We are introducing new and diverse reinsurance capital partners to the title insurance ecosystem through our programme, which we believe benefits both insureds and insurers. For the captives themselves, our reinsurance programme provides them with the chance to extend the use of their captive to a new category of business, allowing them to reap the same advantages and benefits typically associated with reinsuring more established traditional risks such as P&C, which have always been at the forefront of captive utilisation.

The really positive feedback from captive managers and consultants who have brought this programme to their clients continues to validate our thesis that the demand for title reinsurance from captives will only continue to grow going forward as real estate industry participants explore how to best optimise their overall insurance and risk financing strategies.

**The title insurance industry has been dominated by a few large carriers for quite some time. How does Grid151's partnership with Westcor Land Title Insurance give you a competitive advantage when offering title reinsurance solutions to captives?**

Westcor's market position is unique, and that's one of the reasons we wanted to incubate and grow our programme in partnership with them.

It is a bit of an oversimplification, but in the landscape of title insurance carriers, there are basically three cohorts: (1) the four large, publicly traded carriers; (2) three to four medium-sized carriers; and (3) twenty or so very small carriers.

In the middle group, Westcor is one of the fastest-growing and most forward-thinking carriers. We have found them to be very entrepreneurial and creative.

On the one hand, we required a carrier partner with a great reputation, capable of establishing the necessary financial strength and stability to showcase their credibility and track record to rating agencies, law firms, and other players in the commercial real estate world.

But, on the other hand, we also needed a carrier who was willing to challenge the status quo and think outside of the box, a trait not typically associated with large carriers.

In Westcor, we have found both of these qualities and so much more, and our captive clients benefit from Westcor's role as the fronting carrier in the programme structure.



### **What is behind the relatively low loss ratios in title insurance, and what does this unique risk profile mean for captive owners thinking about joining your reinsurance programme?**

Captives will be most interested in low-severity risk, and if it can also be low-frequency, all the better. The low loss ratios of title insurance are a positive indicator that these characteristics are true of title risk, making it a positive fit for real estate-focused captive owners. Because title insurance is unique, we often cover a lot of educational ground on the front end with risk managers to help them understand the 'why' behind title insurance's low loss ratios. Title insurance is substantially different from other lines of insurance because it emphasises risk elimination rather than risk assumption.

Whereas most insurance is a contract with the insurer indemnifying or guaranteeing the insured against a possible loss in the future, title insurance generally insures against losses caused by title problems that have their source in past events. Preemptively identifying the source of many potential losses, curing defects, and eliminating adverse interests prior to the issuance of the insurance policy leads to extremely low claims rates.

Thus, it functions more like a warranty because of the product's retrospective nature and exposure to claims. For captive owners, this means greater predictability and certainty in terms of the financial benefits of joining our title reinsurance programme.

### **Could you walk us through the actuarial and underwriting considerations that go into figuring out the right level of risk retention for a captive in your title reinsurance programme?**

A collaborative process combining financial analysis, regulatory considerations, and strategic objective weighing determines the appropriate level of risk retention.

Because captives are regulated entities, the jurisdiction in which they are domiciled will impose regulations regarding minimum capital, surplus requirements, and other restrictions that can impact risk retention.

For our programme, we consider factors such as the type of business, whether commercial or residential, and the estimated average liability amounts of the policies to issue.

The analysis also incorporates actuarial models, informed by industry benchmarks and historical loss data, which forecast potential future claims, risk exposures, and expected loss costs.

We will evaluate the captive's capital adequacy to cover potential losses, ensuring it can withstand its retained risks without jeopardising its solvency. The level of risk retention will also be influenced by the captive parent company's own tax considerations, cost-benefit analysis, risk diversification, and overall risk tolerance.

### **Grid151 recently launched a cell-captive solution. How is this option different from your traditional captive offering, and what types of organisations are best suited to each?**

There is a waterfall of diagnostic questions which organisations can work through to understand whether or not they are a good candidate for our programme. We cannot delve into every question here, but the primary and crucial one is related to the amount of real estate activity that the parent company initiates.

Does the company's real estate buying, selling, or financing activity create enough title insurance premiums to make implementing the programme worthwhile? Since title insurance operates on a transactional basis, the amount of premium available to run through the programme directly and exclusively correlates with the size and frequency of future real estate closings. There are thousands of companies that can answer 'yes' to this first question.

The second important question is, do they own a captive? This is where it gets a bit more complicated. What we have discovered is that the list of companies that can answer 'yes' to both questions, indicating that they have the required transactional volume and already own a captive, represents a significant underserved market. This discovery excites us, leading us to propose the traditional captive offering.

However, we have also discovered that there are many large institutional real estate industry participants who meet the eligibility standard for transactional activity and associated premium creation but are not yet captive owners. In order to also serve this segment of the market, we launched a cell captive solution to lower the barriers to entry and empower entities who do not currently own a captive to still reap the benefits of our title reinsurance programme.

**Since title insurance tends to be more transactional than recurring, and the industry is closely linked to the real estate market, which can be quite cyclical, how do you help risk managers and CFOs see the long-term value of participating in your reinsurance programme?**

The chief financial officers (CFOs) and risk managers we work with are already well versed in the nuances of the real estate market, such as its seasonality, cyclical, and how even small changes in interest rates can have a dramatic impact on transactional volume and throughput. Instead of introducing new or unknown market challenges, our programme optimises the existing paradigm that institutional real estate industry participants are already accustomed to navigating as part of their core business strategy.

One concern might be that the collateral could become overcapitalised or undercapitalised in market boom or gloom times, respectively. However, we institute frequent and regular actuarial reviews to ensure the collateral is right-sized for the current market environment and resultant transactional flow. We have found that many of those same CFOs and risk managers who have fluency in the real estate market are relatively unfamiliar with title insurance. This is partly because title insurance has not traditionally been a coverage that is placed into captives, but more likely because the procurement and management of this unique line of insurance often live outside of the organisation's risk management and finance teams.

While other types of insurance have renewals or built-in milestones that would warrant an annual review at the enterprise level, title insurance does not. Additionally, it's important to remember that title companies not only issue insurance policies but also collaborate closely with the parent company's operational teams to facilitate the successful completion of transactions by providing uninsured services.

The title company prepares crucial closing documents like deeds, affidavits, and settlement statements, acts as a neutral third party by holding earnest money, down payments, and disbursing funds, and coordinates closing tasks like distributing final documents, securing signatures, and acting as a liaison between buyers, sellers, lenders, and other parties. So, it is right that the parent company's operational deal teams should be seated at the table when determining who the title company will be, and we always encourage their early inclusion in our feasibility and exploration conversations. Despite all other programme benefits, this has to work for the operational teams, who are in the weeds of transactions day in and day out.

**"Whereas most insurance is a contract with the insurer indemnifying or guaranteeing the insured against a possible loss in the future, title insurance generally insures against losses caused by title problems that have their source in past events"**

We view these outsized role requirements as an opportunity to have an outsized impact. The long-term strategic nature and mutual commitment facilitate a relationship between client and vendor that is much more akin to a true partnership, bringing greater alignment to the benefit of all parties.

CFOs and risk managers are often our biggest allies and champions within the parent company, diplomatically and tactfully introducing our programme and its value to multiple different stakeholders across the enterprise.

**Grid151 plays a unique role within the title insurance ecosystem. How does your position as a programme administrator for Westcor benefit captive owners, particularly when it comes to underwriting flexibility and operational efficiency?**

Those two benefits, respectively, hint at the dual responsibilities of title companies for real estate transactions. These responsibilities include issuing an insurance policy and providing a separate but related bundle of uninsured services that surround the transaction, commonly referred to as 'settlement', 'closing' or 'escrow' in the vernacular of the real estate industry.

**"It is important to remember that title companies not only issue insurance policies but also collaborate closely with the parent company's operational teams to facilitate the successful completion of transactions by providing uninsured services"**

With respect to underwriting flexibility, Grid151's reinsurance programme strengthens and further aligns the relationship between insured and insurer. Both the carrier and the captive bear the risk of potential claims and the resulting losses.

This reality predisposes both parties to more quickly and effectively reach consensus and like-mindedness through flexibility on underwriting decisions if complex and complicated coverage issues arise.

Returning to the uninsured services, Grid151 is not only the programme administrator for Westcor but also the party responsible for operational execution and handling the day-to-day of the real estate transactions running through the platform.

In this capacity, Grid151 brings not only efficiency to programme participant's real estate transactions but also pairs boutique customer service with the size, stability, and resources of a large carrier.

Grid151 serves as a matchmaker, connecting real estate-focused captive owners to a carrier willing to cede risk without watering down the product quality or service levels.

**In some real estate transactions, someone other than the insured might be responsible for paying the title insurance premium. How does this create opportunities for captives, and which types of parent companies could find this especially attractive?**

Such situations present an opportunity for the financial benefit of our programme to shift from serving as a vehicle to reduce title insurance-related deal costs for the parent company to generating net new revenue.

Consider captives whose parents are banks, credit unions, or other financial institutions operating as mortgage lenders.

In refinance transactions, a loan policy protects the mortgage lender. In those transactions, however, the borrower bears the cost of the title insurance premium.

Because an entity other than the captive parent is paying the premium, this results in a new revenue stream for the captive.

Let us turn our attention to captives whose parents are frequent buyers or sellers of real estate.

There is an old adage in the real estate industry that 'everything is negotiable', and that holds true when it comes to who is responsible for paying for title insurance costs. That caveat aside, however, it is often customary for one of either the buyer or the seller to pay for the title insurance cost.

Occasionally, the buyer and seller split the cost equally. Depending on whether our client is the buyer or seller and what the local custom is for the state where the subject transaction closes, our client's counterparty, rather than the captive parent itself, may be responsible for paying some or all of the title insurance premium.

For instance, if our client is the buyer of property in a jurisdiction where it is customary for the seller to pay for title insurance, our client can reinsure the premium that the seller has paid.

These examples are especially attractive because of their ability to create net new revenue for the captive.

The programme is demonstrating a variety of use cases and applications for real estate-focused captive owners across the spectrum of roles they might occupy in the real estate transactions themselves. ■



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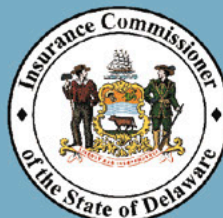
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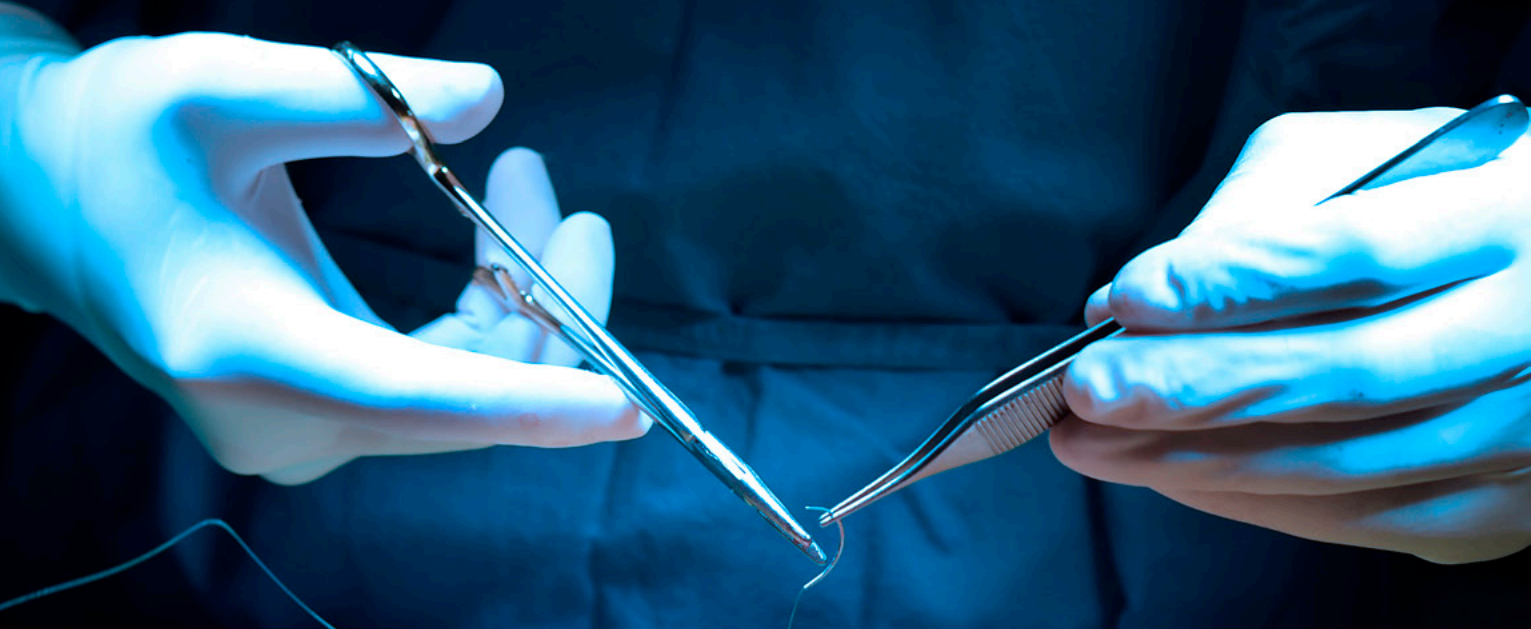
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# Tackling organ transplant costs for self-funded health plans

With rising demand for organ transplants straining the budgets of self-funded health plans, Jen Lee, vice president at QBE North America, speaks with Diana Bui about how the company's specialised coverage and stop-loss integration offer a comprehensive solution while ensuring high-quality patient care





**The number of organ transplants performed each year continues to grow in the US. How does QBE's organ transplant coverage address the financial challenges that self-funded health plans face due to rising numbers and associated costs?**

The increasing frequency and cost of organ and tissue transplants, with individual claims often exceeding US\$1 million, create significant financial strain for employer-funded health plans. Traditional medical stop-loss insurance has been helpful, but 'lasering'— which applies higher deductibles to individuals expected to need a transplant — introduces additional budgeting challenges.

QBE's organ transplant coverage provides an important solution by offering first-dollar coverage specifically for transplants, addressing transplant-related lasers. This allows self-funded health plans to carve out the financial risk of transplants while maintaining predictability through a per employee per month (PEPM) premium. As the use of transplant-related lasers increases, fully insured group organ and tissue transplant policies are becoming more relevant. These policies help stabilise budgets and manage high-cost claims, often leading to discounted stop-loss premiums, while also reducing the financial risks associated with transplants.

**QBE offers first-dollar coverage for all transplant-specific physician, hospital, and drug charges. How does this coverage structure benefit both employers and transplant recipients? How does QBE ensure that patients receive the best possible care throughout their transplant journey?**

QBE's organ transplant policy provides first-dollar coverage for all transplant-related physician, hospital, and drug expenses. This means that employees face no copays or deductibles for in-network services, which ensures that they can focus entirely on their recovery without the burden of out-of-pocket expenses. The benefit period spans from the initial evaluation to up to 365 days post-transplant, offering comprehensive support throughout the entire transplant process.

For transplant recipients, QBE provides a wide range of services, including access to top-tier transplant centres, coverage for necessary drugs like immunosuppressants and antivirals, and additional support such as home healthcare, physical therapy, and durable medical equipment. The policy also covers potential

complications and offers generous travel, lodging, and meal reimbursement for both the patient and a companion, ensuring that logistical concerns are minimised. Additionally, once a transplant has occurred, QBE provides an indemnity payment, offering immediate financial support to the transplant recipient. QBE also assigns a dedicated transplant nurse navigator to guide recipients through every stage of the transplant journey, providing personalised assistance from evaluation to postoperative care. This ensures that patients not only receive the best possible medical care but also have access to ongoing support for any challenges that may arise.

For employers, this comprehensive coverage structure helps to stabilise budgets by mitigating the financial risk of transplant-related claims. The inclusion of fully insured group organ and tissue transplant policies allows self-funded health plans to carve out transplant-specific risks, ensuring predictability through a PEPM premium. In addition, most stop-loss carriers offer stop-forfeiting premium discounts when such a policy is in place, making this approach a highly valuable tool for managing transplant-related risks.

**Transplants can cost anywhere from US\$250,000 to over US\$1.5 million, which can be financially devastating for self-funded employers. How does QBE's solution help employers manage these catastrophic medical expenses while maintaining the financial health of their health plans?**

Transplant costs represent a significant and often unpredictable financial burden for self-funded employers, and without the right safeguards, a single high-cost claim can severely impact the stability of their health plans. QBE's organ transplant coverage mitigates this risk by carving transplant-related expenses from the overall health plan. This approach allows employers to better predict and manage their healthcare expenditures by isolating the financial volatility associated with transplants. By transferring the financial risk to QBE, employers can protect themselves from the unpredictable nature of these large claims, ensuring that their health plans remain financially sustainable.

Moreover, QBE's solution is more than just about managing costs — it also guarantees that employees undergoing transplants receive high-quality medical care throughout their treatment journey. This dual focus on financial protection and patient well-being makes QBE's organ transplant coverage a vital tool for self-funded employers facing the challenges of costly medical procedures.



## "QBE aims to further integrate its organ transplant policy into captive structures, allowing employers to proactively manage complex healthcare risks"

**You mentioned that removing transplant risk could eliminate and/or mitigate associated lasers, as well as reduce stop loss premiums. Can you explain how QBE's organ transplant coverage integrates with stop-loss insurance to create a more cost-effective solution for self-funded employers?**

QBE's organ transplant coverage works seamlessly with stop-loss insurance to create a more cost-effective solution for self-funded employers by carving out the financial risk associated with high-cost transplant claims. When employers choose to integrate QBE's transplant coverage, they transfer the specific risk of transplant-related claims to QBE. This process is known as risk transfer, which helps employers manage their overall claims spend more efficiently.

By removing transplant risk from the general stop-loss policy, employers benefit in several key ways:

- **Reduction or elimination of transplant-related lasers.** The practice of setting higher deductibles for individuals who anticipate high-cost medical events, such as transplants, is known as 'lasering'. By carving out the transplant risk with QBE's specialised coverage, employers eliminate transplant-related lasers, meaning the stop-loss carrier no longer needs to apply these elevated deductibles. This helps employers avoid unpredictable, case-specific costs and provides greater financial clarity.
- **Lower stop-loss premiums.** With the transplant risk transferred to QBE, stop-loss carriers often reduce premiums. This is because the stop-loss insurer now faces a lower overall risk exposure without the potential for costly transplant claims. The result is a more cost-effective solution for employers, who benefit from both reduced stop-loss premiums and comprehensive transplant coverage.

- **Stop-loss captive and excess layer protection.** QBE's organ transplant coverage can be applied across various layers, including the stop-loss captive and excess layers. This provides employers with an additional shield against catastrophic transplant costs at both the captive risk level and higher excess levels, further ensuring the financial stability of self-funded health plans.
- **Budget stability.** QBE's transplant coverage operates with a PEP premium, which offers employers a predictable and stable cost for managing transplant risks. This budget stabilisation is critical for self-funded health plans because it protects them from the volatility of potentially massive transplant claims, allowing for more precise financial planning.
- **Comprehensive coverage and risk mitigation.** QBE's coverage includes first-dollar payment for transplant-related services, such as organ procurement, hospital and physician services, drugs (like immunosuppressants and antivirals), and other necessary medical and logistical expenses. This level of coverage ensures that transplant recipients receive the necessary care and shields employers from the financial burden of transplant claims.

Integrating QBE's organ transplant policy with stop-loss insurance allows employers to manage their health plan costs more effectively. This comprehensive approach provides a holistic risk management solution, helping to reduce stop-loss premiums, eliminate transplant-related lasers, and ensure employees receive top-tier care, all while preserving the financial health of their self-funded plans.

**As the landscape of employee benefits continues to evolve, how does QBE plan to innovate and adapt its organ transplant coverage and captive insurance offerings to meet the changing needs of employers and employees alike?**

QBE remains committed to innovating its organ transplant coverage and captive insurance offerings to meet the changing needs of both employers and employees. Any self-funded group, regardless of whether their stop-loss carrier is QBE or another provider, can adopt QBE's organ transplant coverage as a standalone policy. This flexibility enables employers to seamlessly integrate transplant coverage into their existing benefits structure, offering enhanced protection without disrupting their broader insurance strategy.

QBE recognises the growing importance of captive insurance in the self-funded market. In the captive space, organ transplant coverage serves a dual purpose: it enhances the employee benefit plan by providing first-dollar coverage for all transplant-related expenses, while also protecting the employer and the captive layers from the financial risks associated with high-cost transplants. Transplant claims pose a significant risk to captives. By carving out this risk through a dedicated organ transplant policy, QBE helps captives preserve their financial integrity, ensuring that the layers of risk in the captive structure remain intact and manageable.

Looking ahead, QBE is focused on adapting its offerings to meet the evolving needs of the modern workforce in the future. This includes exploring ways to offer more personalised solutions that can help employers anticipate and manage the rising costs of transplants and other catastrophic health events. As healthcare trends change and the demand for specialised, comprehensive coverage grows, QBE is committed to maintaining a high standard of care by continually expanding access to top-tier transplant centres and improving patient support through services.

In the captive insurance space, QBE is exploring new ways to collaborate with partners to deliver even more tailored solutions for self-funded employers. By leveraging data analytics, risk assessment tools, and innovative financing models,

## **"The inclusion of fully insured group organ and tissue transplant policies allows self-funded health plans to carve out transplant-specific risks"**

QBE aims to further integrate its organ transplant policy into captive structures, allowing employers to proactively manage complex healthcare risks while offering employees robust and comprehensive benefits.

In addition to protecting employers and captives from expensive medical events, QBE's organ transplant coverage adapts to the changing landscape of employee benefits. This guarantees the necessary protection for both employers and employees in a constantly evolving healthcare landscape. ■

**"In the captive insurance space, QBE is exploring new ways to collaborate with partners to deliver even more tailored solutions for self-funded employers"**

**Jen Lee**

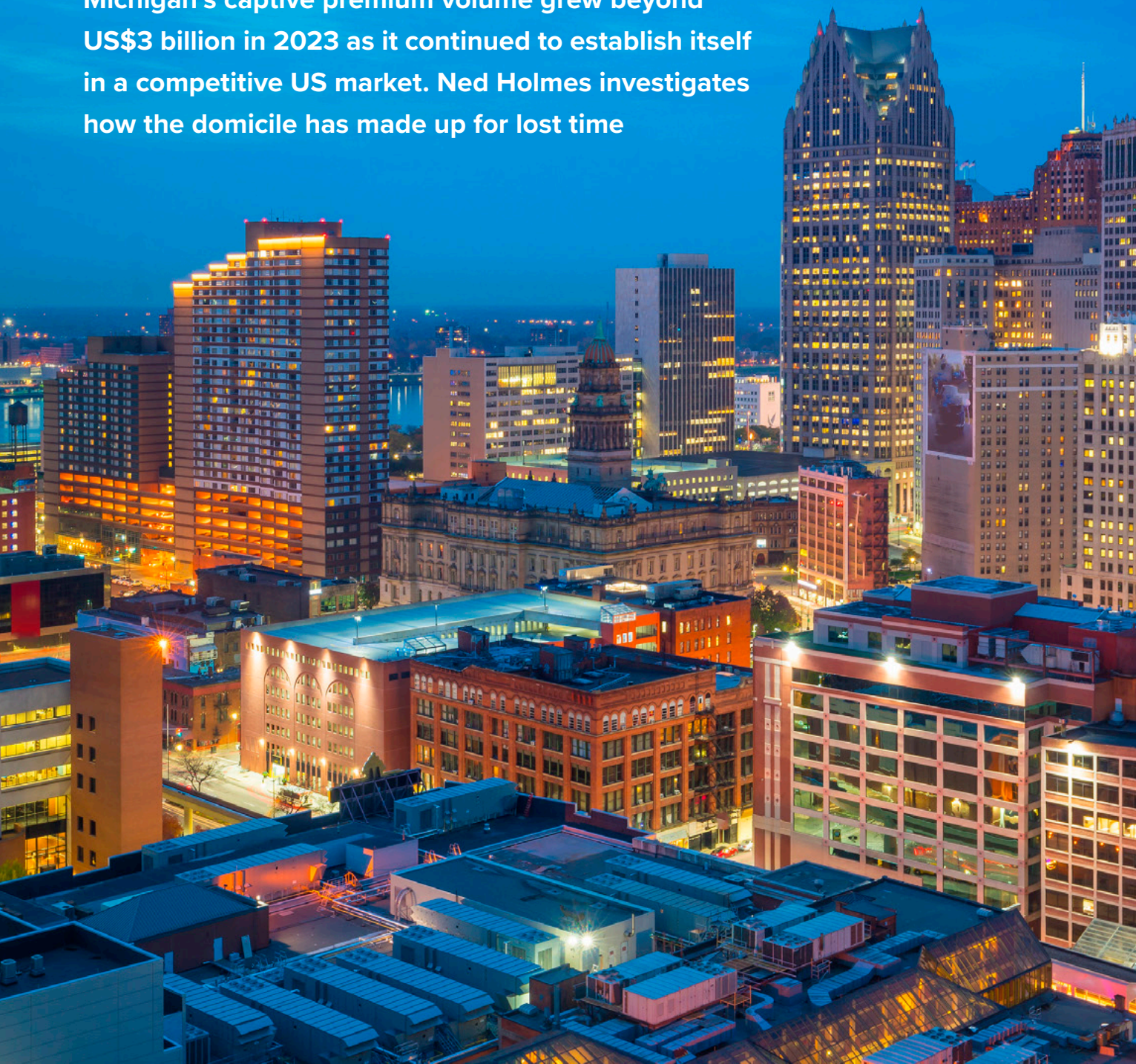
Vice president and lead business development for captives,  
organ transplant and special risk accident  
QBE North America





# A cradle of industry and innovation

Michigan's captive premium volume grew beyond US\$3 billion in 2023 as it continued to establish itself in a competitive US market. Ned Holmes investigates how the domicile has made up for lost time







In a crowded US captive market, standing out is an achievement in itself, but Michigan — the birthplace of Chrysler, General Motors, Ford, the Republican Party, and Motown — has always been a cradle for innovation and industry.

While the Great Lake State was fairly late to the captive party, it has made up for lost time and become well established over the past two decades.

According to recent data from the Department of Insurance and Financial Services (DIFS), Michigan has been in the top 10 US domiciles in terms of captive premium volume.

That figure rose 25 per cent year-on-year to above US\$3 billion for 2023, which, alongside a steady growth in captive formations — up to 27 at the latest count — shows positive momentum and suggests that the state is clearly doing something right.

### Sustainable growth

Michigan's captive legislation was signed into law in 2008, with the first formation following a few months later. Despite some initial obstacles, the state's status as a hotbed for manufacturing and industry, as well as businesses' increased desire for control over risk management following the financial crisis, have helped drive formations.

"Early on, Michigan faced the same challenges that any new captive domicile faces," explains David Piner, director of the captive programme at the DIFS. "Newer domiciles can have to defend their very existence amid rumours of not having the captive industry in its best interests.

"As in, 'they will licence anyone just to get their licensed captive numbers up', which is, of course, a complete falsehood. But sometimes, new players in the domicile space can cause unease. This was at a time when other domiciles were conducting road shows in Michigan."

The best response to any early doubters has been consistent and sustainable growth, which, according to Scott Geromette, lead member at Primarius Law, is due to the domicile's "calculated approach to the growth strategy".

He expands: "Over the last ten years or so, the industry has seen some domiciles chase the latest and greatest trends in captive formations, with 831(b) captives serving as a perfect example.

**"We've seen some movement from offshore to Michigan, both in redomestications and in parent companies deciding to set up a captive here versus offshore"**

**David Piner**

Director of the captive programme  
DIFS

"That approach resulted in tremendous and rapid growth for a number of domiciles. However, as we have seen, the IRS scrutiny and other issues with 831(b) captives have caused substantial volatility and other issues from which some domiciles have found it difficult to recover.

"My sense is that DIFS and Dave Piner know that it is unlikely that Michigan is going to overtake Vermont with respect to captive formations, and they have set their growth and sustainability strategy accordingly by focusing on programmes that truly make sense for Michigan."

Thanks to the domicile's improved standing in the US captive market, the DIFS has been well placed to accommodate the growing demand for alternative insurance coverage options in Michigan in recent years.

Piner says: "We've seen some movement from offshore to Michigan, both in redomestications and in parent companies deciding to set up a captive here versus offshore — or in addition to having a captive offshore. I believe that is being driven by increased visibility of the captive industry. Michigan has demonstrated that it knows how to regulate captives.

"Another matter was that Michigan voters approved the use of cannabis for both medicinal and recreational purposes. Whatever your opinions are about that industry, they have insurance needs just like any other. Michigan responded to that need and licensed the first onshore captive specific to that industry."

### Record, receptive, relationships

While increased visibility has undeniably helped to facilitate Michigan's success as a captive domicile, it has been in conjunction with two key factors: their proven track record and progressive approach to new ideas or emerging risks.

Indeed, experts in the industry share Piner's opinion that the state "has demonstrated that it knows how to regulate captives".

"Michigan is a successful domicile because Dave Piner, Dennis Dawis, and the DIFS team have a tremendous amount of experience and expertise in all facets of the insurance industry," Geromette says.

"But they apply their expertise in a pragmatic manner that strikes the proper balance between flexibility and regulation.



"Within that balance, the flexibility helps to ensure that Michigan captives can engage in the types of operations and activities that address and promote the legitimate interests of their owners and insureds, while regulatory safeguards remain in place to ensure programmes are operated in a prudent and compliant manner, thereby protecting the credibility and reputation of the domicile as a whole, which, in turn, protects captives in the domicile."

Seth Herdoiza, vice president for captive consulting at Marsh Captive Solutions, notes: "The DIFS has an established track record of ease of access and rapid response times within its captive division for existing captives and potential future captives alike."

Success stories like Motown and the Big Three automakers in Michigan highlight the jurisdiction's innovative history, and the state's enterprising spirit is evident when it comes to new challenges or ideas.

Herdoiza adds: "In Michigan's continued efforts to evolve with the industry, it welcomes unique ideas and initiatives and actively collaborates with clients in prospects to develop optimal solutions for all involved parties."

Cherie Brown Baker, head of North American risk management for Stellantis (the automotive manufacturer that has Chrysler among its brands), offers the same conclusion.

"The word that I often use to describe Michigan as a captive domicile is, friendly," says Baker.

"The captive regulator has, and continues to, work collaboratively with captive owners. In addition, as some other domiciles have perhaps restricted what can be written by those captives, Michigan has been consistently amenable to placing emerging risks in captives."

Crucial, too, is the strong relationship that the regulator has built and maintained with both captive owners and the rest of the industry.

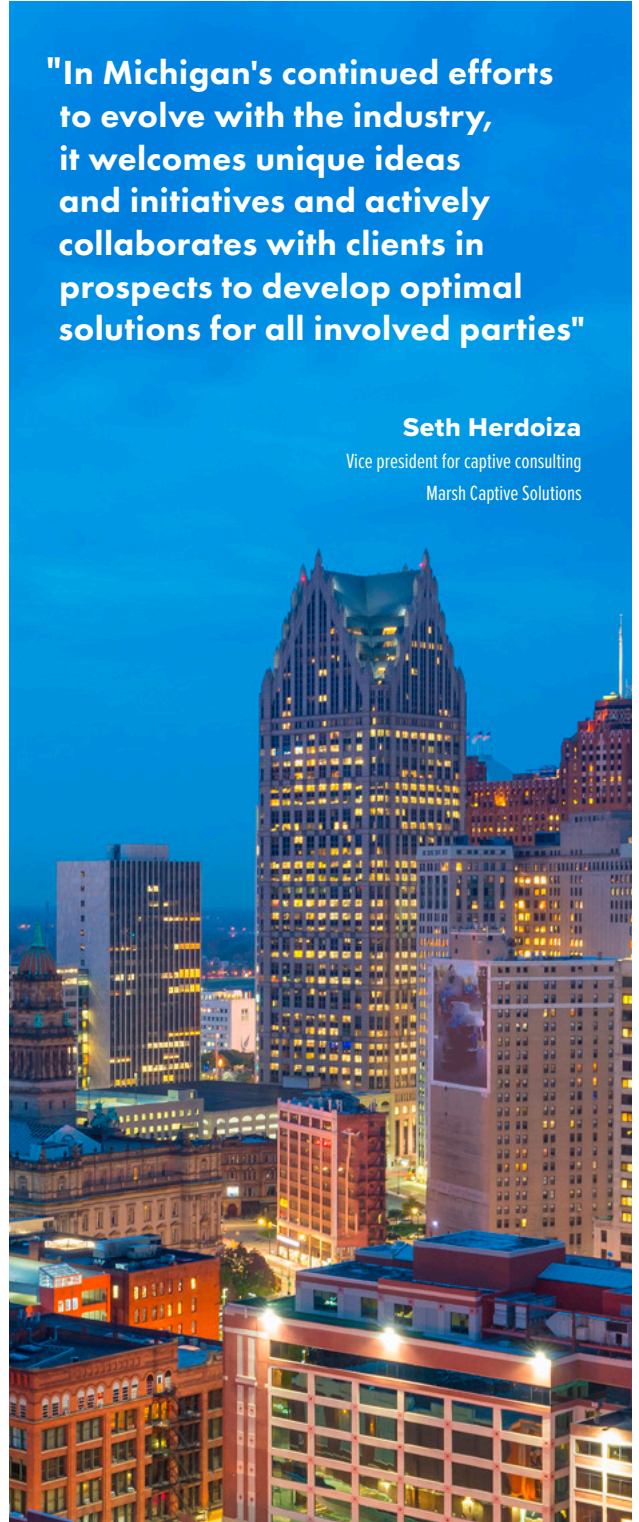
Geromette believes that the close personal and professional relationships that have been formed in Michigan are "very unique to the captive insurance industry" but "critical to the success of a captive domicile".

He says: "Unlike in the commercial insurance context, good captive regulators are often viewed as partners in the alternative

**"In Michigan's continued efforts to evolve with the industry, it welcomes unique ideas and initiatives and actively collaborates with clients in prospects to develop optimal solutions for all involved parties"**

**Seth Herdoiza**

Vice president for captive consulting  
Marsh Captive Solutions





**"I would love to see a Midwest captive conference, or other knowledge-sharing opportunities to educate captive owners about what Michigan has to offer as a captive domicile"**

**Cherie Brown Baker**

Head of North American risk management  
Stellantis

risk finance journey of the entities they regulate. Ultimately, they are responsible for monitoring compliance with the applicable laws and regulation, but there are a number of ways that monitoring can be accomplished in a supportive manner and without being unnecessarily overbearing.

"To this end, Dave Piner and his team frequently attend industry events and have regularly offered to travel to client or prospect meetings to discuss the domicile and answer questions. That balanced, but open approach, in my opinion, instills a significant amount of comfort that allows efficient operations and a free flow of information between the DIFS and regulated captives."

Ken Ross, vice president and counsel for government relations at John Hancock, adds: "We have very much appreciated the strong working relationship with DIFS Director Anita Fox and senior leadership, including the Captive Division team, who we have found to be consistently flexible, creative and more than willing to work with us."

### Regulation changes

Different types of captive vehicles, such as pure, association, industrial insured, sponsored, non-profit pure, and special purpose financial, can be established in Michigan, each with different capitalisation and surplus requirements.

The state does not have a tax rate, but captives are required to pay a renewal fee based on premium volume.

According to Piner, Michigan's regulation puts control in the hands of the captive owner while ensuring that the framework is there to provide any necessary assistance.

"Michigan does not mandate the use of a captive manager," he says. "Michigan does not dictate to a prospective captive owner which firm to use for the audit or the actuarial certification of loss reserves."

"We believe these prospective captive owners have the business acumen to make these types of decisions. Certainly, if they have questions about these areas, we are happy to offer guidance."

Changes made to the domicile's captive law in 2018, which altered its reporting requirements, speak to the collaborative relationship between the industry and the regulator.



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Indeed, Ross praises the DIFS's attempts "to continually adapt and stay on the forefront of legislative authority," which he believes will "serve the community well in the coming years".

He adds: "Michigan DIFS actively seeks out ways that it can make its captives law more progressive, and their team is very proactive in reaching out to stakeholders to gather perspectives."

Further evolution may be coming, as Piner reveals the regulator has been working with the industry on proposed changes to the legislation.

He expands: "When our initial captive laws were written, there was some internal concern that Michigan could get an avalanche of applications.

"To address that perceived risk, a higher application fee was championed. While the application fee is rarely the determining factor in choosing a captive domicile, Michigan is trying to have its application fee more in line with other domestic domiciles.

"During the Covid epidemic, most if not all domiciles granted waivers for having an in-state board meeting. The captive regulation continued without a hiccup. While we always encourage people to visit Michigan in person, we see no need to mandate an in-state meeting to regulate captives.

"Michigan's current definition of sponsor is quite narrow. Captive industry representatives encouraged us to develop a broader definition of sponsor that would allow cell captives to be easier to form."

As Geromette points out, improvements like those included in the proposed legislation are necessary.

He says: "Michigan's law was originally enacted in 2008 and, aside from the implementation of clarifying regulations, it has not undergone the comprehensive 'modernisation' updates that have been undertaken by other domiciles.

"The enabling law will always serve as one of the most critical factors for any captive domicile because it establishes the boundaries for what is possible and permissible. As a result, even the most dedicated and practical regulators are going to be somewhat restricted in promoting and growing a domicile if the captive law is comparatively outdated."

### Continued momentum

This year is not expected to bring another significant increase in captive premiums; in fact, it could see a decrease because the recent growth in premium volume has been linked to sizeable changes in operations in companies that own large captives in the domicile.

"2023 was representative of that type of movement," Piner explains. "Premium growth is not always linear. I expect a possible retreat in total captive premium in Michigan for 2024."

Even so, the future looks bright for Michigan, which is setting ambitious targets for redomesticating captives with ties to the state.

"Michigan was relatively late adopting captive insurance laws," notes Piner. "Many companies with established Michigan ties had already formed captives in other jurisdictions decades earlier, offshore and onshore. We would like to get those entities to consider returning home to Michigan."

The optimism about the future is shared in the industry, where the feeling is that the domicile can continue its recent momentum.

Ross backs Michigan to "continue to be a state of choice, particularly for those insurers that are domiciled and regulated by Michigan DIFS" while Baker and Herdoiza both emphasise the importance of a continued progressive approach.

The former says: "If Michigan continues to be open to new risks, while verifying that captive owners are prudent and diligent in examining their risk profiles, I can only see the Michigan market expanding.

"I would love to see a Midwest captive conference, or other knowledge-sharing opportunities to educate captive owners about what Michigan has to offer as a captive domicile."

Herdoiza adds: "Continuing to foster and support unique ideas and initiatives will enable Michigan to build on the success it has seen to date.

"As insurance markets continue to fluctuate, organisations of all sizes will require innovative solutions. Michigan's foresight and flexibility will further enable its success as market competition remains steady." ■



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# Expanding footprint in Asia

The Cayman Islands opened its Asia office in Singapore in June this year in an attempt to bolster its offering in the region. Ned Holmes drills into the motivation behind their latest expansion and what it says about the Asian captives market



First London, then Washington, and now Singapore. The Cayman Islands' expansion continued this year with the opening of a third overseas office.

Announced last year but launched officially in June 2024, the Asia office follows predecessors — in Europe and North America — in helping the domicile to strengthen their offering in key markets.

### Why Asia? Why now?

While Cayman has had an office in London since 1982, the European office began operating from those premises in March this year, and the North America office, based in Washington, launched in December 2022.

Why is Singapore considered the most recent addition to the puzzle? And why now?

Cayman has actually been considering opening an Asia office for some time, but the Covid-19 pandemic has partially slowed down the process.

According to Gene DaCosta, the Cayman Islands Government representative to Asia, the hope is that the new initiative can emulate the North America and Europe offices not just in the way they operate but “to collaborate with and support stakeholders in the region”.

DaCosta, who heads up the Asia office, adds that lessons learnt from the London and Washington locations have helped with the Singapore expansion.

He says: “The government has seen that there is real value in face-to-face dialogue and real-time support for clients in our jurisdiction, and these offices offer collaboration and assistance to our regional stakeholders, both in the public and private sectors, in the same time zone.”

“For any jurisdiction engaging in global financial services, relationships that are mutually beneficial and the safety network that international regulation provides are vital.

“The government, therefore, is interested in having a physical presence in key regions — like Europe, North America, and Asia — that supports the government's initiatives, the success of global financial services, and global regulatory standards.”

### Importance of the APAC region

If nothing else, Cayman's decision to open a third overseas office in Singapore demonstrates its value for the area.

“Asia is a very significant and important region for the Cayman Islands,” explains DaCosta. “The Asian region frequently uses Cayman entities. As a result, there are a number of service providers with strong links to the Cayman Islands and a substantial physical presence.”

He adds: “Based on the insights we have received, the Asia market in general remains very healthy, with Cayman continuing to be a dominant domicile for investment fund business.

“We know our track record in the funds sector and the value of our best-in-class fund structures have lasting appeal to investors.”

DaCosta points to numbers from the Cayman Islands Monetary Authority's (CIMA) 2023 Annual Report, which highlights that the region accounts for the second-highest percentage of Cayman licensed banks and that Asian countries were among the top five providers of investment managers for Cayman funds.

The CIMA report also shows that the Asia Pacific region launched more funds (244) in 2023 than Europe (173), and that it makes up part of the market for Cayman's international insurance sector.

The industry also reflects the Cayman government's significance to the region, with Cayman Finance CEO Steve McIntosh highlighting the market's importance and supporting the decision to open an Asia office.

He says: “Asia is one of the key markets that uses Cayman Islands investment funds, financing vehicles, and joint venture companies.

“Many Cayman service providers have offices in Hong Kong and Singapore, from where they serve the wider region, including mainland China and Japan. The industry therefore welcomes and appreciates the establishment of a government office in Singapore, which reflects the importance of the Asian market.”

### Targets

DaCosta is clear that the motivation behind launching the Asia office is not to respond to competitors or their products in the region. Instead, its aims are threefold: to support



## "We see opportunities for further growth in the Asian captive market, and we are hopeful future discussions can prove fruitful"

**Gene DaCosta**

**The Cayman Islands Government representative to Asia**

the work of service providers that use Cayman's financial services products in the region; to assist Caymanians living in Asia, including working professionals and students; and to facilitate an exchange of ideas with Asian countries.

On the final target, he adds, "We have much to teach and to learn with regards to financial services and other areas such as education, social development, and healthcare."

From an industry perspective, the government's move has the potential to fortify existing connections in the Asia region, establish new ones, and position them to effectively address emerging challenges in the fast-changing financial services and insurance market.

McIntosh says: "Having a permanent establishment in the region will help government and industry, cement the relationships that have been built over decades, develop new business, and respond to market trends."

The general consensus is that Cayman has the right person on the tiller.

McIntosh notes: "We are very fortunate to have Gene DaCosta, an experienced financial services professional as head of the Asia Office and Cayman Islands overseas representative."

### A captive opportunity

As CIMA's 2023 report illustrates, Asia represents a small part of the market for Cayman's international insurance sector. That is reflected across the captive insurance industry as a whole.

According to Swiss Re's insights, only five to six per cent of global captives have parent companies from Asia.

The company noted an emerging trend in the region, with companies forming new captives and looking to more effectively utilise current or dormant vehicles.

Home to 40 per cent of Fortune 500 company headquarters, Asia is emerging as a key market with significant growth potential for captives. Recent trends indicate increasing interest in captives across the continent. According to Marsh's 2023 Captive Landscape report, businesses across Asia are increasingly turning to captives for risk management, with premium growth surging by 58 per cent — the highest rate globally.

Though premium growth in Asia dropped back to four per cent in 2024, according to Marsh, the numbers still suggest a continued shift toward the use of captives for risk management by companies in the region.

Cayman is undoubtedly aware of the opportunities presented by Asia's expanding captive market, and DaCosta expresses optimism that they can fully capitalise on these opportunities, with the assistance of the Singapore office. He says: "Compared to our North American client base, Asia has a relatively small footprint in our book of business. We see opportunities for further growth in the Asian captive market, and we are hopeful future discussions can prove fruitful."

### Looking ahead

Although it will take some time to align the Asia office's success with Cayman's long-term goals, its influence is already evident.

DaCosta says: "As expected, service providers, such as law and accounting firms, with strong links to the Cayman Islands have been keen for the Asia office to support notable events and stakeholder meetings taking place in the region.

"There have also been discussions with financial services industry associations on how best the office can support their efforts.

"The Asia office will look to subjects beyond financial services, so the hope is for constant dialogue not just with the professionals and service providers linked to the Cayman Islands but with government agencies and nonprofits based in the region."

Right now, Cayman does not have plans to open any new offices in other regions, but should their latest expansion prove a success, perhaps more could follow. ■

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**TJ Strickland**

Managing partner  
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# Understanding tax implications for captives

TJ Strickland, managing partner at Strickland Hardee, explains the federal tax implications for captives in the US and how to reduce the risk of IRS scrutiny

## What are the general federal tax implications for captive insurance companies in the US? Are there specific tax benefits or deductions available to such companies?

Captive insurance companies in the US face distinctive federal tax implications, with several specific benefits and deductions available to them. For tax purposes, captives typically qualify as insurance companies, enabling them to deduct ordinary and necessary business expenses similarly to other corporate entities.

Additionally, captives can deduct losses and loss adjustment expenses incurred during their insurance operations. Captive insurance companies can also establish reserves for claims. This practice, similar to that of traditional insurance companies, enables captives to effectively manage their taxable income. Furthermore, captives may be eligible for various credits and deductions available to other corporations, including those related to employee benefits and other business expenses.

Smaller captives, defined as those with annual premiums not exceeding US\$2.8 million for the tax year 2024, have the option to opt for taxation under Internal Revenue Code (IRC) Section 831(b). This election allows them to evade taxation on underwriting income, leading to the imposition of tax solely on investment income, which offers substantial tax benefits.

While captive insurance companies are subject to tax on investment income, they have the ability to optimise tax efficiency by employing investment strategies, such as investing in tax-exempt securities. This allows captives to manage their investment portfolios in a manner that minimises their overall tax liability.

## Do state and local tax treatments for captive insurance companies differ significantly? How can businesses effectively navigate these differences?

Each state in the US has its own set of licensing requirements for captive insurance companies, with some jurisdictions offering a more favourable and streamlined process than others. This variation can significantly influence a business's decision regarding where to domicile its captive. States impose different premium tax rates on captives, which can substantially impact the overall cost structure.

To attract captives, some states offer tax incentives, such as reduced premium tax rates or exemptions.

Additionally, the treatment of captive income varies by state. Certain states may impose income taxes or franchise taxes on captives, which can have a significant effect on profitability.

Moreover, the rules governing the deductibility of reserves differ across states, affecting the extent to which captives can deduct amounts for tax purposes.

Given these variations, businesses should conduct a comprehensive analysis when selecting a potential domicile, considering factors such as premium tax rates, regulatory requirements, and the overall business climate.

It is advisable to engage tax advisors and legal professionals with expertise in captive insurance in order to navigate state-specific regulations and effectively optimise tax strategies.

## Under what conditions can businesses deduct premiums paid to their captive insurance companies? Are there any limitations or restrictions that apply?

Under certain conditions, businesses can generally deduct premiums paid to their captive insurance companies, however they must consider specific limitations and restrictions.

First, the premiums must qualify as ordinary and necessary expenses related to the business's operations, meaning that the insurance coverage must serve a legitimate business purpose.

Furthermore, to qualify as a legitimate insurance arrangement for tax purposes, the captive insurance company must exhibit significant risk transfer and distribution, signifying its ability to distribute risk among multiple insured parties or policies.

Finally, the captive should provide coverage for insurable risks that the business would typically address through commercial insurance.

## How does a captive insurance company tax its investment income? Are there any options for tax-deferred or tax-free investments?

Investment income earned by a captive insurance company is subjected to federal income tax in the same way as other corporations, typically at the prevailing corporate tax rate of 21 per cent.

Although investment income is taxable, captives can employ a variety of strategies and investment options to achieve tax deferral or even tax-free treatment in certain cases.

For instance, investing in municipal bonds can yield tax-exempt interest income, which exempts the earned interest from both federal income tax and state taxes, depending on the state of issuance.

Additionally, captives have the option to invest in life insurance products, which can accumulate cash value on a tax-deferred basis. Generally, these products pay out the death benefit tax-free, providing potential tax advantages.

Captives may also consider investing in certain annuity products that allow for tax-deferred growth, with taxes only due upon fund distribution.

## How are losses incurred by a captive insurance company treated for tax purposes? Can these losses be carried forward or backward?

Nonlife insurance companies have the ability to carry back net operating losses (NOLs) for a period of two years and carry them forward for a maximum of 20 years. This treatment differs from that of other corporations. The Tax Cuts and Jobs Act (TCJA) allows for the indefinite carryforward of NOLs arising in tax years beginning after 31 December 2017, but generally prohibits their carryback, except for specific types of losses.

Starting with the 2021 tax year, NOLs can only offset up to 80 per cent of taxable income for traditional corporations. This limitation means that if a non-insurance business has substantial taxable income, the NOL may not completely eliminate the tax liability.

## What key factors does the IRS consider when evaluating the legitimacy of a captive insurance arrangement? How can businesses reduce the risk of IRS scrutiny?

The Internal Revenue Service (IRS) rigorously scrutinises captive insurance arrangements to prevent their use as mere tax avoidance mechanisms. The following are key factors considered by the IRS, along with strategies businesses can employ to reduce the risk of scrutiny:

**Risk transfer:** The arrangement must demonstrate substantial risk transfer from the parent company to the captive, meaning that the captive must assume genuine insurance risk. To meet this requirement, consider structuring the captive to provide coverage for multiple subsidiaries or related entities.

**Risk distribution:** Captives should distribute risk across multiple insured parties or various types of coverage, which supports the position that the arrangement operates as a bona fide insurance company. A captive with only a few policyholders or limited coverage options may attract scrutiny from the IRS.

**Legitimate business purpose:** The captive must serve a legitimate business purpose beyond tax advantages. The parent company should establish the captive to address real insurable risks.

**Actuarially sound premiums:** The captive's premiums should be based on actuarial principles and accurately reflect the risks being insured. This entails maintaining appropriate underwriting and claim management practices.



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Ensuring that the captive's premium calculations and risk assessments are consistent with industry standards is crucial, which may include obtaining independent actuarial evaluations.

**Detailed recordkeeping:** It is critical to maintain comprehensive records of the captive's operations, including policy details, claims, and premium calculations. A lack of proper documentation may lead to questions regarding the arrangement's legitimacy.

**Operational substance:** The captive should exhibit the characteristics of a genuine insurance business, not merely exist as a 'paper entity'. This includes having appropriate governance, sufficient capitalisation, and robust operational procedures.

**Professional guidance:** Engaging tax advisors and legal professionals who specialise in captive insurance is highly advisable. They can assist in ensuring compliance with IRS regulations and adherence to best practices.

By adhering to these guidelines, businesses can strengthen the legitimacy of their captive insurance arrangements and minimise the risk of IRS scrutiny.

## How does the IRS apply the 'substance over form' doctrine to captive insurance arrangements? What steps can businesses take to ensure their captive insurance arrangement meets IRS requirements?

The IRS applies the 'substance over form' doctrine, looking beyond the formal structure of a transaction to examine its actual substance and economic reality. In the context of captive insurance arrangements, this doctrine means that the IRS evaluates whether the arrangement genuinely functions as an insurance policy or merely serves as a vehicle for tax avoidance.

The IRS carefully assesses whether there is a legitimate transfer of risk. A bona fide captive insurance company should assume risks from its parent company or affiliates, thereby demonstrating that it is operating as a true insurance entity. The arrangement must display key characteristics of traditional insurance, such as underwriting, premium collection, and claims handling.

If these elements are absent or only minimally present, the IRS may challenge the validity of the arrangement. Moreover, the captive must serve a clear business purpose beyond providing tax benefits. If the primary motivation appears to be tax avoidance, the IRS may disallow the associated deductions.

Conducting a comprehensive feasibility study is essential before establishing a captive to ensure its effective underwriting of the intended risks. Establishing the captive as a separate legal entity with appropriate capitalisation and adherence to insurance regulatory standards is crucial.

Additionally, make sure to clearly define and document the risks under insurance, along with the rationale behind the premiums charged. This includes maintaining thorough records of risk assessments, underwriting procedures, and claims management processes to support the legitimacy of the captive insurance arrangement.

## What ongoing tax compliance obligations do captive insurance companies face? How can CPAs help businesses ensure they meet these obligations?

Captive insurance companies are required to file annual federal tax returns using Form 1120-PC and pay corporate income taxes on their taxable income.

They must also comply with specific IRS regulations related to the taxation of insurance companies, including the possibility of being classified as a 'small insurance company' under IRC Section 831(b).

Additionally, captives may be subject to filing state tax returns, which can vary widely by jurisdiction. Some states impose premium taxes on insurance premiums written by captives, while others may levy state income, net worth, franchise, or privilege taxes.

Certified Public Accountants (CPAs) can accurately prepare and file both federal and state tax returns, ensuring that all necessary forms are completed and submitted on time.

They can establish a compliance calendar to monitor upcoming filing deadlines and obligations, helping businesses avoid late penalties. Moreover, CPAs can prepare and review financial statements required for regulatory compliance and tax filings, ensuring accuracy and adherence to accounting standards.

By leveraging their expertise in tax compliance and accounting, CPAs play a crucial role in assisting captive insurance companies in meeting their ongoing obligations, maximising operational efficiency, and minimising compliance risks. ■

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# A career in healthcare captives

Charlene Tilbanie from Global Captive Management speaks to Diana Bui about her passion for healthcare and non-profit captives in the Cayman Islands

**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?**

Over the past decade, my focus has largely been on healthcare captives, and it has been fascinating to observe how healthcare systems are adapting to the industry's shifting landscape.

Some captives have merged in response to the consolidation of their parent systems, while others have expanded the types of risks they cover.

Initially focused on medical professional liability, many now also provide coverage for cyber risk, property risk, and directors and officers liability.

Additionally, several healthcare captives have increased their limits on medical professional liability to better manage the growing risk of large verdicts.

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

I previously worked as an auditor in the financial services sector, and then specifically in the captive insurance industry.

Exposure to several clients in both sectors provided me with invaluable technical knowledge about the inner workings of banks, investment institutions, and various captive models.

In addition to this, I learnt soft skills such as relationship management, presentation skills, time management skills, and effective leadership — all of which have helped me as I have progressed to the vice president position.

**Based on your experience, what would you say are the key benefits of working in this industry? Can you name your main influences in the industry?**

You can never be bored! The myriad of captive models, client requests, new regulatory standards, and emerging risks keep the industry dynamic and interesting. The opportunities to meet people from varying backgrounds with different experiences are also a big plus.

I am fortunate to work at a company that strongly believes in mentorship, where several individuals have invested in my career. All have played a role in providing guidance, advice, and support along my captive insurance journey.

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

I have a strong passion for healthcare and non-profit captives, and I aspire to assist these organisations as they explore innovative coverages and strategies to better serve their communities. My goal is to continue to deepen my understanding of these industries and become a subject matter expert, particularly as they face new risks like AI.

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

Jump right in! The captive industry is a diverse and constantly evolving industry where no two days are ever the same. There are many areas one can specialise in — accounting, auditing, compliance, regulation, actuarial services, risk management — just to name a few. Additionally, several captive models are currently in existence, while others are in the process of creation. ■



### Personal bio

*Charlene joined Global Captive Management (GCM) as an account executive in May 2010, bringing experience from PwC Jamaica and KPMG in the Cayman Islands. Charlene's career at GCM has been primarily focused on the healthcare captive practice. In her role as vice president, she is the client lead for several of GCM's largest non-profit healthcare systems and university hospital captives.*

*A native of Jamaica, she holds a bachelor's degree in accounting and management studies from the University of the West Indies and completed the Association of Chartered Certified Accountants (ACCA) qualification in 2004. She moved to the Cayman Islands in January 2009.*

*In her free time, Charlene enjoys spending time with her husband and baby son. She also loves to read and tries to complete a personal '52 Books, 52 Weeks' challenge each year. In addition, she volunteers as an assistant director of the AudioVisual department at her church. She also serves as the financial controller for the Cayman Food Bank, Grand Cayman's sole centralised food bank.*

*"In 2023, Charlene moved into the role of vice president — client lead at GCM, and she hasn't looked back. Not only has she stepped up to be the key relationship leader for several large GCM clients, but she has continued to mentor and share her knowledge and expertise with the GCM team.*

*"The team looks up to Charlene for guidance and mentorship, and, as such, it is only fitting that she heads up GCM's internal training and development programme. The recognition of Charlene as an emerging talent fills us with delight. The team at GCM has long acknowledged this fact, and we're thrilled that Captive Insurance Times and its readership are now acknowledging it as well. Congratulations, Charlene!"*

**Alanna Trundle**

President  
Global Captive Management



**Charlene Tilbanie**

Vice president  
Global Captive Management

# Industry Appointments



## Barnes appointed as Audit Manager at Strickland Hardee

Terri Barnes was named as audit manager at Strickland Hardee, bringing over 16 years of experience in insurance accounting and auditing.

Before joining the firm, Barnes served as chief financial officer at Carolina Farmers Mutual Insurance Company and as audit manager at Rives and Associates.

Commenting on the appointment, the company says: "Terri's deep expertise in the insurance sector

and her track record of delivering exceptional results will be invaluable as we continue to enhance our audit services and provide unparalleled value to our clients.

"Her extensive background equips her with the insights and skills needed to navigate the complexities of insurance accounting and bring innovative solutions to the table."

Strickland Hardee provides audit, taxation, and advisory services to captive insurers across the US. ■

## Fawcitt and Lill promoted to Vice President at USA Risk Group

USA Risk Group has promoted Barb Fawcitt and Steven Lill from assistant vice president to vice president.

Fawcitt joined the company in March 2023 from Artex Risk Solutions, where she has worked in various senior positions, most recently as client services director.

Meanwhile, Lill began his career at USA Risk Group in 2011 as an account manager and received a promotion in 2018 to assistant vice president. Prior to that, he was a senior fund accountant at PRS Investment Advisory.

Commenting on the appointments, the company says: "Both Barb and Steven are valued members of the team here at USA Risk Group and are trusted advisors to their clients!"

## Walsh joins AIG as Executive Vice President

Keith Walsh will join AIG as executive vice president and chief financial officer (CFO) from Marsh, where he has served as CFO since 2017.

Walsh will succeed Sabra Purtill and report to Peter Zaffino, chairman and CEO at AIG.

He will also become a member of the executive leadership team.

Based in New York, he will be responsible for leading AIG's global finance organisation.

Zaffino comments: "Keith is a highly accomplished executive with deep financial expertise and significant investor experience in the financial services sector, particularly the insurance industry."

### De Bremme named as CEO of Marsh McLennan in Belgium and Luxembourg

Marsh McLennan has appointed Kristof De Bremme as CEO in Belgium and Luxembourg, and president of its insurance broker and risk advisor arm, Marsh, in those countries.

De Bremme will succeed Rebecca Tielemans and relocate from London to Brussels. He will report to Christos Adamantiadis, CEO of Marsh McLennan in Europe.

He will lead teams across Marsh McLennan's offices in Brussels, Luxembourg, Antwerp, and Ghent, ensuring clients in these regions benefit from the firm's wide range of services and solutions.

In his new role, De Bremme will also oversee the delivery of insurance solutions and risk advisory services to clients in Belgium and Luxembourg.

De Bremme rejoined the company in December 2023 as head of Marine, Cargo and Logistics, Europe, at Marsh, having begun his career at the firm in 1998 as a senior client executive for global marine and energy clients.

Before returning to the business, he spent 14 years at AIG in various senior underwriting roles, most recently serving as global head of marine.

Commenting on the appointment, Adamantiadis says: "Kristof is an outstanding leader who has consistently demonstrated his unerring commitment to clients and colleagues throughout his career.

"With his leadership and the power of Marsh McLennan's global capabilities, our teams in Belgium and Luxembourg are well-placed to support clients navigate their way through the ever-challenging risk environment and continue to thrive."



### Sir Charles Roxburgh named as next Chair of Lloyd's

The Lloyd's Council has named Sir Charles Roxburgh as the next Chair, which is expected to take effect on 1 May 2025. He will succeed Bruce Carnegie-Brown after an eight-year term. Sir Charles Roxburgh brings a wealth of experience gained in both the UK government and the private sector, including supporting several high-profile initiatives at Lloyd's.

He has recently stepped down from one of the most senior roles within HM Treasury, having been the second permanent secretary from July 2016 to June 2022. Prior to this, he was the director general of financial services from February 2013 to July 2016.

Throughout his tenure at the Treasury, he maintained regular contact with the insurance industry and engaged with Lloyd's.

Before working at the UK government, Sir Charles Roxburgh

spent 26 years at McKinsey, where he held a number of leadership positions, including co-head of the Global Strategy Practice, head of the UK Financial Institutions Group, and co-leader of the Global Corporate and Investment Banking Practice.

During his time at McKinsey, he was the lead consultant working with the Lloyd's Taskforce in 1992 and then worked with the then chair Sir David Rowland on the 1993 Business Plan and the design and implementation of Reconstruction and Renewal.

Sir Charles Roxburgh says: "Lloyd's plays a critical role at the heart of the global insurance industry and UK financial services. Under Bruce's leadership, it has prospered and is in a strong competitive position, with robust financial security. The market is delivering valuable protection to its customers and healthy financial returns to members and investors." ■





### MAXIS GBN appoints Fordham as Chief Solutions Officer

MAXIS Global Benefits Network (MAXIS GBN) has appointed Nicola Fordham as chief solutions officer, transitioning from her previous role as chief underwriting officer to lead a new function within the company.

She will oversee the evolution and development of MAXIS GBN's offering, including insurance solutions and global programmes, to ensure they continue to address new challenges in the market and fit the needs of its multinational clients.

Fordham has more than 20 years of experience as a pricing underwriter, and joined MAXIS GBN in 2017 as director of underwriting. She was promoted to chief underwriting officer in 2021, leading a team of pricing underwriters who work closely with its network of local insurers, EU underwriting hub and multinational clients.

With this move, MAXIS GBN will be appointing a new chief underwriting officer.

Fordham says: "I'm excited to be taking on this new role and helping to future-proof the business and ensure continued success for MAXIS, our network and our multinational clients.

"We want to be ready to take on any challenges the market presents now and in the coming years and, in this new role, I will be able to ensure that we're well-positioned to do so."

Mattieu Rouot, CEO of MAXIS GBN, adds: "[Fordham] has been instrumental in growing and developing our underwriting team and its capabilities and I have no doubt she is the right person to develop and grow this new team.

"With the creation of this new function, I'm confident that we'll be able to continue servicing our multinational clients to a high standard and helping them find the right solution for their business and their people." ■

### Lee to chair Ascot's Board of Directors

Ascot Group has named Kewsong Lee, founder and CEO of BellTower Partners, as chairman of the board of directors.

Lee will succeed Neill Currie, Ascot's executive chairman, who will assume the role of independent director.

His experience in the insurance industry began with active involvement and board memberships at RenaissanceRe Holdings and Arch Capital, where he served as lead director.

While serving as CEO of the Carlyle Group from 2018 to 2022, he reportedly initiated and oversaw the group's strategy to acquire and expand Fortitude Re.

In conjunction with the appointment, BellTower is making a minority investment in Ascot to help expand the company's resources and support its strategic growth plans.

The Canada Pension Plan (CPP) Investment Board will continue to maintain the significant majority ownership position in Ascot following the close of the transaction.

Jonathan Zaffino, group president and CEO of Ascot, says: "Kew's appointment as chairman complements the existing skill sets represented on our board, and we look forward to benefiting from his additional guidance as a proven leader with a track record of success in the financial and insurance industry.

"As Ascot continues to scale its global platform and expand its ecosystem of talented underwriters, we are confident that Kew's contributions and unique skills will be highly accretive to Ascot as we continue on the company's growth trajectory." ■

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